

Wistron Corporation 2021 Annual Report

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Wistron annual report is available at <https://www.wistron.com>

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2. Address and Telephone Number of Company's Registered Office and Headquarters

| Office | Address | Tel |
|--|---|-----------------|
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| Wistron Corp. (Headquarters, NeiHu) | 158, Singshan Rd., Neihu, Taipei, 11469, Taiwan, R.O.C. | 886-2-6616-9999 |
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6. For more information about Wistron:

www.wistron.com

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1. Letter to Shareholders

Dear Shareholders,

In the year of 2021, the globe is still learning to strive against the COVID and try to coexist with the corona virus. The epidemic brings dramatic changes to the enterprises and the individuals all around the world, impacting the lifestyles and work patterns, which reflect the demand and supply in the market unceasingly. The severe situation of insufficient supply of key components and unsmooth transportation remains the same. Under all these challenges, Wistron still manage to maintain businesses growth in several sectors, e.g. laptops, display products, keyboard modules, and enterprise products. With the rising awareness of environmental sustainability, the green energy renewable product line also accomplishes a brilliant performance.

Hereby, I would like to briefly summarize Wistron's 2021 business results, business plan for 2022, and the company's future development strategy.

2021 Financial and Operational Results

Wistron's annual consolidated revenue of 2021 reached NT\$862.1 billion, with growth rate of 2%. Gross profit margin was 5.9%, consolidated operating profit was NT\$16.375 billion, consolidated pre-tax profit was NT\$19.234 billion, with the consolidated operating profit rate of 1.9%. Net profit after tax attributable to owners of parent was NT\$10.468 billion, with EPS NT\$3.76. In 2021 among our product lines, laptops, display, smart devices and enterprise products enjoyed growth, while the rest of the main product lines either remained at the same level or experienced a decline.

Sustainable Development and CSR

For three consecutive years (5th to 7th round), Wistron has been recognized by the top 5% of corporate governance evaluations. In 2011, we won the Best Employer Award in Asia, awarded by HR Asia, rating A of MSCI ESG, and rating A- "Leadership level" of Climate Change Rating by CDP Carbon Disclosure Project, and also selected into "FTSE4Good Taiwan Sustainability Index". In addition, Wistron actively participates in the international evaluation of Dow Jones Sustainability Index (DJSI), and won S&P Global Bronze Class and S&P Global Industry Mover in the Computers & Peripherals and Office Electronics industry sector.

2022 Business and Operational Focus

Since the restructuring in 2019, the operating model of the three business entities (Wistron Technology, Wistron Smart Devices, and New Business) has been developed stably and firmly, which is reflected in agile efficiency and diversified operations. Along with the concept of sustainability, this year we will focus on five major business directions, described as follows:

(1) Global Strategy Optimization

In response to the rapid changes of customer demand and environmental situation, we strategically integrate multi-location resources and local advantages of global sites to optimize cost and efficiency management. Vietnam site has completed construction and put into production, Mexico site has begun the expansion, expected to be completed this year. India and Malaysia plant maintains normal operations despite the impact of the epidemic.

(2) Proactively Develop New Technologies and Products

In recent years, we invested in high-speed graphics chip accelerator cards and servers, expected to achieve rapid and significant growth with the trend of artificial intelligence. In the bullish situation of Internet of Vehicles (IoV) and new energy vehicles, we also actively investing in the automotive electronic modules and display markets. Wistron has obtained patent rights in many major economies around the world, and was selected as one of the top 100 innovative institutions in the world by Clarivate Analytics for the first time.

(3) New Business Investment and Development

Keeping eyes on the new-generation business models and innovative enterprise value, our new business focus on industries such as enterprise online learning, smart medical care, 5G+AI applications and SaaS platform for manufacturing industry. We pay attention to talent cultivation and team learning, introduce digital management, continue to optimize platform services and user experience value, and provide differentiated services and present value innovation.

(4) Reinforce Digital Transformation

Over the years, we have actively introduced digital technology and artificial intelligence into daily operations, in order to optimize all aspects of internal systems. Now we are more committed for digital transformation implementation of all sites to achieve globally consistency and synchrony in operation management. The Kunshan plant, which mainly manufacture digital AIoT Devices (smart Internet of Things devices), was selected as the WEF World Economic Forum Lighthouse Factory. This honor represents a key milestone in promoting digital transformation with cutting-edge technology.

(5) Enhancing ESG Visibility and Competitiveness

Taking environmental protection, social integration, corporate governance and innovative value (ESGI) as the four major topics of sustainable development, we gradually establish a complete and differentiated sustainable development strategy, and formulate short, medium and long-term action plans for various indicators and goals. Through regular review of implementation results, we could deepen sustainable management actions and implement the commitment to sustainable development.

Outlook for the Future

With the vision of "innovative and sustainable", Wistron officially initiates the third decade and enters the next stage. Looking forward to accelerating the global deployment, strengthening R&D of new technologies, reinforce digital transformation and introducing AI capability, we are committed to implementing the company's four core values: customer focus, integrity, innovation and sustainability. We will integrate internal resources and external partners cooperation, develop new business models, and continue to pursue profitable growth.

Thanks to all shareholders for all your support and encouragement to Wistron over the years. The management team and all employees of Wistron will continue to work hard to create maximum value for the company and shareholders.

Chairman



2. Wistron Corporation Introduction

Wistron Corporation is a global leading technology service provider supplying innovative ICT (information and communications technology) products, service solutions, and systems to top branded companies worldwide. From initial product conceptualization, volume manufacturing, and after-sales repairing to end-of-life products recycling, Wistron supports customers with the products and related services reaching international standards for innovation and quality levels.

Our product and service lines include PCs, server and networking systems, enterprise storage solutions, professional display products, communication devices, after-sales services, and electronics scrap recycling, as well as cloud and display vertical integration solutions. With the development of cloud computing, Wistron combines hardware devices and cloud data systems through software services to provide technical service platforms and solutions to our customers. In addition, Wistron has been dedicated to building value chains in the ICT industry and innovation platforms in the new era of education and enterprise services, IoT, and medical services. Our extensive technology services include 5G, AI, Metaverse related applications, Electric and Autonomous Vehicles, as well as Industry 4.0.

Wistron was founded on May 30, 2001. With 80,000 employees in various R&D, manufacturing and after-sales service facilities in North America, Europe, and Asia, Wistron's revenue in 2021 was NTD\$862.08 billion.

Wistron was listed as a Fortune Global 500 company in 2011, 2012, and from 2018 to 2021. In 2018, Wistron was recognized as one of The 100 Global Technology Leaders by Thomson Reuters. Since 2009, Forbes Magazine has included Wistron among Global 2000 for 13 consecutive years (2009-2021). In 2021, Wistron's Kunshan manufacturing site joined the World Economic Forum's Global Lighthouse Network as recognition for digitalization methods facilitating growth and sustainability.

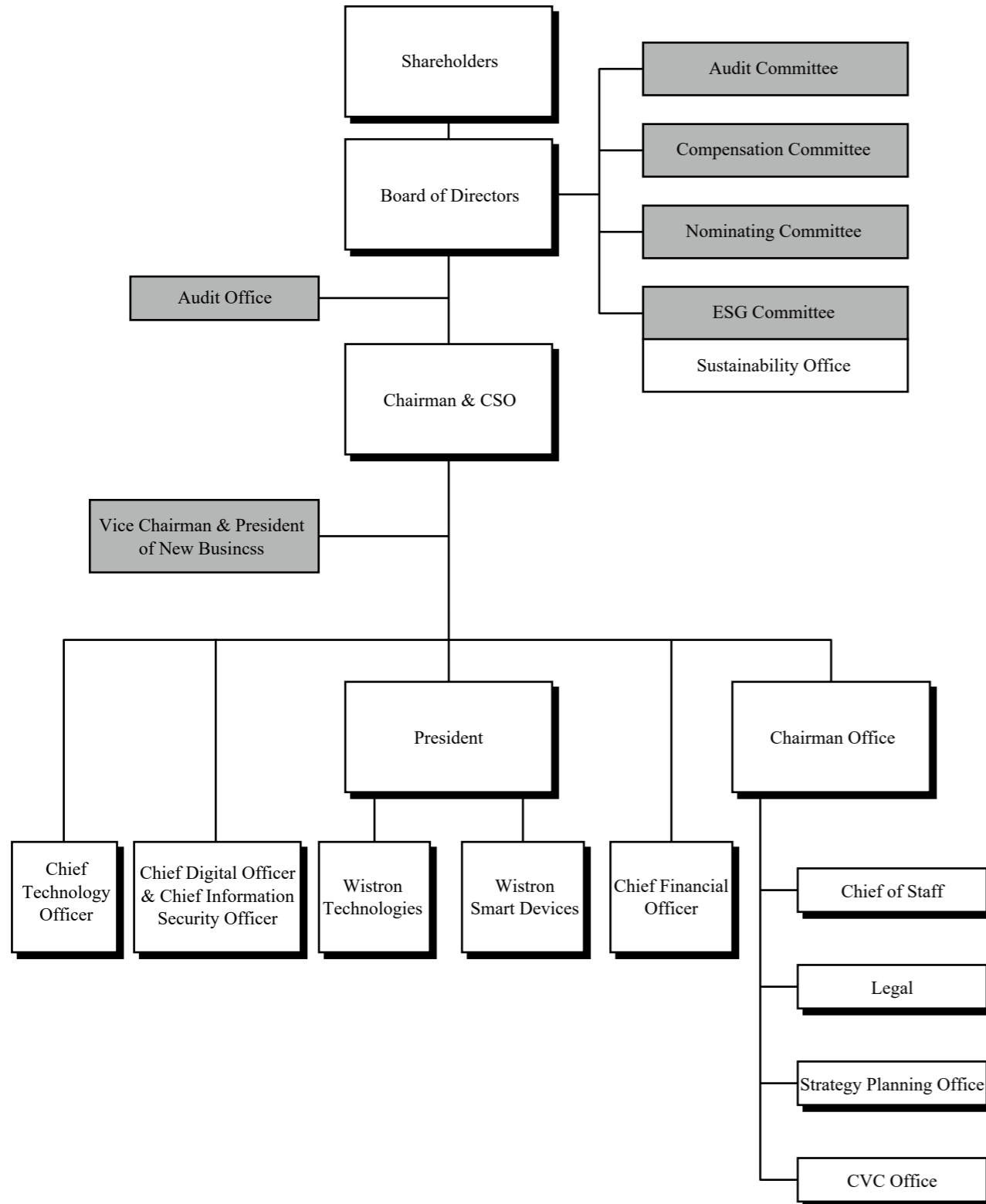
Wistron values corporate sustainability and social responsibility. For sustainable practices in terms of environmental, social, and governance factors in the sector of technology hardware, storage and peripherals industry, Wistron was rated AA from 2017 to 2020 and rated A in 2021 by MSCI ESG. For three consecutive years (5th to 7th round), Wistron was recognized as reaching the top 5% of evaluated companies with regards to corporate governance performance. Wistron was rated A- Leadership level of Climate Change Rating by CDP (Carbon Disclosure Project), and selected to the FTSE4Good Taiwan Sustainability Index. Moreover, Wistron actively participates in the international evaluation of the Dow Jones Sustainability Index (DJSI), and won the S&P Global Bronze Class and S&P Global Industry Mover in the Computers & Peripherals and Office Electronics industry sector.

In addition, The Commonwealth Magazine presented Wistron the Excellence in Corporate Social Responsibility awards for 12 consecutive years from 2010 to 2021. Wistron received the Taiwan Corporate Sustainability Reports Award from 2019 to 2021. In 2021, we won the Best Employer Award in Asia, awarded by HR Asia.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Department functions

| Department | Main responsibilities |
|---|--|
| Audit office | <ol style="list-style-type: none"> 1. Assist management to ensure the internal audit system is effectively designed and well implemented to improve the operation and to enhance the value of the organization. 2. Assist the organization and managers to evaluate and improve the procedure of risk management, and internal control through systematic and effective procedures to achieve organization's goals. 3. Assist the Audit Committee to supervise the implementation of internal control system and corporate governance. |
| Sustainability Office | Responsible for corporate sustainability implementation to fulfill Wistron's vision and mission on ESG. |
| Vice Chairman & President of New Business | Be responsible for new business strategy, technology, product development and operational management. |
| Chairman Office | <p>Assist the Chairman & CSO to evaluate and analyze external investments and business performance for the Company and its subsidiaries to achieve corporate goals, including</p> <ol style="list-style-type: none"> 1 Chief of Staff <ol style="list-style-type: none"> 1.1 Be responsible for implementation, functional control and optimization of policies and corporate governance of the Board of Directors. 1.2 Be responsible for the strategic planning and operational development of the reinvestment business. 1.3 Overall planning on policies and implementation for human resources, administration, construction, and stock affairs etc. 2. Legal <ol style="list-style-type: none"> 2.1 In charge of drafting and reviewing legal documents and providing advocacy, governance, and compliance services for related business. 2.2 Managing patent rights, copyrights, trademarks, technology licensing and other intellectual property related business of our company. 3. Strategy Planning Office Be responsible for the company's overall strategic planning, structuring, promotion, long-term development etc. 4. CVC Office Manage corporate venture capital (CVC) and post-investment management (PIM) related operations. |
| Chief Financial Officer | Be responsible for the management of corporate finance, accounting, tax, PR, and IR. |

| Department | Main responsibilities |
|--|--|
| Chief Technology Officer | Be responsible for the construction and management of the company's R&D team, resources and the environment, and enhancement of research efficiency and competitiveness. |
| Chief Digital Officer & Chief Information Security Officer | Integrate digital technology and develop the strategy of digital transformation and cyber security to accelerate the company's digital innovation. |
| Wistron Technologies (WT) | <ol style="list-style-type: none"> 1. Be responsible for R&D, design, marketing and production of personal computer, industrial PC, display products, servers, storage, communication products, and AI computing device. 2. Provide back-end technical consulting services, special after-sales service solutions to customer, and also responsible for improving customer satisfaction. 3. Product manufacturing management, plant resource planning / capacity allocation, process capability analysis and manufacturing efficiency improvement. 4. Material procurement, inventory, supplier resources and tooling management at each plant. 5. Be responsible for quality assurance and improvement, also establishment and maintenance of quality management systems and certification of products. 6. Plan digital strategy of the institution and promote digital transformation of the core business. 7. Strategic planning of finance, human resources, etc. |
| Wistron Smart Devices (WSD) | <ol style="list-style-type: none"> 1. Be responsible for the research and development, product management, manufacturing, and marketing of 5G, AIoT, mobile products, smart accessory products, automobile electronics and optical component related products. 2. Product manufacturing management, plant resource planning / capacity allocation, process capability analysis and manufacturing efficiency improvement. 3. Material procurement, inventory, and supplier resources management at each plant. 4. Plan digital strategy of the institution and promote digital transformation of the core business. 5. Strategic planning of finance, human resources, etc. |

3.2. Directors, Supervisors and Management Team

3.2.1 Directors (April 19, 2022)

| Title | Nationality or registered | Name | Gender & Age | Date of Election | Term | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education | Selected Current Positions | Spouse or relative holding a position as Key Manager, Director or Supervisor | | | Note |
|---|---------------------------|-----------------------------|---------------|------------------|------|--------------------|---------------------------|------|----------------------|------|-----------------------------|------|-------------------------------------|---|---|--|--|------|--------------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship | |
| Chairman & CSO | Republic of China | Simon Lin | Male 61~70 | 07/20/2021 | 3 | 05/23/2001 | 42,599,252 | 1.47 | 40,599,252 | 1.40 | 1,544 | 0 | 0 | 0 | Bachelor Degree from National Chiao Tung University President of Acer Inc. | Chairman & CSO of Wistron Corp. Chairman of Wiwynn Corp. Director of Gamania Digital Entertainment Co., Ltd. Independent Director of Taiwan IC Packaging Corp. Independent Director of Elan Microelectronics Corp. Independent Director of Powerchip Semiconductor Manufacturing Corp. Chairman of Wistron Digital Technology Holding Company | - | - | - | - |
| Vice chairman & President of New Business | Republic of China | Robert Hwang | Male 61~70 | 07/20/2021 | 3 | 06/08/2006 | 9,757,628 | 0.34 | 9,757,628 | 0.34 | 179,005 | 0.01 | 0 | 0 | Executive MBA Training Program at National Chengchi University Bachelor Degree in Industrial Engineering from Ta-Tung Institute of Technology Vice President of Acer Inc. | Vice Chairman & President of New Business of Wistron Corp. Chairman of WiAdvance Technology Corporation Chairman of WiEdu Corp. Chairman of Wistron Medical Tech Holding Company Chairman of Wistron Medical Technology Corporation Overseas companies current positions summary (Note 1) | - | - | - | - |
| | Republic of China | Wistron NeWeb Corp. | - | 07/20/2021 | 3 | 06/14/2018 | 28,796,209 | 0.99 | 28,796,209 | 0.99 | - | - | - | - | - | - | - | - | - | - |
| Director | Republic of China | Representative: Haydn Hsieh | Male 61~70 | 07/20/2021 | 3 | 06/09/2005 | - | - | 1,122,911 | 0.04 | 13,271 | 0 | 0 | 0 | Bachelor Degree in electrical engineering from Ta-Tung Institute of Technology Senior Vice President of Acer Inc. | Director of Wistron Corp. Chairman & CSO of Wistron NeWeb Corp. Director of aEnrich Technology Corp. Independent Director of Raydium Semi-conductor Corp. Director of Apacer Technology Inc. Director of WNC Holding Corporation Director of NeWeb Holding Corporation Director of Webcom Communication (Kunshan) Corporation Director of WNC (Kunshan) Corporation Director of Wistron NeWeb (Kunshan) Corporation Director of NeWeb Service(Kunshan) Corporation | - | - | - | - |

| Title | Nationality or registered | Name | Gender & Age | Date of Election | Term | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | Shareholding by Nominee Arrangement | | Education | Selected Current Positions | Spouse or relative holding a position as Key Manager, Director or Supervisor | | | Note | |
|----------------------|---------------------------|-------------------|-----------------|------------------|------|--------------------|---------------------------|------|----------------------|------|-----------------------------|-------------------------------------|---------|-----------|---|---|---|-------|------|------|
| | | | | | | | Shares | % | Shares | % | | Shares | % | | | Shares | % | Title | | Name |
| Director | Republic of China | Philip Peng | Male 61~70 | 07/20/2021 | 3 | 06/14/2018 | 360,870 | 0.01 | 808,870 | 0.03 | 0 | 0 | 200,000 | 0.01 | Master Degree in business administration from National Chengchi University Senior Vice President of Acer Inc. President of iD SoftCapital Inc. | Director of Wistron Corp. Director of Wistron NeWeb Corp. Director of Wistron Information Technology & Services Corp. Independent Director of AU Optronics Corp. Independent Director of Apacer Technology Inc. Chairman of Smart Capital Corp. Director of Zigong Art Sharing Co., Ltd. Supervisor of Allxon Inc. | - | - | - | - |
| Independent Director | Republic of China | Jack Chen | Male 61~70 | 07/20/2021 | 3 | 06/14/2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor Degree in electrical engineering from National Taiwan University Chairman of Spirox Corp. Chairman of RDC Semiconductor Co., Ltd. | Independent Director of Wistron Corp. Chairman of Spirox Corp. Director of RDC Semiconductor Co., Ltd. Director of Taiwan Oasis Technology Co., Ltd. Director of Browave Corp. | - | - | - | - |
| Independent Director | Republic of China | S. J. Paul Chien | Male Above71 | 07/20/2021 | 3 | 06/14/2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Master Degree in Chemical Engineering from Massachusetts Institute of Technology Chairman of Vanguard International Semiconductor Corp. | Independent Director of Wistron Corp. Independent Director of Nan Ya Printed Circuit Board Corp. Chairman of FUCHU General Contractor Corp. Chairman of FUCHU Investment Corp. Director of Neuchips Inc. Director of Neuchips Corp. | - | - | - | - |
| Independent Director | Republic of China | Christopher Chang | Male Above71 | 07/20/2021 | 3 | 06/14/2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Bachelor Degree in college of law from National Chengchi University Chairman of Continental Development Corp. | Independent Director of Wistron Corp. Managing Director of Grand River Development Limited Director of Sanlien Educational Foundation | - | - | - | - |
| Independent Director | Republic of China | Sam Lee | Male 61~70 | 07/20/2021 | 3 | 07/20/2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Master Degree in business administration from National Chengchi University Executive vice president of Yuanta Securities Co., Ltd. Managing Director of Citigroup Global Markets Securities | Independent Director of Wistron Corp. Director of Nien Made Enterprise Co., Ltd. Director of DFI Inc. Independent Director of Dafeng TV Ltd. Director of Bafang Yunji International Co., Ltd. Vice chairman of ILI Technology Corp. Chairman of MagiCapital (Taiwan) Ltd. Chairman of MagiCap Venture Capital Co., Ltd. Chairman of Sin Sih Investments Limited Chairman of Sih Gao Investments Limited Chairman of Deus Investments Limited Chairman of Belos Investments Limited Chairman of AchiCapital Management Limited | - | - | - | - |

| Title | Nationality or registered | Name | Gender & Age | Date of Election | Term | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | Shareholding by Nominee Arrangement | | Education | Selected Current Positions | Spouse or relative holding a position as Key Manager, Director or Supervisor | | | Note | |
|----------------------|---------------------------|-----------|-----------------|------------------|------|--------------------|---------------------------|---|----------------------|---|-----------------------------|-------------------------------------|---|--|---|---|---|-------|------|------|
| | | | | | | | Shares | % | Shares | % | | Shares | % | | | Shares | % | Title | | Name |
| Independent Director | Republic of China | Peipei Yu | Female 51~60 | 07/20/2021 | 3 | 07/20/2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Master Degree in college of Business Administration from University of British Columbia Managing Director of Goldman Sachs (Asia) L.L.C. Chairman of Zoyi Venture Capital Co., Ltd. | Supervisor of ELTA Technology Co., Ltd. Director of Vigor Kobo Co., Ltd. Director of Quaser Machine Tools Inc. Director of Zoyi Capital Fund I GP, Ltd. Director of Zoyi Capital, Ltd. (Cayman) | - | - | - | - |
| Independent Director | Republic of China | C.H. Chen | Male Above71 | 06/14/2018 | 3 | 06/14/2018 | - | - | - | - | - | - | - | Master Degree in Computer Science from National Chiao Tung University President of ASML Taiwan Vice President of Phillips Taiwan | (Note 2) | - | - | - | - | |

Note1: Chairman of Win Smart Co., Ltd., Chairman of Wistron InfoComm (Philippines) Corp., Chairman of Weshtek Information Technology Services Co., Ltd., Shanghai, Chairman of Wistron Medical Tech (Chongqing) Co., Ltd., Chairman of WiEdu Hong Kong Limited, Chairman of Wistron InfoComm (Shanghai) Corp., Director of SMS Infocomm Chile Servicios Limitada, Director of Wistron Europe Holding Cooperatie U.A, Director of IKALA GLOBAL ONLINE CORP.

Note 2: The director was resignation after the Annual Shareholders Meeting on July 20, 2021.

Major shareholders of the institutional shareholders

April 12, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|---------------------------------|-------|
| Wistron NeWeb Corporation | Wistron Corporation | 22.61 |
| | Cathay Life Insurance Co., Ltd. | 5.15 |
| | Chang Gung Medical Foundation | 2.95 |
| | Labor Pension Fund (New Scheme) | 2.79 |
| | Taiwan Life Insurance Co., Ltd. | 2.56 |
| | Jar Yuan Investment Co., Ltd. | 2.41 |
| | Chunghwa Post Co., Ltd. | 1.70 |
| | Haydn Hsieh | 1.53 |
| | TransGlobe Life Insurance Inc. | 1.19 |
| | China Life Insurance Co., Ltd. | 1.15 |

Major shareholders of the Company's major institutional shareholders

April 19, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|---|------|
| Wistron Corporation | Yuanta Taiwan Dividend Plus ETF | 3.21 |
| | Taipei Fubon Bank Trust Account | 2.15 |
| | Acer Incorporated | 1.89 |
| | Lin Hsien-Ming | 1.40 |
| | Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds | 1.39 |
| | Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd.-Equity Trading Division (Proprietary Trading Desk) | 1.37 |
| | King's Town Bank | 1.34 |
| | Fubon Life Insurance Co., Ltd. | 1.31 |
| | JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 1.28 |
| | J.P. Morgan Securities PLC | 1.03 |

March 31, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|-------------------------------------|-----|
| Cathay Life Insurance Co., Ltd. | Cathay Financial Holdings Co., Ltd. | 100 |

March 31, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|---------------------------------|-------|
| Chang Gung Medical Foundation | Nan Ya Plastics Corp. | 19.27 |
| | Formosa Chemicals & Fibre Corp. | 14.83 |
| | Formosa Plastics Corp. | 14.23 |
| | Wang Yung-Tsai (Note) | 12.04 |
| | Wang Yung-Ching (Note) | 7.87 |

Note: Donor has passed away.

March 31, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|----------------------------------|-----|
| Taiwan Life Insurance Co., Ltd. | CTBC Financial Holding Co., Ltd. | 100 |

March 31, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|--|-------|
| Jar Yuan Investment Co., Ltd. | Lin Chen-Hai | 80.26 |
| | Zeng Shu-QIONG | 16.08 |
| | Ho Yuan International Investment Co., Ltd. | 3.55 |
| | Chang Wei Management Consulting Co. Ltd. | 0.11 |

March 31, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|---|-----|
| Chunghwa Post Co., Ltd. | Ministry of Transportation and Communications | 100 |

March 31, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|------------------------|-----|
| TransGlobe Life Insurance Inc. | Chung Wei Yi Co., Ltd. | 100 |

March 31, 2022

| Name of Institutional Shareholders | Major Shareholders | % |
|------------------------------------|---|-----|
| China Life Insurance Co., Ltd. | China Development Financial Holding Corporation | 100 |

Professional qualifications and independence analysis of directors

| Name | Criteria Professional Qualification and Experience | Independence Criteria | Number of other public companies in which the individual is concurrently serving as an independent director |
|---|--|---|---|
| Simon Lin | Chairman Mr. Simon Lin previously held many important positions in Acer Group, including the President of Acer Inc. He has extensive industry experience and leadership. Currently, he is also the Chief Strategy Officer of Wistron to in charge of strategic planning, and promoting long-term development of the Company. In 2020, Industrial Technology Research Institute recognized Simon as ITRI Laureate. | 1. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 2. Not been a person of any conditions defined in Article 30 of the Company Law. | 3 |
| Robert Hwang | Mr. Robert Hwang currently serves as Vice Chairman and President of New Business. He has accumulated over 25 years of industry experience at Sampo, Acer computers and Wistron Corporation. He is also in charge of Wistron Growth Incubator and digital transformation. He is dedicated to the integration of smart devices, cloud services, and value-added platform systems that drive Wistron's transformation into a Technology Service Provider. | | 0 |
| Wistron NeWeb Corp. Representative: Haydn Hsieh | Mr. Haydn Hsieh has also previously held many important positions in Acer Group, as well as the president of the Mobile Computing Business Unit at Acer. He is the currently the Chairman and CSO of Wistron NeWeb Corporation. He has rich leadership and decision-making capabilities. | | 1 |
| Philip Peng | Mr. Philip Peng was the Chief Financial Officer at Acer and President of iD SoftCapital Inc. providing business consulting, fund management, and asset management services; he not only has experience within the technology sector, but also has professional financial expertise. | | 2 |

| Criteria Name | Professional Qualification and Experience | Independence Criteria | Number of other public companies in which the individual is concurrently serving as an independent director |
|-------------------|--|--|---|
| Jack Chen | Mr. Jack Chen used to be one of the founders of RDC Semiconductor Co., Ltd. and Spirox Corp., and is now the Chairman of Spirox Corp.. He has expertise within the semiconductor industry, and has enhance leadership and decision-making skills. | All of the independent directors are meet the independent criteria as following during the two years before being elected or during the term of office: 1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any of its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. | 0 |
| S. J. Paul Chien | Mr. S. J. Paul Chien has served important management positions such as R&D, engineering, business and marketing in Intel and TSMC, and was previously the Chairman of Vanguard International Semiconductor Corporation. He has expertise in the high-precision wafer foundry industry and well connections. | 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. | 1 |
| Christopher Chang | Mr. Christopher Chang graduated college of law from National Chengchi University. He was the Chairman of Continental Development Corp. with expertise in law, real estate development and construction management. | 6. Not a director, supervisor, or employee of the company which majority director seats or voting shares and those of any other company are controlled by the same person. 7. Not a director (or governor), supervisor, or employee of the company or institution which the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. | 0 |
| Sam Lee | Mr. Sam Lee served as the Executive vice president of Yuanta Securities Co., Ltd. and Managing Director of Citigroup Global Markets Securities. He is currently the Chairman of MagiCapital (Taiwan) Ltd. and MagiCap Venture Capital Co., Ltd., with financial professional background. He specializes in mergers and acquisitions, international investment and joint ventures, and is familiar with financial markets and industry. | 8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations. | 1 |
| Peipei Yu | Ms. Peipei Yu served as the Managing Director of Goldman Sachs (Asia) L.L.C. and Chairman of Zoyi Venture Capital Co., Ltd.. She also had professional financial background and rich experience in investment and mergers and acquisitions. | 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not been a person of any conditions defined in Article 30 of the Company Law. 12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law. | 0 |

Diversity Status of the composition of Directors

1. Diversity Policy of Board of Directors members:

Wistron has set the diversity policy of the board of directors in the Article 20 of “Corporate Governance Best Practice Principles”.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, race, and culture.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

The composition of the board shall give due attention to the principles of gender equality, and its members shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- (1) Ability to make operational judgment.
- (2) Ability to perform accounting and financial analysis.
- (3) Ability to conduct management administration.
- (4) Ability to conduct crisis management.
- (5) Industrial knowledge.
- (6) International market perspective.
- (7) Ability to lead.
- (8) Ability to make decisions.

2. The management objectives of diversity policy and the goals achieved

Wistron has a total of 9 directors, of which 22% are employees; 56% are independent directors. 1 and 4 independent director tenure average below and above 3 years respectively. The current Board of Directors consist of members with professional experience in various fields, such as management administration, leadership, decision making and industrial knowledge. Mr. Philip Peng, Mr. Sam Lee and Ms. Peipei Yu have a professional background in accounting and financial analysis and Mr. Christopher Chang has legal background expertise and can give professional advice to the Company from different aspects. Wistron has achieve the management goals of independent directors exceeding one-half of the total director seats and the number of directors who concurrently serve as Company managers do not exceed one-third of the total director seats. And Wistron has also elected at one female independent director in 2021 Annual Shareholders' Meeting.

| Name | Item | Gender | Wistron Employee | Age | | | Independent Director Tenure | | Operational judgment | Accounting and financial analysis | Management administration | Crisis management | Industrial knowledge | International market perspective | Leadership | Decision making | Law |
|-------------------|------|--------|------------------|-------|-------|----------|-----------------------------|---------------|----------------------|-----------------------------------|---------------------------|-------------------|----------------------|----------------------------------|------------|-----------------|-----|
| | | | | 51~60 | 61~70 | Above 71 | Below 3 years | Above 3 years | | | | | | | | | |
| Simon Lin | | Male | V | | V | | | | V | | V | V | V | V | V | V | |
| Robert Hwang | | Male | V | | V | | | | V | | V | V | V | V | V | V | |
| Haydn Hsieh | | Male | | | V | | | | V | | V | V | V | V | V | V | |
| Philip Peng | | Male | | | V | | | | V | V | V | V | V | V | V | V | |
| Jack Chen | | Male | | | V | | | V | | V | V | V | V | V | V | V | |
| S. J. Paul Chien | | Male | | | | V | | V | | V | V | V | V | V | V | V | |
| Christopher Chang | | Male | | | | V | | V | | V | V | V | V | V | V | V | V |
| Sam Lee | | Male | | V | | | | V | V | V | V | V | V | V | V | V | |
| Peipei Yu | | Female | | V | | | V | | V | V | V | V | V | V | V | V | |

3.2.2 Management Team (April 19, 2022)

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education | Concurrent positions at other Companies | Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager | | | Note |
|--|-------------------|----------------|--------|----------------|--------------------|------|-----------------------------|------|-------------------------------------|------|-----------|--|---|------|--------------|------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship | |
| Chairman & CSO | Republic of China | Simon Lin | Male | 01/01/2002 | 40,599,252 | 1.40 | 1,544 | 0.00 | 0 | 0.00 | Bachelor | Reference to the information of Board of Directors. | - | - | - | - |
| Vice chairman & President of New Business | Republic of China | Robert Hwang | Male | 01/01/2002 | 9,757,628 (Note 4) | 0.34 | 179,005 | 0.01 | 0 | 0.00 | Master | Reference to the information of Board of Directors. | - | - | - | - |
| President & Wistron Technologies CEO | Republic of China | Jeff Lin | Male | 04/10/2015 | 481 | 0.00 | 0 | 0.00 | 1,321,000 | 0.05 | Master | Director of Global Lighting Technologies Inc. Chairman of Anwith Technology Corp. Director of AVer Information Inc. Director of WiSuccess Asset Management Corporation Overseas companies current positions summary (Note 1) | - | - | - | - |
| President & Wistron Smart Devices CEO | Republic of China | David Shen | Male | 06/08/2007 | 0 (Note 5) | 0.00 | 14,848 | 0.00 | 0 | 0.00 | Master | Chairman of WiBASE Industriel Solutions Inc. Chairman of Kaohsiung Opto-Electoics Inc. Director of WiEdu Corp. Director of Master Transportation Bus Manufacturing Ltd. Overseas companies current positions summary (Note 2) | - | - | - | - |
| Chief of Staff | Republic of China | Frank F.C. Lin | Male | 01/01/2002 | 2,549,569 (Note 6) | 0.09 | 8,199 | 0.00 | 0 | 0.00 | Bachelor | Director of Wistron NeWeb Corp. Director of Wistron ITS Corp. Director of Wiyynn Corporation Chairman of WiseCap Ltd. Chairman of LE BEN Investment Ltd. Chairman of WiSuccess Asset Management Corporation Director of Wistron Medical Tech Holding Company Director of Wistron Medical Tech Corporation Director of Wistron Digital Technology Holding Company Director of Changing Information Technology Inc. Director of Maya International Co., Ltd. Director of Join-Link International Technology Co., Ltd. Director of Pell Bio-Med Technology Co., Ltd. Director of IP Fund Six Supervisor of aEnrich Technology Corp. Chairman of B-Temia Asia Pte Ltd. Chairman of WiseCap (Hong Kong) Limited Director of Hartec Asia Pte. Ltd. Director of Hukui Biotechnology Corporation | - | - | - | - |
| Chief Technology Officer | Republic of China | Donald Hwang | Male | 01/01/2002 | 2,678,561 (Note 7) | 0.09 | 0 | 0.00 | 0 | 0.00 | Master | Director of Wistron NeWeb Corp. Chairman of Abilliant Corporation Director of WiseCap Ltd. Director of LE BEN Investment Ltd. Director of Wistron Medical Tech Holding Company Director of Wistron Medical Tech Corporation Director of Wistron Digital Technology Holding Company Director of Maya International Co., Ltd. Director of Free Bionics Taiwan Inc. Director of Apollo Medical Optics, Ltd. Director of ANIWARE COMPANY LIMITED Director of Wistron Mobile Solutions Corp. Director of Tube Inc. Director of Free Bionics, Inc Director of Apollo Medical Optics Inc. Director of B-TEMIA INC. Director of Creator Technology B.V. Director of Keeogo Malaysia Sdn. Bhd. | - | - | - | - |
| Chief Digital Officer & Chief Information Security Officer | Republic of China | Kenny Wang | Male | 06/08/2007 | 1,501,607 (Note 8) | 0.05 | - | - | 0 | 0.00 | Bachelor | None | - | - | - | - |
| Chief Finance Officer | Republic of China | Stone Shih | Male | 07/15/2003 | 2,931,489 | 0.10 | 2,649 | 0.00 | 0 | 0.00 | Master | Director of WiseCap Ltd. Director of LE BEN Investment Ltd. Supervisor of Abilliant Corporation Supervisor of WiEdu Corp. Supervisor of Wistron Medical Tech Holding Company Supervisor of Wistron Digital Technology Holding Company Supervisor of Wistron Medical Technology Corporation Supervisor of WiAdvance Technology Corporation Supervisor of WiSuccess Asset Management Corporation Supervisor of Kaohsiung Opto-Electoics Inc. Overseas companies current positions summary (Note 3) | - | - | - | - |

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education | Concurrent positions at other Companies | Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager | | | Note |
|---|-------------------|-------------------|--------|----------------|--------------|------|-----------------------------|------|-------------------------------------|------|-----------|--|---|------|--------------|------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship | |
| Wistron Technologies President of Enterprise Business Group | Republic of China | William Lin | Male | 04/10/2015 | 717,495 | 0.02 | 794 | 0.00 | 0 | 0.00 | Master | Chairman of Wistron Technology Service (America) Corporation Director of SMS Infocomm Chile Servicios Limitada Director of Wistron InfoComm (Philippines) Corp. | - | - | - | - |
| Technical Vice President | Republic of China | Kelvin Chang | Male | 04/10/2015 | 2,828,851 | 0.10 | 63,613 | 0.00 | 0 | 0.00 | Master | None | - | - | - | - |
| Strategy Planning Office Vice President | Republic of China | KY Wang | Male | 12/22/2017 | 30,000 | 0.00 | 0 | 0.00 | 0 | 0.00 | Doctorate | Director of MoBagel, Inc. | - | - | - | - |
| Wistron Technologies President of Computing Products Business Group | Republic of China | Robert CL Lin | Male | 12/21/2018 | 130,324 | 0.00 | 4,301 | 0.00 | 0 | 0.00 | Master | Director of ARBOR Technology Corp. Chairman of ISL International Standards Laboratory Corp. Director of Cowin Worldwide Corp. Director of Wistron InfoComm (Vietnam) Co., Ltd. Director of Wistron Investment (Sichuan) Co., Ltd. Director of Wistron InfoComm (Zhongshan) Corp. Director of Wistron InfoComm (Chengdu) Co., Ltd. Director of Wistron InfoComm (Kunshan) Co., Ltd. Director of Wistron InfoComm (Chongqing) Co., Ltd. Director of Wistron InfoComm Computer (Chengdu) Co., Ltd | - | - | - | - |
| Wistron Smart Devices President of Component Business Group | Republic of China | Vincent Cho | Male | 12/21/2018 | 335,215 | 0.01 | 1,209 | 0.00 | 0 | 0.00 | Master | Director of Kaohsiung Opto-Electroics Inc. Director of Wistron InfoComm (Taizhou) Co., Ltd. Director of Wistron Optronics (Kunshan) Co., Ltd. Director of Wistron Advanced Materials (Kunshan) Co., Ltd. | - | - | - | - |
| Wistron Smart Devices President of Global Manufacturing & Digital Operations | Republic of China | James Chou | Male | 12/21/2018 | 862,337 | 0.03 | 0 | 0.00 | 0 | 0.00 | Bachelor | Director of Wistron InfoComm Technology Service (Kunshan) Corp. Director of Wistron InfoComm (Taizhou) Co., Ltd. Director of Wistron Optronics (Kunshan) Co., Ltd. Director of XTRONICS (Kunshan) Electronics Technology Co., Ltd. Director of Xtronics (Nanjing) Automotive Intelligent Technologies Co., Ltd. | - | - | - | - |
| Wistron Technologies President of Global Manufacturing | Republic of China | Jackie Lai | Male | 03/05/2019 | 463 | 0.00 | 0 | 0.00 | 0 | 0.00 | Master | Director of WiSuccess Asset Management Corporation Director of Wistron InfoComm Computer (Chengdu) Co., Ltd Director of Cowin Worldwide Corp. Director of Wistron Mexico S.A. de C.V. Director of Wistron InfoComm Mexico S.A. de C.V. Director of WisVision Corp. Director of Wistron InfoComm Computer (Chengdu)Co., Ltd. Director of Wistron Investment (Sichuan) Co., Ltd. Director of Wistron InfoComm (Zhongshan) Corp. Director of Wistron InfoComm (Chengdu) Co., Ltd. Director of Wistron InfoComm (Kunshan) Co., Ltd. Director of Wistron InfoComm (Chongqing) Co., Ltd. Director of Wistron InfoComm Technology (Zhongshan) Co., Ltd. | - | - | - | - |
| Wistron Technologies Vice President of Computing Products Business Group | Republic of China | Felix Lai | Male | 12/21/2018 | 309,111 | 0.01 | 0 | 0.00 | 0 | 0.00 | Master | Director of ISL International Standards Laboratory Corp. | - | - | - | - |
| Wistron Technologies Vice President of Service Business Group | Republic of China | Peter Tung | Male | 12/21/2018 | 861,986 | 0.03 | 0 | 0.00 | 0 | 0.00 | Master | Director of Anwith Technology Corp. Director of Service Management Solutions Mexico S.A. de C.V. Director of SMS InfoComm Corp. Director of Wistron Green Tech (Texas) Corp. Director of Wistron K.K. Director of SMS Infocomm (Singapore) Pte. Ltd. Director of SMS (Kunshan) Co., Ltd. Director of ICT Service Management Solutions (India) Private Limited Director of SMS Infocomm Global Service (CQ) Director of Wistron Service (Kunshan) Corp. | - | - | - | - |
| Wistron Technologies Vice President of Industrial Products and Solutions Business Group | Republic of China | Christine Hsu | Female | 07/28/2021 | 220,000 | 0.01 | 8,000 | 0.00 | 30,000 | 0.00 | Bachelor | None | - | - | - | - |
| Wistron Technologies Vice President of Enterprise Business Group | Republic of China | Christopher Huang | Male | 07/28/2021 | 143,822 | 0.00 | - | - | 0 | 0.00 | Master | None | - | - | - | - |
| Wistron Technologies Vice President of Supply Chain Management | Republic of China | Benny Hu | Male | 07/28/2021 | 1,825,014 | 0.06 | 0 | 0.00 | 0 | 0.00 | Bachelor | Director of Mindforce Holding Limited | - | - | - | - |

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Education | Concurrent positions at other Companies | Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager | | | Note |
|---|-------------------|---------------|--------|----------------|--------------|------|-----------------------------|------|-------------------------------------|------|-----------|--|---|------|--------------|------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship | |
| Wistron Technologies Vice President of Global Manufacturing | Republic of China | Alec Lai | Male | 07/28/2021 | 110,000 | 0.00 | 20,730 | 0.00 | 0 | 0.00 | Master | None | - | - | - | - |
| Wistron Smart Devices Vice President of Vertical Business Group | Republic of China | Howard Liu | Male | 03/16/2022 | 75,883 | 0.00 | 0 | 0.00 | 0 | 0.00 | Master | Director of WiBASE Industril Solutions Inc. Director of Wistron Technology (Malaysia) Sdn. Bhd. | - | - | - | - |
| Wistron Smart Devices Vice President of Component Business Group | Republic of China | Mark HH Huang | Male | 03/16/2022 | 57 | 0.00 | 0 | 0.00 | 0 | 0.00 | Doctorate | Director of Kaohsiung Opto-Electoics Inc. | - | - | - | - |

Note 1: Director of AII Holding Corp., Chairman of Cowin Worldwide Corp., Chairman of Service Management Solutions Mexico S.A.de C.V., Chairman of SMS InfoComm Corp., Chairman of Wistron InfoComm Technology (America) Corp., Chairman of Wistron InfoComm Technology (Texas) Corp., Chairman of Wistron InfoComm Mexico S.A. de C.V., Chairman of Wistron InfoComm (Vietnam) Co., Ltd., Chairman of Wistron Mexico S.A. de C.V., Chairman of SMS (Kunshan) Co., Ltd., Chairman of Wistron Investment (Sichuan) Co., Ltd., Chairman of Wistron InfoComm (Zhongshan) Corp., Chairman of Wistron InfoComm (Chengdu) Co., Ltd., Chairman of Wistron InfoComm (Kunshan) Co., Ltd., Chairman of Wistron InfoComm (Chongqing) Co., Ltd., Chairman of SMS Infocomm Global Service (CQ), Chairman of Wistron Service (Kunshan) Corp., Director of Win Smart Co., Ltd., Director of Wistron Green Tech (Texas) Corp., Director of Wistron K.K., Director of WisVision Corp., Director of ICT Service Management Solutions (India) Private Limited, Director of Zhongshan Global Lighting Technology Limited Co., Director of Wistron Hong Kong Limited, Director of Wistron Hong Kong Holding Limited, Director of Wistron InfoComm Technology (Zhongshan) Co., Ltd., Director of WiseCap (Hong Kong) Limited.

Note 2: Chairman of WisVision Corp., Chairman of Wistron InfoComm Technology Service (Kunshan) Corp., Chairman of Wistron InfoComm (Taizhou) Co., Ltd., Chairman of Wistron Optronics (Kunshan) Co., Ltd., Chairman of Wistron Advanced Materials (Kunshan) Co., Ltd., Chairman of Wistron InfoComm Technology (Zhongshan) Co., Ltd., Director of Wistron Optronics (Shanghai) Co., Ltd., Director of XTRONICS (Kunshan) Electronics Technology Co., Ltd, Director of AII Holding Corp., Director of Heracles Enterprises Limited, Director of Win Smart Co., Ltd., Director of Wistron Advanced Materials (Hong Kong) Limited, Director of Wistron AiEDGE Corp., Director of Wistron InfoComm Manufacturing (India) Private Limited, Director of Wistron Technology (Malaysia) Sdn. Bhd.

Note 3: Director of AII Holding Corp., Director of WiseCap (Hong Kong) Limited, Director of Wistron InfoComm Technology (America) Corp., Director of Wistron InfoComm Technology (Texas) Corp., Director of Wistron LLC, Director of KunShan ChangNun Precision Die Casting Co., Ltd., Supervisor of Weshtek Information Technology Services Co., Ltd., Shanghai, Supervisor of WIS Precision (Taizhou) Co., Ltd., Supervisor of Wistron InfoComm (Shanghai) Corp.

Note 4: Excluding 3,000,000 shares that under trust with discretion reserved.

Note 5: Excluding 2,327,359 shares that under trust with discretion reserved.

Note 6: Excluding 3,000,000 shares that under trust with discretion reserved.

Note 7: Excluding 2,500,000 shares that under trust with discretion reserved.

Note 8: Excluding 2,000,000 shares that under trust with discretion reserved.

3.3 Compensation of Directors, Supervisors, President and Vice Presidents

3.3.1 Compensation of Directors (December 31, 2021)

Unit: NT\$ thousands

| Title | Name | Compensation | | | | | | | | Amount and ratio of Total Compensation (A+B+C+D) to Net Income | Relevant Compensation Received by Directors Who are Also Employees | | | | | | Amount and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income | | Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent Company | | | | | | | |
|---------------------------|---|-----------------------|--|-------------------|--|---------------------------|--|----------------|--|--|--|--|-------------------|--|---------------------------|--------|--|--|---|------------------|------------------|--------|--|--|--|--|
| | | Base Compensation (A) | | Severance Pay (B) | | Directors Compensation(C) | | Allowances (D) | | | Salary, Bonuses, and Allowances (E) | | Severance Pay (F) | | Employee Compensation (G) | | The company | Companies in the consolidated financial statements | | | | | | | | |
| | | The company | All companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | Cash | Stock | | | | Cash | Stock | | | | | |
| Chairman & CSO | Simon Lin | | | | | | | | | | | | | | | | | | | | | | | | | |
| Vice chairman & President | Robert Hwang | 0 | 0 | 0 | 0 | 79,643 | 79,643 | 320 | 380 | 79,963 0.77% | 80,023 0.77% | 57,874 | 57,874 | 3,863 | 3,863 | 72,000 | 0 | 72,000 | 0 | 213,700 2.04% | 213,760 2.04% | 21,843 | | | | |
| Director | Wistron NeWeb Corp. Representative: Haydn Hsieh | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director | Philip Peng | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Jack Chen | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | S. J. Paul Chien | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Christopher Chang | 0 | 0 | 0 | 0 | 22,850 | 22,850 | 400 | 400 | 23,250 0.22% | 23,250 0.22% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23,250 0.22% | 23,250 0.22% | 0 | | | | |
| Independent Director | Sam Lee | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Peipei Yu | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | C.H. Chen (Note) | | | | | | | | | | | | | | | | | | | | | | | | | |

1. Please describe the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: According to the Company's "Articles of Incorporation" and "Director and Functional Committees Compensation and Payment Principles", except basic funds, the independent directors' compensation will be added according to the positions held by them in the functional committees, regardless of profit or loss.

2. Except for the compensation listed in the above table, the compensation that directors received by offering services (such as serving as a consultant of parent company, all companies included in the financial statements and all invested companies instead of an employee) for companies in the financial statements is: None

Note : The director was resignation after the Annual Shareholders Meeting on July 20, 2021.

A. Directors' compensation brackets table

| Ranges of compensation paid to the Company's directors | Name of director | | | |
|--|------------------------------------|--|--|---|
| | Sum of the first 4 items (A+B+C+D) | | Sum of the first 7 items (A+B+C+D+E+F+G) | |
| | The Company | All companies included in the financial statements H | The Company | Parent company and all invested companies I |
| Under NT\$1,000,000 | 1, Note 1 | 1, Note 1 | 1, Note 1 | |
| NT\$1,000,000 ~ NT\$2,000,000 | 1, Note 2 | 1, Note 2 | 1, Note 2 | 1, Note 2 |
| NT\$2,000,000 ~ NT\$3,500,000 | 1, Note 3 | 1, Note 3 | 1, Note 3 | 1, Note 3 |
| NT\$3,500,000 ~ NT\$5,000,000 | 4, Note 4 | 4, Note 4 | 4, Note 4 | 4, Note 4 |
| NT\$5,000,000 ~ NT\$10,000,000 | | | | |
| NT\$10,000,000 ~ NT\$15,000,000 | | | | |
| NT\$15,000,000 ~ NT\$30,000,000 | 3, Note 5 | 3, Note 5 | 2, Note 7 | 3, Note 10 |
| NT\$30,000,000 ~ NT\$50,000,000 | 1, Note 6 | 1, Note 6 | | |
| NT\$50,000,000 ~ NT\$100,000,000 | | | 1, Note 8 | 1, Note 8 |
| Over NT\$100,000,000 | | | 1, Note 9 | 1, Note 9 |
| Total | 11 | 11 | 11 | 11 |

Note 1: Representative: Haydn Hsieh

Note 2: C.H. Chen

Note 3: Peipei Yu

Note 4: Jack Chen, S. J. Paul Chien, Christopher Chang, Sam Lee

Note 5: Robert Hwang, Wistron NeWeb Corp., Philip Peng

Note 6: Simon Lin

Note 7: Wistron NeWeb Corp., Philip Peng

Note 8: Robert Hwang

Note 9: Simon Lin

Note 10: Wistron NeWeb Corp., Representative: Haydn Hsieh, Philip Peng

3.3.2 Compensation of Supervisors : Not applicable**A. Supervisors' compensation brackets table : Not applicable**

3.3.3 Remuneration of the President and Vice Presidents(December 31, 2021)

Unit: NT\$ thousands

| Title | Name | Salary(A) | | Severance Pay and Penions(B) | | | Bonuses and Allowances (C) | | Employee Compensation (D) | | | | Total compensation (A+B+C+D)and the ratio of it to net income | | Compensation Paid to the President and Vice Presidents from an Invested Company other than the Company's Subsidiary or from Parent Company |
|--|----------------|-------------|--|------------------------------|--|--|----------------------------|--|---------------------------|-------|--|-------|---|--|--|
| | | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | | The company | Companies in the consolidated financial statements | The company | | Companies in the consolidated financial statements | | The company | Companies in the consolidated financial statements | |
| | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Chairman & CSO | Simon Lin | | | | | | | | | | | | | | |
| Vice chairman & President of New Business | Robert Hwang | | | | | | | | | | | | | | |
| President & Wistron Technologies CEO | Jeff Lin | | | | | | | | | | | | | | |
| President & Wistron Smart Devices CEO | David Shen | | | | | | | | | | | | | | |
| Chief of Staff | Frank F.C. Lin | | | | | | | | | | | | | | |
| Chief Technology Officer | Donald Hwang | | | | | | | | | | | | | | |
| Chief Digital Officer & Chief Information Security Officer | Kenny Wang | | | | | | | | | | | | | | |
| Chief Finance Officer | Stone Shih | | | | | | | | | | | | | | |
| Wistron Technologies President of Enterprise Business Group | William Lin | 50,032 | 50,032 | 16,978 | 16,978 | | 227,492 | 227,492 | 175,900 | 0 | 175,900 | 0 | 470,402 4.49% | 470,402 4.49% | 241 |
| Technical Vice President | Kelvin Chang | | | | | | | | | | | | | | |
| Strategy Planning Office Vice President | KY Wang | | | | | | | | | | | | | | |
| Wistron Technologies President of Computing Products Business Group | Robert CL Lin | | | | | | | | | | | | | | |
| Wistron Smart Devices President of Component Business Group | Vincent Cho | | | | | | | | | | | | | | |
| Wistron Smart Devices President of Global Manufacturing & Digital Operations | James Chou | | | | | | | | | | | | | | |
| Wistron Technologies President of Global Manufacturing | Jackie Lai | | | | | | | | | | | | | | |

A. The President and Vice Presidents remuneration brackets table

| Range of Compensation | Names of President and Vice Presidents | |
|---------------------------------|--|---|
| | The Company | Parent company and all invested companies I |
| Under NT\$ 1,000,000 | | |
| NT\$1,000,000 ~ NT\$1,999,999 | | |
| NT\$2,000,000 ~ NT\$3,499,999 | | |
| NT\$3,500,000 ~ NT\$4,999,999 | | |
| NT\$5,000,000 ~ NT\$9,999,999 | 2, Note 1 | 2, Note 1 |
| NT\$10,000,000 ~ NT\$14,999,999 | 1, Note 2 | 1, Note 2 |
| NT\$15,000,000 ~ NT\$29,999,999 | 7, Note 3 | 7, Note 3 |
| NT\$30,000,000 ~ NT\$49,999,999 | 3, Note 4 | 3, Note 4 |
| NT\$50,000,000 ~ NT\$99,999,999 | 2, Note 5 | 2, Note 5 |
| Over NT\$100,000,000 | | |
| Total | 15 | 15 |

Note 1: KY Wang, Kelvin Chang

Note 2: James Chou

Note 3: Donald Hwang, Kenny Wang, Stone Shih, Robert CL Lin, William Lin, Vincent Cho, Jackie Lai

Note 4: Robert Hwang, David Shen, Frank F.C. Lin

Note 5: Simon Lin, Jeff Lin,

B. Names of managers entitled to employee Compensation (December 31, 2021)

Unit: NT\$ thousands

| | Title | Name | Employee Compensation - in Stock (Fair Market Value) | Employee Compensation - in Cash | Total | Ratio of Total Amount to Net Income (%) |
|--|---|----------------|--|---------------------------------|---------|---|
| Managers | Chairman & CSO | Simon Lin | | | | |
| | Vice chairman & President of New Business | Robert Hwang | | | | |
| | President & Wistron Technologies CEO | Jeff Lin | | | | |
| | President & Wistron Smart Devices CEO | David Shen | | | | |
| | Chief of Staff | Frank F.C. Lin | | | | |
| | Chief Technology Officer | Donald Hwang | | | | |
| | Chief Digital Officer & Chief Information Security Officer | Kenny Wang | | | | |
| | Chief Finance Officer | Stone Shih | | | | |
| | Wistron Technologies President of Enterprise Business Group | William Lin | | | | |
| | Technical Vice President | Kelvin Chang | | | | |
| | Strategy Planning Office Vice President | KY Wang | | | | |
| | Wistron Technologies President of Computing Products Business Group | Robert CL Lin | | | | |
| | Wistron Smart Devices President of Component Business Group | Vincent Cho | 0 | 189,400 | 189,400 | 1.81 |
| | Wistron Smart Devices President of Global Manufacturing & Digital Operations | James Chou | | | | |
| | Wistron Technologies President of Global Manufacturing | Jackie Lai | | | | |
| | Wistron Technologies Vice President of Computing Products Business Group | Felix Lai | | | | |
| | Wistron Technologies Vice President of Service Business Group | Peter Tung | | | | |
| | Wistron Technologies Vice President of Industrial Products and Solutions Business Group | Christine Hsu | | | | |
| Wistron Technologies Vice President of Enterprise Business Group | Christopher Huang | | | | | |
| Wistron Technologies Vice President of Supply Chain Management | Benny Hu | | | | | |
| Wistron Technologies Vice President of Global Manufacturing | Alec Lai | | | | | |

3.3.4 Comparison of Compensation for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Compensation Policy for Directors, Supervisors, President and Vice Presidents

A. Directors', President's and Vice Presidents' compensation paid in the last two years as a percentage to net income

| Item | Ratio of total compensation paid to directors, supervisors, president and vice presidents to net income (%) | | | |
|---|---|--------------|-------------|--------------|
| | 2021 | | 2020 | |
| | The Company | Consolidated | The Company | Consolidated |
| Compensation to Directors | 0.77 | 0.77 | 1.18 | 1.18 |
| Compensation to the President and Vice Presidents | 4.49 | 4.49 | 3.86 | 3.86 |

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

a. Compensation for Wistron's directors is governed by Article 11 and Article 16 of the Articles of Incorporation and shall not exceed 1% of the current year profit (profit means the profit before tax, excluding the amounts of employees' and directors' compensation). A reasonable amount based on the company's business performance and the contribution of individual directors to the business results should be made the current year compensation for directors.

b. The remuneration of the company's presidents and vice presidents consist of fixed items (such as base salary, annual bonuses, and benefits) and variable items (such as bonuses, cash or stock compensation, and stock warrants), and the majority of the remuneration shall be paid in variable items. The fixed items are in principle determined to maintain the company's competitiveness within the industry; the variable items consider both company's performance and individual's appraisal – the better the performance, the higher the proportion of variable items to fixed items. The performance evaluation will be comprehensively determined by below metrics:

1. Financial metrics(60%): revenue, profit and growth rate, etc.
2. Non-financial metrics(40%): indicators of market/customer service(such as customer satisfaction), internal business process (such as quality management) and learning and growth (ex. retention and talent development).

The targets and weightage of these performance metrics are determined at the beginning of the year based on internal and external environments and overall considerations of future risk. The performance is reviewed and evaluated at the middle and end of year, the evaluation result is used as the basis to calculate the amount of variable bonuses; the compensation amount is then approved by the Remuneration Committee and the Board. The ratio of variable items to fixed items is higher when there is better corporate or individual management performance.

3.4 Status of Corporate Governance

3.4.1 Board meeting attendance

The Board meetings held 6 times in 2021.

| Title | Name | Attendance in Person | Attendance by proxy | Rate of attendance in person (%) | Note |
|----------------------|--|----------------------|---------------------|----------------------------------|--------|
| Chairman | Simon Lin | 8 | 0 | 100 | |
| Vice Chairman | Robert Hwang | 8 | 0 | 100 | |
| Director | Wistron NeWeb Corp. Representative : Haydn Hsieh | 8 | 0 | 100 | |
| Director | Philip Peng | 8 | 0 | 100 | |
| Independent Director | Jack Chen | 8 | 0 | 86 | |
| Independent Director | S. J. Paul Chien | 8 | 0 | 100 | |
| Independent Director | Christopher Chang | 8 | 0 | 100 | |
| Independent Director | Sam Lee | 8 | 0 | 100 | |
| Independent Director | Peipei Yu | 5 | 0 | 100 | Note 1 |
| Independent Director | C.H. Chen | 3 | 0 | 100 | Note 1 |

Note 1: The director was elected as Wistron's directors at the Annual Shareholders Meeting on July 20, 2021. So the total number of attendances were 5 times.

Note 2: The director was resignation after the Annual Shareholders Meeting on July 20, 2021. So the total number of attendances were 3 times.

Other noteworthy items:

Independent directors' attendance in 2021 board meetings

●: Attendance in person ;○: Attendance by proxy

| | 1 st | 2 nd | 3 rd | 4 th | 5 th | 6 th | 7 th | 8 th |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Jack Chen | ● | ● | ● | ● | ● | ● | ● | ● |
| S. J. Paul Chien | ● | ● | ● | ● | ● | ● | ● | ● |
| Christopher Chang | ● | ● | ● | ● | ● | ● | ● | ● |
| Sam Lee | ● | ● | ● | ● | ● | ● | ● | ● |
| Peipei Yu | - | - | - | ● | ● | ● | ● | ● |
| C.H. Chen | ● | ● | ● | - | - | - | - | - |

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has already established an Audit Committee.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors : None

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

| Date | Meeting | Interested Directors | Subject Matter | Participation in Deliberation |
|------------|---------------------------------------|---|---|---|
| 2021.03.23 | 1 st Board Meeting of 2021 | Robert Hwang | 1. Approval of the proposal of 2020 employees' compensation payout ratio and amount to the managers (excluding CSO). 2. Approval of the salary adjustment to the managers (excluding CSO) in 2021. 3. Approval of the performance bonus budget to the managers (excluding CSO) in 2021. | The interested director left the room during discussion and voting. |
| | | Simon Lin and Robert Hwang | 1. Approval of the proposal of 2020 employees' compensation payout ratio and amount to CSO. 2. Approval of the salary adjustment to CSO in 2021. 3. Approval of the performance bonus budget to CSO in 2021. | The interested director left the room during discussion and voting. |
| | | S. J. Paul Chien, Christopher Chang and Sam Lee | Approval of the amendments to the "Director and Functional Committees Compensation and Payment Principles". | The interested independent director left the room during discussion and voting. |
| 2021.08.05 | 6 th Board Meeting of 2021 | Robert Hwang | Approval of the performance bonus to managers (excluding CSO) in 2021 first half of the year. | The interested director left the room during discussion and voting. |
| | | Simon Lin and Robert Hwang | Approval of the performance bonus to CSO in 2021 first half of the year. | The interested director left the room during discussion and voting. |
| | | S. J. Paul Chien, Sam Lee and Peipei Yu | Approval of the amendments to the "Director and Functional Committees Compensation and Payment Principles". | The interested independent director left the room during discussion and voting. |
| 2021.12.23 | 8 th Board Meeting of 2021 | Robert Hwang | Approval of the performance bonus to managers (excluding CSO) in 2021 second half of the year. | The interested director left the room during discussion and voting. |
| | | Simon Lin and Robert Hwang | Approval of the performance bonus to CSO in 2021 second half of the year. | The interested director left the room during discussion and voting. |
| 2022.03.16 | 1 st Board Meeting of 2022 | Robert Hwang | 1. Approval of the proposal of 2021 employees' compensation payout ratio and amount to the managers (excluding CSO). 2. Approval of the salary adjustment to the managers (excluding CSO) in 2022. 3. Approval of the performance bonus budget to the managers (excluding CSO) in 2022. | The interested director left the room during discussion and voting. |
| | | Simon Lin and Robert Hwang | 1. Approval of the proposal of 2021 employees' compensation payout ratio and amount to CSO. 2. Approval of the salary adjustment to CSO in 2022. 3. Approval of the performance bonus budget to CSO in 2022. | The interested director left the room during discussion and voting. |

3. A TWSE/TPEX listed company should disclose information such as the evaluation cycle and period, evaluation scope, methodology, and content of the board's self (or peer) evaluation, and complete schedule for the implementation of the board's evaluation.

| | Evaluation Cycle | Evaluation Period | Evaluation Scope | Evaluation Methodology | Evaluation Content |
|--------------------|------------------|-------------------------|---|--|--|
| Board of Directors | Once a year | 2021.01.01 - 2021.12.31 | Cover the evaluation of the board as a whole and individual directors | Include self-evaluation by individual board members and the internal evaluation of the board | The performance of the board of directors covered the following five aspects: 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. |

| | Evaluation Cycle | Evaluation Period | Evaluation Scope | Evaluation Methodology | Evaluation Content |
|------------------------|------------------|-------------------------|--|---|---|
| Board of Directors | | | | | The criteria for evaluating the performance of the board members on themselves covered the following six aspects: 1. Familiarity with the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control. |
| Audit Committee | Once a year | 2021.01.01 - 2021.12.31 | Cover the evaluation of the Audit Committee as a whole and individual members | Include self-evaluation by individual committee members and the internal evaluation of the Audit Committee | The criteria for evaluating the performance of Audit Committee covered the following five aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members and 5. Internal control. |
| Compensation Committee | Once a year | 2021.01.01 - 2021.12.31 | Cover the evaluation of the Compensation Committee as a whole and individual members | Include self-evaluation by individual committee members and the internal evaluation of the Compensation Committee | The criteria for evaluating the performance of Compensation Committee covered the following four aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members. |
| Nominating Committee | Once a year | 2021.01.01 - 2021.12.31 | Cover the evaluation of the Nominating Committee as a whole and individual members | Include self-evaluation by individual committee members and the internal evaluation of the Nominating Committee | The criteria for evaluating the performance of Nominating Committee covered the following four aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members. |
| ESG Committee | Once a year | 2021.01.01 - 2021.12.31 | Cover the evaluation of the ESG Committee as a whole and individual members | Include self-evaluation by individual committee members and the internal evaluation of the ESG Committee | The criteria for evaluating the performance of ESG Committee covered the following four aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members. |

4. The objectives of strengthening the functionality of the Board of Directors for the present year and the most recent year and assessment on the implementation:

Wistron had completed the performance evaluation of Board of Directors and functional committees in 2021, and reported the results of the performance evaluation to the Audit Committee, Compensation Committee, Nominating Committee, ESG Committee and the Board of Directors. Wistron will incorporate the external performance evaluation of the board of directors by the end of 2022.

3.4.2 Audit Committee

The Audit Committee is composed of all of the five Independent Directors, with one financial expert. The Audit Committee holds meetings before the board meetings regularly at least once each quarter to examine the Company's internal control systems, internal audit executions, as well as material financial activities; also to communicate with CPAs for an effective supervision on the company's operations and risk controls.

The review items in 2021 included:

- Reviewing quarterly and annually financial statements: the quarterly and annually financial reports in 2021 have been approved by the Audit Committee
- Modifying internal control systems including related policies and procedures.
- Reviewing assessment of the effectiveness of the internal control system.
- Reviewing material investment.
- Reviewing loans of funds, endorsements, or provision of guarantees.
- Reviewing the offering, issuance, or private placement of equity-type securities.
- Reviewing the appointment and independence of CPA and their compensation.
- Reviewing the 2021 annual audit plan.

The Audit Committee held 7 meetings in 2021 with the attendance of the independence directors specified below:

| Title | Name | Attendance in Person | By Proxy | Attendance rate in Person (%) | Note |
|----------|-------------------|----------------------|----------|-------------------------------|--------|
| Convener | Jack Chen | 7 | 0 | 100 | |
| Member | S. J. Paul Chien | 7 | 0 | 100 | |
| Member | Christopher Chang | 7 | 0 | 100 | |
| Member | Sam Lee | 7 | 0 | 100 | |
| Member | Peipei Yu | 4 | 0 | 100 | Note 1 |
| Member | C.H. Chen | 3 | 0 | 100 | Note 2 |

Note 1: The director was elected as Wistron's directors at the Annual Shareholders Meeting on July 20, 2021. So the total number of attendances were 4 times.

Note 2: The director was resignation after the Annual Shareholders Meeting on July 20, 2021. So the total number of attendances were 3 times.

Other noteworthy items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee, all independent directors' opinions and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act :Please refer to the Major Resolutions of Board Meetings (p.118-124)

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well.

(2) The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well.

| Meeting Dates | Communications between the Independent Directors and the Internal Auditors | Communications between the Independent Directors and the CPAs |
|--|---|---|
| 2021.03.23 | 1. Internal Auditor's report of 2020Q4 2. Computerized information processing system 3. Reviewing the 2020 internal control self-assessment of Wistron and its subsidiaries | 1. The accountants declared their independence and the responsibility for auditing the financial report, and explain the audit scope, key audit matters and audit findings of the 2020 financial report 2. The accountant explained the matters that should be handled with the company's financial report preparation capability in accordance with Corporate Governance Blueprint 3.0 3. The accountant explained the issues raised by the members of Audit Committee |
| 2021.05.07 | 1. Internal Auditor's report of 2021Q1. 2. Sale and receipt cycle. | 1. The accountants declared their independence and responsibility for reviewing the interim financial report, and explain the review scope and review findings of the financial report for 2021Q1. 2. The accountant explained the relevant requirements for the annual self-closing financial information of listed companies and the application of the "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens". 3. The accountant explained the issues raised by the members of Audit Committee. |
| 2021.08.05 | 1. Internal Auditor's report of 2021Q2. 2. Property, plant and equipment cycle. | 1. The accountants declared their independence and responsibility for reviewing the interim financial report, and explain the review scope and review findings of the financial report for 2021Q2. 2. Accountants explained the recent revision of the Board of Directors' procedures for Q&A by the competent authority. 3. The accountant explained the issues raised by the members of Audit Committee. |
| 2021.11.05 | 1. Internal Auditor's report of 2021Q3. 2. Labor and wage cycle. | 1. The accountants declared their independence and responsibility for reviewing the interim financial report, and explain the review scope and review findings of the financial report for 2021Q3 2. The accountants reported the plan of 2021 financial report and communicated coping strategies for unable to in-person review. 3. The accountant explained the key content of the recent announcement by SFB to amend the " Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies ". 4. The accountant explained the issues raised by the members of Audit Committee. |
| Result: independent directors raised no objection with all of the above matters. | | |

3.4.3 Corporate Governance Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

| Items of Evaluation | Implementation Status | | Summaries | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons | |
|---|-----------------------|----|-----------|---|----------------|
| | Yes | No | | | |
| 1. Does Company follow “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices? | ✓ | | | Wistron has set up “Corporate Governance Best Practice Principles” by Board of Director and made amendment on December 23, 2021, and there is no discrepancy between corporate governance principles. | No discrepancy |
| 2. Shareholding Structure & Shareholders’ Rights (1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information? | ✓ ✓ ✓ ✓ | | | (1) Wistron has designated the Shareholder Service Office to handle the shareholders’ feedbacks, questions and disputes. (2) Wistron holds information on the identities of major shareholders and their ultimate controlling persons. (3) Wistron has established the appropriate risk control mechanisms and firewalls according to internal rules, such as rules of supervision over subsidiaries, rules governing endorsement and guarantee, loaning of funds and the rules governing acquisitions and disposal of assets etc. (4) Wistron enacted “Regulations on Insider Trading” to prevent any illegal activities in terms of insider trading. When the new directors or managers assume office, the company will provide relevant standardized information for education and promotion of the policy; and after each notice of board meeting is sent, or if the company is raising funds or repurchasing treasury stock, the company will remind the insiders to avoid buying or selling company stock in order to comply with the insider trading prevention policy. Wistron’s board of directors approved the amendment of “Corporate Governance Best Practice Principles” on December 23, 2021 to ask insiders shall not trade the shares in closed period during the 30 days before the announcement of the annual financial report and the 15 days before the announcement of the quarterly financial report. | No discrepancy |
| 3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly? | ✓ | | | (1) Wistron has set up the diversity policy of the board of directors in the Article 20 of “Corporate Governance Best Practice Principles”. For specific management objectives and implementation, please refer to the chapter “Diversity and Independence of the Board of Directors” | No discrepancy |

| Items of Evaluation | Implementation Status | | | Summaries | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|---|--|
| | Yes | No | | | |
| (2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees? | ✓ | | | (2) In addition to establishing the Compensation Committee and the Audit Committee as required by law, Wistron has created the Nominating Committee and the ESG committee. A. The Nominating Committee is authorized to construct and to review the candidates of the directors, executives and the members of committees under the board of directors, and to construct and to review the setup and operation of committees. B. ESG Committee is responsible for formulating the direction, strategy and goals of sustainability development and track the implementation status and effectiveness of corporate sustainable development. | No discrepancy |
| (3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the board, and use it as a reference for individual directors' remuneration and renomination? | ✓ | | | (3) Wistron has set up “Rules for Board of Directors and Function Committee Performance Assessments”. According to the assessments, the evaluation period shall be from January 1 to December 31 of the current year, and for the current year shall be reported to the board of directors and functional committees at the end of first quarter of the following year. Besides, Wistron shall conduct board performance evaluation by an external independent professional institution or a panel of external experts and scholars at least once every three years. Wistron had completed the performance evaluation of Board of Directors, Audit Committee and Compensation Committee for the period from January 1, 2021 to December 31, 2021. If the rate is over 90% (inclusive), it shall be "exceed the standard". If the rate is over 80% (inclusive) or less than 90%, it shall be "compliant with the standard". When the rate is less than 80%, it is "needs improvement". Upon completion of the above procedures, the rate of evaluation of Board of Directors, Audit Committee and Compensation Committee were 99.33%, 98.80%, 100%, 100% and 99.14%. the evaluation results were "exceed the standard". | |
| (4) Does the Company regularly evaluate its external auditors' independence? | ✓ | | | (4) The evaluation of CPA is one of the main duties of the Audit Committee each year. Wistron evaluates the independence of CPA based on KPMG's Statement of Independence and items stated in Certified Public Accountant Act and "Integrity, Objectivity and Independence.", No.10 of "The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China". | |

| Items of Evaluation | Implementation Status | | | Summaries | Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”and Reasons | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------------|----|--|---|---|--------|---|----|--|----|--|----|--|----|--|----|---|----|---|----|---|----|---|----|--|----|---|----|---|----|----------------|
| | Yes | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | <table border="1"> <thead> <tr> <th>Evaluation items</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Do the accountants have direct or indirect financial interest with the Company?</td> <td>No</td> </tr> <tr> <td>Do the accountants and the Company have inappropriate interests?</td> <td>No</td> </tr> <tr> <td>Do the accountants serve the Company within two years before the practice?</td> <td>No</td> </tr> <tr> <td>Do the accountants permit others to practice under their name?</td> <td>No</td> </tr> <tr> <td>Do the accountants and the members of audit team have shares of the Company?</td> <td>No</td> </tr> <tr> <td>Do the accountants have no fund lending with the Company?</td> <td>No</td> </tr> <tr> <td>Do the accountants have relationship of collective investment or profit sharing with the Company?</td> <td>No</td> </tr> <tr> <td>Do the accountants have currently employed by the Company to perform routine work for which receives a fixed salary, or currently serves as a director?</td> <td>No</td> </tr> <tr> <td>Do the accountants have management functions related to decision-making of the Company?</td> <td>No</td> </tr> <tr> <td>Whether the accountants receive any commission about business?</td> <td>No</td> </tr> <tr> <td>Do the accountants are spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company?</td> <td>No</td> </tr> <tr> <td>Whether the accountants have being the audit accountants of the Company over 7 years?</td> <td>No</td> </tr> </tbody> </table> | Evaluation items | Result | Do the accountants have direct or indirect financial interest with the Company? | No | Do the accountants and the Company have inappropriate interests? | No | Do the accountants serve the Company within two years before the practice? | No | Do the accountants permit others to practice under their name? | No | Do the accountants and the members of audit team have shares of the Company? | No | Do the accountants have no fund lending with the Company? | No | Do the accountants have relationship of collective investment or profit sharing with the Company? | No | Do the accountants have currently employed by the Company to perform routine work for which receives a fixed salary, or currently serves as a director? | No | Do the accountants have management functions related to decision-making of the Company? | No | Whether the accountants receive any commission about business? | No | Do the accountants are spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company? | No | Whether the accountants have being the audit accountants of the Company over 7 years? | No | No discrepancy |
| Evaluation items | Result | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants have direct or indirect financial interest with the Company? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants and the Company have inappropriate interests? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants serve the Company within two years before the practice? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants permit others to practice under their name? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants and the members of audit team have shares of the Company? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants have no fund lending with the Company? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants have relationship of collective investment or profit sharing with the Company? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants have currently employed by the Company to perform routine work for which receives a fixed salary, or currently serves as a director? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants have management functions related to decision-making of the Company? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Whether the accountants receive any commission about business? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Do the accountants are spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Whether the accountants have being the audit accountants of the Company over 7 years? | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Has a TWSE/TPEX listed company appointed an appropriate number of suitable corporate governance personnel, and designated a corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handling matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)? | ✓ | | | <p>The Chief of Staff Office of the Company is the unit to be in charge of corporate governance affairs. The board of directors appointed Mr. Frank F.C. Lin as the Corporate Governance Officer of Wistron on March 25, 2019.</p> <p>It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <p>A. Handling matters relating to board meetings and shareholders meetings according to laws.</p> <p>B. Producing minutes of board meetings and shareholders meetings.</p> <p>C. Assisting in onboarding and continuous education of directors.</p> <p>D. Furnishing information required for business execution by directors.</p> <p>E. Assisting directors and supervisors with legal compliance.</p> <p>F. Other matters set out in the articles or corporation or contracts.</p> <p>The 2021 implement of corporate governance affairs were as bellows:</p> <p>A. Developed annual work plan and meeting agendas and prepared meeting information for meetings of the Board of Directors, Audit Committee, Compensation Committee, Nominating Committee, and ESG Committee. If issues are relevant to stakeholders, related stakeholders are reminded to recuse themselves before a meeting takes place. In 2021, Wistron convened eight board meetings, seven Audit Committee meetings, four Compensation Committee meetings, three Nominating Committee meetings, and two ESG Committee meetings. Please see the Company website for details regarding the convention of the afore mentioned meetings.</p> | No discrepancy | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Items of Evaluation | Implementation Status | | | Summaries | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---|-----------------------|----|--|---|--|
| | Yes | No | | | |
| 4. Has a TWSE/TPEX listed company appointed an appropriate number of suitable corporate governance personnel, and designated a corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handling matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)? | ✓ | | | <p>B. Registered shareholder meeting date within the legally ordered period (2021 shareholder meeting was held on June 17, which was postponed to July 20 due to the Covid-19), and the shareholders' meeting shall be complete within the time limit specified by the competent authority.</p> <p>C. Responsible for material announcements and matters related to the resolutions of board meetings and shareholders' meetings and announced material information pursuant to law.</p> <p>D. Arranged six hours of a continuing education courses for all Directors, President, chief corporate governance officer and CFO of Wistron. The courses are " Corporate Governance Blueprint 3.0 and Directors' Responsibilities " and " Business Management and Public Opinion/Negative Publicity Management Strategies ".</p> <p>E. Arranged to have independent directors communicate to the head of Audit Division and the CPA at an Audit Committee meeting.</p> <p>F. Arrange the MIS to present the information security implementation to the Board of Directors on December 23, 2021.</p> <p>G. Arranged legal department to present intellectual property rights management to the Board of Directors on December 23, 2021.</p> <p>H. Arranged HR department to present the implementation and plans for promoting operational integrity in 2021 to ensure the proper implementation of "Ethical Corporate Management Best Practice Principles".</p> <p>I. Arranged the Sustainability Office to present the implementation of Sustainable Development Best Practice Principles, the operation of risk management and the communication with stakeholders.</p> <p>J. Performed the 2021 performance assessments of Board of Directors and functional committees, and reported the results of the performance evaluation to the Board of Directors on March 16, 2022.</p> | No discrepancy |
| 5. Whether the company has established channels of communication with Stakeholders (including but not limited to shareholders, employees, customers and suppliers), and open the Stakeholders section on the company's website, and respond appropriately to Stakeholders' interests/ concerns regarding corporate social responsibility. | ✓ | | | <p>Wistron has adopted the Global Reporting Initiative Standards (GRI Standards) and the AA1000 Stakeholder Engagement Standards as the framework to establish the procedures for identifying material topics for corporate sustainable development. The framework is used as the basis for disclosures in the Sustainability Report.</p> <p>In order to communicate with different stakeholders effectively, the Company has adopted the five factors specified by the AA1000 Stakeholder Engagement Standards. According to these factors:</p> | No discrepancy |

| Items of Evaluation | Implementation Status | | | Summaries | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|--|-----------------------|----|--|---|--|
| | Yes | No | | | |
| 5. Whether the company has established channels of communication with Stakeholders (including but not limited to shareholders, employees, customers and suppliers), and open the Stakeholders section on the company's website, and respond appropriately to Stakeholders' interests/ concerns regarding corporate social responsibility. | ✓ | | | (dependence, responsibility, influence, multiple perspectives, and tension), we have identified seven stakeholder categories including customers, employees, investors/shareholders, suppliers, government/ authorities, and media. We have also designated a stakeholder section on the corporate website to address our corporate sustainability and social responsibility activities and relevant issues. | No discrepancy |
| 6. Has the Company appointed a professional registrar for its Shareholders' Meetings? | | ✓ | | Wistron has designated the Shareholders Service Office to handle the shareholders' proposal and disputes. | No discrepancy |
| 7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial reports for the first, second and third quarter and each month's operating performance ahead of the required deadline? | ✓ ✓ ✓ | | | (1) Wistron has set up a website containing the information regarding financials, business and corporate governance status. (2) Wistron has one chief spokesman and one acting spokesman and also designated a team to be responsible for gathering and disclosing the information. Wistron has formulated Regulations on Insider Trading to govern procedures to manage material information disclosure; such management procedure has been informed to all employees, management and directors. (3) Wistron has not announced and declared the annual financial report within two months after the end of the fiscal year, but the Company still announces and reports the quarterly financial reports and each month's operating performance as early as possible within the prescribed time limit, and announces important financial figures and XBRL information on the day the board of directors approved the financial report, and announce the electronic book of financial report on the next business day. | No discrepancy |
| 8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)? | ✓ | | | (1) Employee benefits and rights, Employee care: Wistron emphasizes on the importance of employee benefits and rights. We not only comply with related laws and regulations, but also publish all corporate governance related regulations and operating conditions on the company's official website to ensure that employees are well informed. The company is committed to social responsibility to protect the rights and interests of its employees and has joined the Responsible Business Alliance (RBA). As a member of the Alliance, Wistron strictly complies with the relevant norms, and integrates human rights concerns into the various aspects of its daily operations. Wistron takes responsibilities for employee wellbeing. | No discrepancy |

| Items of Evaluation | Implementation Status | | | Summaries | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------------------|---|---|--|--|------|---|-----------|--------------|-------|----------------|-----------|------------|----------------------------------|---|-----|------------|---|--|-----|---|-----|---|--------------|------------|---|--|-----|---|-----|----------------|
| | Yes | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)? | ✓ | | | <p>(2) Investor Relations: The major mission of the investor relations department is to update the latest business development and strategy thinking to global investors. Through such periodic communication, the company can enhance its public image and the transparency of financials and corporate governance.</p> <p>(3) Supplier relationship: In order to maintain long-term advantages of research and development in new technology, quality control, price competition, adequate supply, and to provide green products that are in line with energy conservation and environmental protection, Wistron on the basis of good faith to conduct supplier audit and management, so to confirm suppliers comply with various environmental protection treaties and social responsibilities, continue to provide products that meet the standards of Wistron, and with competitive advantages in price. Wistron will keep upholding the spirit of mutual trust and benefit to grow together with suppliers and create Win-win.</p> <p>(4) Stakeholders’ Rights: The company’s investor relations, public relations, shareholder services, and legal departments communicate with stakeholders for various situations and provide the related contact information on the company website.</p> <p>(5) Continuing education of Directors and Managers: A. Directors’ training records</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date for Attending Continuing Education</th> <th>Hosted By</th> <th>Course Title</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Chairman & CSO</td> <td rowspan="3">Simon Lin</td> <td>2021.07.02</td> <td>Securities and Futures Institute</td> <td>Corporate Governance and securities legislation</td> <td>3.0</td> </tr> <tr> <td rowspan="2">2021.10.29</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Corporate Governance Blueprint 3.0 and Directors’ Responsibilities</td> <td>3.0</td> </tr> <tr> <td>Business Management and Public Opinion/Negative Publicity Management Strategies</td> <td>3.0</td> </tr> <tr> <td rowspan="2">Vice Chairman & President of New Business</td> <td rowspan="2">Robert Hwang</td> <td rowspan="2">2021.10.29</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Corporate Governance Blueprint 3.0 and Directors’ Responsibilities</td> <td>3.0</td> </tr> <tr> <td>Business Management and Public Opinion/Negative Publicity Management Strategies</td> <td>3.0</td> </tr> </tbody> </table> | Title | Name | Date for Attending Continuing Education | Hosted By | Course Title | Hours | Chairman & CSO | Simon Lin | 2021.07.02 | Securities and Futures Institute | Corporate Governance and securities legislation | 3.0 | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors’ Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | Vice Chairman & President of New Business | Robert Hwang | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors’ Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | No discrepancy |
| Title | Name | Date for Attending Continuing Education | Hosted By | Course Title | Hours | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chairman & CSO | Simon Lin | 2021.07.02 | Securities and Futures Institute | Corporate Governance and securities legislation | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors’ Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Vice Chairman & President of New Business | Robert Hwang | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors’ Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | |
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|--|-----|----|-----------------------|----------|---|-----------------------|---|---|--|----------------|----------------------------------|
| | Yes | No | Summaries | | | | | | | | |
| 8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)? | ✓ | | | Director | Wistron NeWeb Corp. Representative: Haydn Hsieh | 2021.10.26 | Taiwan Corporate Governance Association | Competition for management rights and case analysis | 3.0 | No discrepancy | |
| | | | | | | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | |
| | | | | | | | | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | | |
| | | | | | Director | Philip Peng | 2021.04.27 | Securities and Futures Institute | On Employee Remuneration Strategies and Tools | | 3.0 |
| | | | | | | | 2021.07.27 | Taiwan Corporate Governance Association | Reorganization of Overseas Holding Companies– Assessment of the Impact of Global Minimum Tax System on Multinational Enterprises | | 1.5 |
| | | | | | | | | | 2021.09.01 | | Financial Supervisory Commission |
| | | | | | | | 2021.10.26 | Taiwan Corporate Governance Association | Management Power Struggles and Case Studies | | 3.0 |
| | | | | | | | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | | 3.0 |
| | | | | | | | | | Business Management and Public Opinion/Negative Publicity Management Strategies | | 3.0 |
| | | | | | 2021.12.07 | Taiwan Stock Exchange | 2021 Cathay Sustainable Finance and Climate Change Summit | 6.0 | | | |
| | | | | | Independent Director | Jack Chen | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | | 3.0 |
| | | | | | | | | | Business Management and Public Opinion/Negative Publicity Management Strategies | | 3.0 |
| | | | | | Independent Director | S. J. Paul Chien | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | | 3.0 |
| | | | | | | | | | Business Management and Public Opinion/Negative Publicity Management Strategies | | 3.0 |
| | | | | | Independent Director | Christopher Chang | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | | 3.0 |
| Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | | | | | | | | | | |

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|--|-----------------------|---|---|--|-------|--|--|--|---|------|---|-----------|--------------|-------|----------------------|---------|------------|---|--|-----|---|-----|----------------------|-----------|------------|----------------------------------|--|-----|--------------------------------------|--|--|--|--|--|-------|------|---|-----------|--------------|-------|------------------------------------|----------|------------|---|--|-----|---|-----|---------------------------------------|------------|------------|---|--|-----|---|-----|----------------|---------------|------------|----------------------------------|--|-----|------------|----------------------------------|--|-----|------------|---|--|-----|---|-----|------------|-----------------------|---|-----|--------------------------|--------------|------------|---|--|-----|---|-----|----------------|
| | Yes | No | Summaries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Managers' training records | | | | | | Title | Name | Date for Attending Continuing Education | Hosted By | Course Title | Hours | President & Wistron Technology CEO | Jeff Lin | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | President & Wistron Smart Devices CEO | David Shen | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | Chief of Staff | Frank F.C Lin | 2021.08.18 | Securities and Futures Institute | Integrity Management Regulations and Corporate Social Responsibility of Listed Companies | 3.0 | 2021.09.01 | Financial Supervisory Commission | The 13th Taipei Corporate Governance Forum | 6.0 | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | 2021.12.07 | Taiwan Stock Exchange | 2021 Cathay Sustainable Finance and Climate Change Summit | 3.0 | Chief Technology Officer | Donald Hwang | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | No discrepancy |
| Title | Name | Date for Attending Continuing Education | Hosted By | Course Title | Hours | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Sam Lee | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Independent Director | Peipei Yu | 2021.09.01 | Financial Supervisory Commission | The 13th Taipei Corporate Governance Forum | 6.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B. Managers' training records | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| President & Wistron Technology CEO | Jeff Lin | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| President & Wistron Smart Devices CEO | David Shen | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Chief of Staff | Frank F.C Lin | 2021.08.18 | Securities and Futures Institute | Integrity Management Regulations and Corporate Social Responsibility of Listed Companies | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2021.09.01 | Financial Supervisory Commission | The 13th Taipei Corporate Governance Forum | 6.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2021.12.07 | Taiwan Stock Exchange | 2021 Cathay Sustainable Finance and Climate Change Summit | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chief Technology Officer | Donald Hwang | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Items of Evaluation | | | Implementation Status | | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------|---|--|--|-------|--|--|------|---|-----------|--------------|-------|-----------------------|------------|-------------------------|--|--|------|------------|---|--|-----|---|-----|---|---------------|------------|---|--|-----|---|-----|----------------|
| | Yes | No | Summaries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)? | ✓ | | | | | <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date for Attending Continuing Education</th> <th>Hosted By</th> <th>Course Title</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Chief Finance Officer</td> <td rowspan="3">Stone Shih</td> <td>2021.05.13 - 2021.05.14</td> <td>Accounting Research and Development Foundation</td> <td>Continuing training of Accounting Officers of Issuers, Securities Firms, and Securities Exchanges.</td> <td>12.0</td> </tr> <tr> <td rowspan="2">2021.10.29</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Corporate Governance Blueprint 3.0 and Directors' Responsibilities</td> <td>3.0</td> </tr> <tr> <td>Business Management and Public Opinion/Negative Publicity Management Strategies</td> <td>3.0</td> </tr> <tr> <td rowspan="2">Wistron Technologies President of Computing Products Business Group</td> <td rowspan="2">Robert CL Lin</td> <td rowspan="2">2021.10.29</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Corporate Governance Blueprint 3.0 and Directors' Responsibilities</td> <td>3.0</td> </tr> <tr> <td>Business Management and Public Opinion/Negative Publicity Management Strategies</td> <td>3.0</td> </tr> </tbody> </table> <p>(6) The implementation of risk management policies and risk evaluation measures</p> <p>Wistron implements the enterprise risk management (ERM) mechanism in accordance with the regulation of "Risk Management Policies and Procedures", which confirms the board of directors as the unit with the highest risk responsibility, and establishes a risk management team under the ESG Committee.</p> <p>Wistron conducts risk assessments on a regular basis, identifies and measures risks in accordance with industry practices and international standards, and issues risk management reports to the board of directors every year.</p> <p>The main results of conducting risk management policy in 2021 are as follows:</p> <p>A. The ESG Committee is convened to evaluate the company's important risk issues based on the risk matrix of the possibility of various risks and the degree of risk impact to confirm the priority of risk management.</p> <p>B. Following the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate risks and opportunities, based on the framework of "Governance", "Strategy", "Risk Management", "Metrics and Targets". And establish measurement indicators and target management mechanism.</p> | Title | Name | Date for Attending Continuing Education | Hosted By | Course Title | Hours | Chief Finance Officer | Stone Shih | 2021.05.13 - 2021.05.14 | Accounting Research and Development Foundation | Continuing training of Accounting Officers of Issuers, Securities Firms, and Securities Exchanges. | 12.0 | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | Wistron Technologies President of Computing Products Business Group | Robert CL Lin | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | No discrepancy |
| Title | Name | Date for Attending Continuing Education | Hosted By | Course Title | Hours | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chief Finance Officer | Stone Shih | 2021.05.13 - 2021.05.14 | Accounting Research and Development Foundation | Continuing training of Accounting Officers of Issuers, Securities Firms, and Securities Exchanges. | 12.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wistron Technologies President of Computing Products Business Group | Robert CL Lin | 2021.10.29 | Taiwan Corporate Governance Association | Corporate Governance Blueprint 3.0 and Directors' Responsibilities | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Business Management and Public Opinion/Negative Publicity Management Strategies | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Items of Evaluation | Implementation Status | | | Summaries | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|--|-----------------------|----|--|---|--|
| | Yes | No | | | |
| 8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)? | ✓ | | | <p>C. An Information Security Committee has been established, with the general manager and the chief digital officer & chief information security officer as the co-chairman to coordinate information security matters, and formulate an "information security policy" to protect the security of employees, customers, suppliers and operation-related information assets.</p> <p>D. Convened a risk management meeting to conduct sensitivity analysis and stress tests on financial risks, climate change risks, water resources risks, information security risks, geopolitical risks, new technology risks and intellectual property rights of Wistron and its important subsidiaries. To strengthen the risk awareness of and quantitatively analyze the risk tolerance levels.</p> <p>E. The general manager urges all units and subsidiaries within the company to conduct self-assessment of internal control twice a year, and the audit unit reviews the self-assessment reports of all units and subsidiaries, and together with the report of improvement of internal control deficiencies and abnormal matters found, annually Issue a statement of internal control system.</p> <p>F. Revise the Wistron's risk management policies and procedures, and set up a risk management team under the ESG Committee. In addition, internal auditors regularly check the implementation of various risk management measures, improve the deficiencies, and cooperate with the strict requirements of the company to implement Six Sigma to truly measure and effectively monitor the operation of the risk management mechanism.</p> <p>(7) The implementation of customer relations policies Wistron always strictly abides by customer confidentiality. If there are competitors among customers, different teams will be set up to serve customers, or even different factories to produce and build firewalls. It is strictly forbidden to talk about customer confidentiality in public in order to achieve the goal of protecting customers.</p> <p>(8) Purchasing insurance for directors Wistron has purchased liability insurance for directors and managers, and had report the insured amount, coverage, premium rate, and other major contents of the liability insurance to Board of Directors on November 5, 2021.</p> | No discrepancy |

| Items of Evaluation | Implementation Status | | Summaries | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | | |
| 9. Succession plan of board members and management team | ✓ | | <p>The selection of directors of Wistron adopts the candidate nomination system and is handled in accordance with the "The Election Regulations of Directors". Wistron has also set a diversity policy for the composition of the board of directors in the "Corporate Governance Best Practice Principles", taking into account the diversity of professional knowledge, technology, experience and gender required by directors, and will refer to the recommendations of the Nominating Committee to propose director candidates. The list of people and the appropriate arrangements for the composition of the board of directors and candidates for succession.</p> <p>Meet the needs of sustainable operation of enterprises, Wistron takes "competencies" as the key of talent development, structure functional development program for managing levels.</p> <p>Regarding succession plan of key managing level, Wistron regularly review talent readiness rate, based on talent's competency gap to select individual development plan.</p> <p>The development plan includes online, in class courses, project assignment, strategic rotation, action learning, internal and external coach. The plan is to stretch successor capacity , level up talent pool.</p> | No discrepancy |
| <p>10. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved.</p> <p>(1) In order to implement the policy of diversified board members, Wistron has elect a female independent director in 2021 general shareholders meeting.</p> <p>(2) Wistron's board of directors approved the amendment of "Corporate Governance Best Practice Principles" on December 23, 2021 to ask insiders shall not trade the shares in closed period during the 30 days before the announcement of the annual financial report and the 15 days before the announcement of the quarterly financial report.</p> <p>(3) In accordance with "Rules for Board of Directors and Function Committee Performance Assessments", Wistron will conduct the external performance evaluation of board of directors before the end of 2022.</p> | | | | |

3.4.4 Composition, Responsibilities and Operations of the Compensation Committee and Nominating Committee

A. Compensation Committee

a. The Composition

| Title | Name | Criteria | Professional Qualification and Experience | Independence Status | Number of other public companies in which the individual is concurrently serving as a compensation committee member |
|---------------------------------|------------------|--|--|---------------------|---|
| Independent Director (Convener) | S. J. Paul Chien | Please refer to "Professional qualifications and independence analysis of directors" (p.19-20) | Please refer to "Professional qualifications and independence analysis of directors" (p.19-20) | | 1 |
| Independent director | Sam Lee | | | | 1 |
| Independent director | Peipei Yu | | | | 0 |

b. Responsibilities of the Compensation Committee

Pursuant to Article 6 of the Company's "Compensation Committee Charter" the Compensation Committee has the following responsibilities:

- (1) Design and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
- (2) Periodically evaluate and determine the remuneration of directors, supervisors, and managerial officers.

c. Attendance of Members at Compensation Committee Meetings

- (1) The Compensation Committee consists three members.
- (2) Tenure of the 4th Compensation Committee: July 28, 2021 to July 19, 2024. The committee convened 4 times in 2021.

| Title | Name | Attendance in Person | By Proxy | Attendance Rate (%) | Note |
|----------|-------------------|----------------------|----------|---------------------|--------|
| Convener | S. J. Paul Chien | 4 | 0 | 100 | |
| Member | Sam Lee | 4 | 0 | 100 | |
| Member | Peipei Yu | 3 | 0 | 100 | Note 1 |
| Member | Christopher Chang | 1 | 0 | 100 | Note 2 |

Note 1: The director was elected as Wistron's directors at the Annual Shareholders Meeting on July 20, 2021 and appointed as the member of compensation committee July 28, 2021. So the total number of attendances were 3 times.

Note 2: Resignation due to the expiration of term. So the total number of attendances were 1 times.

(3) Other noteworthy items:

1. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the compensation committee's opinion (eg., the compensation passed by the Board of Directors exceeds the recommendation of the compensation committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

B. Nominating Committee

a. Members and Responsibilities of the Nominating Committee

The Committee shall be composed of at least three directors selected by the board of directors from among themselves; a majority of the Committee members shall be independent directors. The term of the Committee members is the same with the expiration of the Board of Directors. The authority of the Committee Members are as following:

- (1) To constitute and to review the composition, qualification and succession plans of the directors and the executives.
- (2) To search and to review the candidates of the directors and the executives and the independence of independent directors, and to submit the proposed list to the board of directors.
- (3) To construct and to review the setup, duties and operation of the sub-committees under the board of directors, to review the qualification of the member of sub-committees and any potential conflict of interests.
- (4) To plan and to execute the director training program.
- (5) Other matters to be performed by the Committee pursuant to the resolution of the board of directors.

b. Attendance of Members at Nominating Committee Meetings

- (1) The Nominating Committee consists four members.
- (2) Tenure of the 2nd Nominating Committee: July 20, 2021 to July 19, 2024. The committee convened 3 times in 2021. The professional qualifications and experience of the members, attendance and discussion items are as follows:

| Title | Name | Professional Qualification and Experience | Attendance in Person | By Proxy | Attendance Rate (%) | Note |
|----------|-------------------|--|----------------------|----------|---------------------|--------|
| Convener | Christopher Chang | Please refer to "Professional qualifications and independence analysis of directors" (p.19-20) | 3 | 0 | 100 | |
| Member | Simon Lin | | 3 | 0 | 100 | |
| Member | S. J. Paul Chien | | 3 | 0 | 100 | |
| Member | Peipei Yu | | 2 | 0 | 100 | Note 1 |
| Member | Sam Lee | | 1 | 0 | 100 | Note 2 |

Note 1: The director was elected as Wistron's directors at the Annual Shareholders Meeting and appointed as the member of Nominating committee on July 20, 2021. So the total number of attendances were 2 times.

Note 2: Resignation due to the expiration of term. So the total number of attendances were 1 times.

c. Other noteworthy items:

The dates of meetings, sessions, contents of motion, the content of the proposals or objections of the Nominating Committee members, the resolution and the Company's response to the Nominating Committee's opinion should be specified:

| Meeting | Contents of motion | The resolution and the Company's response to the Nominating Committee's opinion |
|------------|--|--|
| 2021.03.23 | Approval of the candidate nomination of the 9 th Directors, including Independent Directors. | Resolved |
| 2021.07.20 | Proposal for the appointment of the convener and chairman of the second session of the Nomination Committee | The 2 nd Nominating Committee of the Company unanimously elected Mr. Christopher Chang as the convener and chairman of the meeting through all the members present. |
| 2021.07.28 | 1. Approval of the appointment of members of 5 th Compensation Committee. 2. Approval of the appointment of members of 2 nd ESG Committee. 3. Approval of the promotion of managers. | Resolved |
| 2022.03.16 | Approval of the promotion of managers. | Resolved |

3.4.5 Implementation of sustainable development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----|----|-----------------------|--|---|
| | Yes | No | Summaries | | |
| 1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to boost sustainable development, which top management team is authorized by the board of directors to handle, and supervised by the board of directors? | ✓ | | | <p>To strengthen sustainable development and fulfill corporate social responsibilities, Wistron established the ESG Committee in 2019 to elevate sustainability and social responsibility to the level of the board of directors. As the highest-level sustainable development decision-making center within the Company, the BOD Vice Chairman serves as the Chairman of the Committee. The Committee consists of one independent director, two Presidents and CEOs, a Chief of Staff, a Chief Technology Officer, and a Chief Digital Officer and Chief Information Security Officer.</p> <p>The Committee is responsible for Company’s overall sustainable development strategies, coordinating sustainable development directions and setting medium-term and long-term plans.</p> <p>In 2021, Wistron established a Sustainability Office under the ESG Committee, headed by the Vice President of Sustainability, responsible for the implementation of the Company's corporate sustainability affairs. Through quarterly meetings and task groups based on sustainable topics related to company operations and stakeholders, the Committee formulates corresponding strategies and initiatives, while compiling budgets related to sustainable development plan. At the same time, the Committee tracks the implementation results to ensure that the sustainable development strategy is fully implemented in the company's daily operations.</p> <p>The ESG Committee reports to the board of directors at least twice a year on the implementation results of sustainable development and future work plans. Two meetings were held in 2011, and the content of the proposals included (1) communication with stakeholders on sustainable issues of concern; (2) reviewing the implementation of sustainable development goals and setting annual goals; (3) formulating enterprise risk maps and developing corresponding action plans; (4) revising some provisions of risk management policies and procedures; and (5) formulating a code of conduct.</p> <p>The board of directors of the company regularly listens to reports from the management team (including ESG reports) on a quarterly basis. The management team must propose corporate strategies to the board of directors. The board of directors must evaluate the success of these strategies and urge the management team to make adjustments as needed.</p> | No discrepancy |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----|----|-----------------------|---|---|
| | Yes | No | Summaries | | |
| 2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies in accordance with the materiality principle? | ✓ | | | <p>1. The scope of the information disclosed in this section covers performance about sustainability topics in 2021. The organizational boundary of risk assessment encompasses Wistron's major operations in Taiwan and global manufacturing plants. The boundary cover areas are listed below.</p> <ul style="list-style-type: none"> • Wistron Corporation — Neihu headquarters • Wistron Corporation — Hsichih office complex • Wistron Corporation — Hsinchu plant • Wistron InfoComm (Kunshan) Co. — Kunshan plant • Wistron InfoComm (Taizhou) Co. — Taizhou, China plant • Wistron InfoComm (Zhongshan) Co. — Zhongshan, China plant • Wistron InfoComm (Chongqing) Co. — Chongqing, China plant • Wistron InfoComm (Chengdu) Co. — Chengdu, China plant • Wistron Mexico S.A. de C.V. — Mexico plant • Wistron InfoComm (Czech) s.r.o. — Czech Republic plant • Wistron Optronics (Kunshan) Co., LTD — Kunshan, China optronics plant <p>2. Based on international sustainability trends, standards, and practice of sustainability rating agencies (such as GRI Standards, UN SDGs, RBA, SASB, WEF - The Global Risks Report, ISS-Oekom, DJSI, MSCI ESG Index, CDP, TCFD), Wistron has adopted the company's sustainable development strategy and the AA1000 Stakeholder Engagement Standards as the framework to establish the procedures for identifying material issues of corporate sustainable development. In 2021, we conducted materiality questionnaire surveys on identified stakeholders, members of the ESG Committee, and the Company's participating employees to evaluate the impact on the Company. Finally, 13 material issues for communication were summarized. Based on their activities, products, services, and related impacts, they were fully evaluated within the boundaries of the value chain and we formulated management policies to effectively control ESG risks and improve corporate resilience.</p> | No discrepancy |

| Item of Execution | | | Implementation Status | | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---|--|--|--|---|------------------------|--------------------------------|---|-------------------------|--------------------------|--|--------------------------|--|---------------------------|----------------------|--|----------------|-------------------|--|------------------|----------------------------------|-----------------------------|---|---------------------------|------------------------|
| | Yes | No | Summaries | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies in accordance with the materiality principle? | ✓ | | | | | | No discrepancy | | | | | | | | | | | | | | | | | | | | |
| | | | 3. According to the material issues identified in the evaluation process, relevant risk management policies or strategies are formulated as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Sustainability Aspects</th> <th>Material Sustainability Issues</th> <th>Corresponding Chapter of GRI standards/ Specific Topics</th> <th>Policies and Strategies</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Environmental Protection</td> <td>Environmental Policy and Management System</td> <td>Environmental Compliance</td> <td>Wistron promises to (1) strictly abide by environmental and energy regulations and customer needs related to its own activities, products, and services; (2) to achieve the pre-set goals and targets, or to exceed the relevant standards; (3) to actively cooperate with government environmental policies; and (4) continuously improve environmental protection and prevent pollution.</td> </tr> <tr> <td>Climate Change Management</td> <td>Economic Performance</td> <td>Follow the TCFD framework to publicly disclose climate-related financial risks and identify climate risks and opportunities. Discuss and establish metrics and manage targets accordingly. Annually report to the board of directors on climate change risks and countermeasures, as well as the achievement of related goals.</td> </tr> <tr> <td>Energy and GHG</td> <td>Energy, Emissions</td> <td>Based on the Science-based targets initiative (SBTi), Wistron formulates carbon reduction pathways and targets with 2016 as the base year and publicly discloses the performance every year to respond to international energy transition and low-carbon manufacturing trends.</td> </tr> <tr> <td rowspan="2">Social Inclusion</td> <td>Talent recruitment and retention</td> <td>Labor/ Management Relations</td> <td>Wistron created a diverse and flexible recruitment mechanism, combined with artificial intelligence (AI) technology to improve the efficiency of recruitment. Wistron also created a happy and inclusive workplace based on compliance with local legal requirements, the appointment of local talents, people-oriented practices, inclusiveness, and diversity</td> </tr> <tr> <td>Human capital development</td> <td>Training and Education</td> <td>Wistron continues the talent cultivation strategy of digital power, management power, and globalization power, and has launched the sustainability power talent cultivation plan. The Company firmly believes that talent cultivation and development are the cornerstone of sustainable competitiveness of enterprises.</td> </tr> </tbody> </table> | | | | | Sustainability Aspects | Material Sustainability Issues | Corresponding Chapter of GRI standards/ Specific Topics | Policies and Strategies | Environmental Protection | Environmental Policy and Management System | Environmental Compliance | Wistron promises to (1) strictly abide by environmental and energy regulations and customer needs related to its own activities, products, and services; (2) to achieve the pre-set goals and targets, or to exceed the relevant standards; (3) to actively cooperate with government environmental policies; and (4) continuously improve environmental protection and prevent pollution. | Climate Change Management | Economic Performance | Follow the TCFD framework to publicly disclose climate-related financial risks and identify climate risks and opportunities. Discuss and establish metrics and manage targets accordingly. Annually report to the board of directors on climate change risks and countermeasures, as well as the achievement of related goals. | Energy and GHG | Energy, Emissions | Based on the Science-based targets initiative (SBTi), Wistron formulates carbon reduction pathways and targets with 2016 as the base year and publicly discloses the performance every year to respond to international energy transition and low-carbon manufacturing trends. | Social Inclusion | Talent recruitment and retention | Labor/ Management Relations | Wistron created a diverse and flexible recruitment mechanism, combined with artificial intelligence (AI) technology to improve the efficiency of recruitment. Wistron also created a happy and inclusive workplace based on compliance with local legal requirements, the appointment of local talents, people-oriented practices, inclusiveness, and diversity | Human capital development | Training and Education |
| Sustainability Aspects | Material Sustainability Issues | Corresponding Chapter of GRI standards/ Specific Topics | Policies and Strategies | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental Protection | Environmental Policy and Management System | Environmental Compliance | Wistron promises to (1) strictly abide by environmental and energy regulations and customer needs related to its own activities, products, and services; (2) to achieve the pre-set goals and targets, or to exceed the relevant standards; (3) to actively cooperate with government environmental policies; and (4) continuously improve environmental protection and prevent pollution. | | | | | | | | | | | | | | | | | | | | | | | | |
| | Climate Change Management | Economic Performance | Follow the TCFD framework to publicly disclose climate-related financial risks and identify climate risks and opportunities. Discuss and establish metrics and manage targets accordingly. Annually report to the board of directors on climate change risks and countermeasures, as well as the achievement of related goals. | | | | | | | | | | | | | | | | | | | | | | | | |
| | Energy and GHG | Energy, Emissions | Based on the Science-based targets initiative (SBTi), Wistron formulates carbon reduction pathways and targets with 2016 as the base year and publicly discloses the performance every year to respond to international energy transition and low-carbon manufacturing trends. | | | | | | | | | | | | | | | | | | | | | | | | |
| Social Inclusion | Talent recruitment and retention | Labor/ Management Relations | Wistron created a diverse and flexible recruitment mechanism, combined with artificial intelligence (AI) technology to improve the efficiency of recruitment. Wistron also created a happy and inclusive workplace based on compliance with local legal requirements, the appointment of local talents, people-oriented practices, inclusiveness, and diversity | | | | | | | | | | | | | | | | | | | | | | | | |
| | Human capital development | Training and Education | Wistron continues the talent cultivation strategy of digital power, management power, and globalization power, and has launched the sustainability power talent cultivation plan. The Company firmly believes that talent cultivation and development are the cornerstone of sustainable competitiveness of enterprises. | | | | | | | | | | | | | | | | | | | | | | | | |

| Item of Execution | | | Implementation Status | | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----|----|-----------------------|-------------------------------|--|---|---|
| | Yes | No | Summaries | | | | |
| 2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies in accordance with the materiality principle? | ✓ | | | Sustainability Aspects | Material Sustainability Issues | Corresponding Chapter of GRI standards/ Specific Topics | Policies and Strategies |
| | | | | Social Inclusion | Occupational safety and health | Occupational Health and Safety | Wistron promises to strictly abide by the relevant occupational safety and health regulations, and strengthen the awareness of occupational safety and health of employees within the Company's control scope through training, so as to reduce the risk of accidents. The occupational safety management responsibility of each factory area is supervised by a dedicated unit responsible for the implementation of occupational safety management activities. In accordance with the Company's occupational safety policy, each factory sets the applicable performance goals by itself. The Company's overall goal: zero major safety incidents. |
| | | | | | Human rights, Diversity and Inclusion | Diversity and Equal Opportunity, Non Discrimination, Child Labor, Forced or Compulsory Labor, Human Rights Assessment | Wistron's human rights policy declares support and compliance with international labor rights and authoritative global standards, and increasingly promotes Responsible Business Alliance (RBA) verification to ensure that the Company has a consistent work structure and adherence to standards in managing global human rights issues. |
| | | | Corporate Governance | Customer Relations | Customer health and safety, marketing and labeling, and customer privacy | Wistron follows the regulations and international standards, and has introduced the ISO quality management system to completely implement the quality policy of “delivering competitive products and services with zero faults to our customers on time”. In addition to providing our customers with high quality, non-hazardous products, we also have a privacy policy in place to effectively protect personal data and rights and interests. | |
| | | | | | | | No discrepancy |

| Item of Execution | | | Implementation Status | | | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons | | | | | | | | | | |
|---|------------------------------------|--|---|---|--------------------------------|---|---|-------------------------|----------------------|----------------------|--|---|--|------------------------------------|---------------------|---|----------------|
| | Yes | No | Summaries | | | | | | | | | | | | | | |
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| | | | | Corporate Governance | Risk and Crisis Management | General Disclosures | In order to implement sustainable development, Wistron not only follows the existing organizational management system and internal control system to manage the risks at all operation levels but also commits taking top-down approaches to oversee and control the risks that should be considered at strategic levels. The Company established the systematic Risk Management Policy and Procedures in accordance with ISO 31000 Risk Management Principles and Guidelines. To better tackle relevant risks, we adopted proactive and effective methods for assessing major economic, social, environmental, and innovative technology risks across the world and their potential threat to the Company's sustainable development. |
| | | | | Innovative Value | Product development and innovation | - | Wistron is one of the world's largest major suppliers of information and communication products, providing customers with comprehensive and environment-friendly, integrated design services and is committed to product R&D, design, manufacturing, and service. Product sustainable design and development is based on the principle of life cycle thinking and the concept of circular economy, reducing the impact of products on the environment and creating sustainable value. Wistron not only produces green electronic products, but also properly recycles e-waste and processes recycled materials into environment-friendly products, so that resources can be used sustainably and a sustainable business model of closed-loop is created. |
| | | | | Digital Transformation | - | For years, Wistron has internalized the concept of digital transformation into organizational operations, including talent cultivation, information security management, product innovation, and other aspects. These actions create first-class competitiveness through the comprehensive digitalization and intelligence of the operation process. | No discrepancy |

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| 3. Environmental Issues (1) Has the Company set an Environmental management system designed to industry characteristics? | ✓ | | | <p>1. In addition to paying continuous attention to international issues and trends, Wistron has adopted the ISO 14001 Environmental Management System and IECQ QC080000 Hazardous Substance Process Management System in all global operations. We seek to satisfy the requirements in environmental protection regulations of local governments. Wistron will continue to focus on changes in environment related laws and regulations in various countries. We will update and implement internal operating procedures and regulations, periodically organize legal compliance training, and include the training in the annual internal training plan, in order to ensure the legal and regulatory compliance of every aspect of the Company’s operations and appropriately respond to the stakeholders’ expectations of Wistron.</p> <p>2. The coverage of ISO 14001/14064 and other relevant international standards is same as the boundary of the Sustainability Report with independent third party assessment and verification.</p> | No discrepancy |
| (2) Is the company committed to improving energy efficiency and to the use of renewable materials with low environmental impact? | ✓ | | | <p><u>Energy Efficiency</u> Electricity is the main form of energy consumption for Wistron. The remaining energy consumption consists of low amounts of fossil fuel usage (gasoline, diesel, etc.). Therefore, Wistron has increased energy efficiency and renewable energy ratio as its energy management strategy. Wistron introduced the ISO 50001 Energy Management System to implement systematic management of energy. Through the effective operation of the management system and the real-time energy dashboard, the Company identifies areas with high energy consumption for analysis. We analyze results to set up energy projects. The Company regularly convenes energy project meetings and follows up on the implementation progress and results. We continue to improve energy efficiency through the exchange of information between the manufacturing plants.</p> <p><u>Recycled input materials</u> Wistron established green resources businesses in 2010 which officially began operations in 2013 to provide cradle-to-cradle green services with closed-loop recycling solutions. The Company seeks to maximize benefits for customers in the circular economy. The Company shipped 26,288 tons of post-consumer recycled (PCR) green materials in 2021</p> | No discrepancy |

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| (2) Is the company committed to improving energy efficiency and to the use of renewable materials with low environmental impact? | ✓ | | | <p>and has obtained 16 UL Yellow Cards for Plastics and reduced the use of new plastics by approximately 11,131 tons in 2021. Using the carbon footprint estimate for recycled plastics in the TUV database, we calculate that we reduced carbon emissions by 49,116 tCO₂eq.</p> <p>The customers of the Closed-Loop Gold and Closed-Loop Plastic are in the IT industry, healthcare industry, and aviation industries. The Company has also expanded businesses to secured product destruction and recycling for OEM customers. Product lines that use recycled plastic materials have expanded from display products and televisions to desktop computers, VoIP phones, set-top boxes, and other IT products.</p> | No discrepancy | | | | | | |
| (3) Does the company assess the current and future potential risks and opportunities of climate change for the company and take measures in reaction to related issues? | ✓ | | | <p>Climate-related risks and opportunities have been integrated into Wistron's enterprise risk management (ERM) plans. The Company identifies material risks for management based on ERM survey results. Management measures include verifying whether risks can be averted (where applicable) or using mitigation measures to control risks.</p> <p>The Company has adopted the TCFD framework and referenced the risk items in the CDP climate change and water security questionnaires. Each year across the world Wistron identifies plant-specific transition risks and physical risks based on the location of plant business operations. All results of identification are compiled by the head office for an assessment of the scale and scope of the impact across the world. The head office then establishes related strategies and takes response actions.</p> <p>Analyzing the probability of occurrence and the level of impact is used to make judgements regarding risks and opportunities. The results of the assessment and the related measures taken in response are as follows.</p> <p>Climate Change Financial Impact Analysis (Risks)</p> <table border="1"> <thead> <tr> <th>Climate Change Risks</th> <th>Financial Impacts</th> <th>Response Measures</th> </tr> </thead> <tbody> <tr> <td>Development of renewable energy and climate risk regulations</td> <td>Increase in operating costs (including higher compliance cost or increase in management expenses)</td> <td>The Company purchased over 200 million kWh of Renewable Energy Certificates in 2021 and will increase the use of renewable energy each year to 100%.</td> </tr> </tbody> </table> | Climate Change Risks | Financial Impacts | Response Measures | Development of renewable energy and climate risk regulations | Increase in operating costs (including higher compliance cost or increase in management expenses) | The Company purchased over 200 million kWh of Renewable Energy Certificates in 2021 and will increase the use of renewable energy each year to 100%. | No discrepancy |
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| (4) Has the company counted greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water consumption or other waste management? | ✓ | | | <p>1. Statistics, intensity and coverage of data for the last two years:</p> <p>(1) GHG Emissions</p> <p>The Company has completed ISO 14064-1: 2018 scope 1, 2, and 3 inventory counting with third-party verification in 2021. The greenhouse gas emissions in the last 2 years are as follows.</p> <p style="text-align: right;">unit: Tonne CO₂e</p> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>23,449.79</td> <td>20,382.51</td> </tr> <tr> <td>Scope 2</td> <td>357,010.93</td> <td>287,909.87</td> </tr> <tr> <td>GHG Emission Intensity(Location-based) (kiloton-CO₂e/NT\$1 billion)</td> <td>0.48</td> <td>0.39</td> </tr> <tr> <td>Scope 3</td> <td>121,001.48</td> <td>16,141,042.93</td> </tr> </tbody> </table> | | | | 2020 | 2021 | Scope 1 | 23,449.79 | 20,382.51 | Scope 2 | 357,010.93 | 287,909.87 | GHG Emission Intensity(Location-based) (kiloton-CO ₂ e/NT\$1 billion) | 0.48 | 0.39 | Scope 3 | 121,001.48 | 16,141,042.93 | No discrepancy | | |
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|--|-----------|-----------|--|---|-----------|------|-----------|----------|----------|---------------|------|------|--------------|-------|-------|------------------------------|------|------|--|------|------|---------------------|-----------|-----------|-----------------|----------|----------|----------------|
| | Yes | No | | | Summaries | | | | | | | | | | | | | | | | | | | | | | | |
| (4) Has the company counted greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water consumption or other waste management? | ✓ | | <p>(2) Water Withdrawal</p> <p>While Wistron plants and offices use tap water, the Mexico Plant is the only plant that uses groundwater as the source of water. This plant is located in a local industrial park and the water source is not the protected reserve or water reserve. Wistron's production processes mainly consist of product assembly which does not involve the use of a great amount of water. Most of the water demand is for domestic use and plant equipment such as kitchens and cooling towers. Based on our evaluations, Wistron's use of water resources and the ecological environment of our water sources will not create significant environmental impact. Nevertheless, Wistron still actively collects water consumption data and regularly monitors water quality and consumption conditions. We periodically organize water conservation campaigns for the purpose of protecting water resources.</p> <p style="text-align: right;">unit: ML</p> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Tap Water</td> <td>5,073.08</td> <td>3,990.79</td> </tr> <tr> <td>Surface Water</td> <td>0.78</td> <td>0.17</td> </tr> <tr> <td>Ground Water</td> <td>96.19</td> <td>99.24</td> </tr> <tr> <td>Water usage per unit revenue</td> <td>6.47</td> <td>5.20</td> </tr> </tbody> </table> <p>(3) Waste</p> <p>Wistron is committed to not using banned substances or materials and actively promotes waste reduction, recycling, and reuse. The Company rigorously and carefully selects materials and suppliers and continues to implement technical improvement or seek environment-friendly materials. We abide by environmental and customer regulations related to our activities, products, and services to attain and exceed set goals.</p> <p style="text-align: right;">unit: Tonnes</p> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Non-Hazardous Waste</td> <td>41,142.08</td> <td>38,251.60</td> </tr> <tr> <td>Hazardous Waste</td> <td>1,001.90</td> <td>1,043.50</td> </tr> </tbody> </table> <p>2. Management policies:</p> <p>(1) GHG Emissions Reduction</p> <p>Wistron uses energy efficiency improvements and energy transformations to implement reduction actions. To ensure the implementation of energy management and energy conservation projects, Wistron has set up Energy Project Teams in all plants composed of units responsible for plant engineering affairs or related</p> | | 2020 | 2021 | Tap Water | 5,073.08 | 3,990.79 | Surface Water | 0.78 | 0.17 | Ground Water | 96.19 | 99.24 | Water usage per unit revenue | 6.47 | 5.20 | | 2020 | 2021 | Non-Hazardous Waste | 41,142.08 | 38,251.60 | Hazardous Waste | 1,001.90 | 1,043.50 | No discrepancy |
| | 2020 | 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tap Water | 5,073.08 | 3,990.79 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Surface Water | 0.78 | 0.17 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ground Water | 96.19 | 99.24 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water usage per unit revenue | 6.47 | 5.20 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2020 | 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-Hazardous Waste | 41,142.08 | 38,251.60 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hazardous Waste | 1,001.90 | 1,043.50 | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|---|---|
| | Yes | No | Summaries | | |
| (4) Has the company counted greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water consumption or other waste management? | ✓ | | | <p>matters. They convene regular energy management meetings and review the current state of energy and project implementation progress in the plants. The plants also share information on the effectiveness and experience in each project with each other.</p> <p>Wistron's energy conservation efforts encompass six major categories including the air conditioning system, air compressor system, green lighting, management, production, and others. As of the end of 2021, the Company saved a total of 21,261,490 kWh of electricity, which reduced carbon emissions by 16,422.77 tons. If we use the carbon dioxide absorption volume of the Daan Forest Park in Taipei of 389 tons per year (calculation based on data from the Bureau of Energy, Ministry of Economic Affairs), the carbon reduction was equivalent to the annual CO₂ absorption volume of 42 Daan Forest Parks, which represented a significant increase compared to the carbon reductions in the previous year.</p> <p>(2) Water Management</p> <p>Wistron's management of water resources can be divided into (1) implementation of water resource management and day-to-day water conservation and (2) implementation of water recycling and wastewater management. We conduct an inventory of high-risk areas for water resources based on an evaluation of the water stress indicators of our global operations. We then implement preventive measures based on the water resource management strategy. Dedicated units in different plants are responsible for water resource management, plan formulation and implementation, regular monitoring, resolution of irregularities, data analysis, and continuous improvements. Wistron is committed to rigorous compliance with the national regulations on water resources, reasonable use of water resources, prioritized selection of water conservation equipment, and use of energy conservation panels to monitor the consumption of water resources and improve water use efficiency. Wistron's water use target in 2021: Reduce water consumption intensity by 9% compared to 2016 and implement more ambitious goals for 2022, 2025, and 2030, and continuous tracking to disclose the water saving performance of each year.</p> | No discrepancy |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|--|---|
| | Yes | No | Summaries | | |
| (4) Has the company counted greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water consumption or other waste management? | ✓ | | | <p>(3) Waste Management</p> <p>We must perform a comprehensive evaluation and inventory of the generation and destination of waste and hazardous substances. We must minimize waste generation and recycle and reuse waste materials to reduce waste. Positive management of waste and hazardous substances can help protect the environment and reduce the burden of the environment. We can also create niches in business operations with improved material usage rate and lowered operating costs, which help the Company attain sustainability. The way that we conduct waste management methods are our Green Product Management (GPM) System, continuous implementation of waste classification and waste reduction, and enhancement of waste recycling and reuse.</p> <p>3. The coverage of information is same as the boundary of Sustainability Report with independent third party assessments and certifications.</p> | No discrepancy |
| <p>4. Social Issues</p> <p>(1) Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> | ✓ | | | <p>Wistron's human rights policy declares its support for relevant international norms, such as the UN Universal Declaration of Human Rights, and through the effective implementation of the human rights due diligence procedure to ensure that human rights policies are well implemented at global operating locations. The results are summarized as follows:</p> <ol style="list-style-type: none"> 1. Conduct a human rights risk assessment and focus on human rights issues such as working hours, wages and benefits, and occupational injury and illness to manage/implement risk mitigation measures. 2. Arrange training courses on topics related to human rights and labor at global operating locations. 3. Conduct annual audits in accordance with RBA's management structure. 4. In 2021, there were no major human rights issues at the global operating locations. 5. Make labor care and well-being as the Company's sustainable focus and aim to create a high-satisfaction working environment. | No discrepancy |

| Item of Execution | | | Implementation Status | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----|----|---|---|
| | Yes | No | | |
| (2) Has the company established and implemented a reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.) where operating performance or results are appropriately reflected in employee compensation? | ✓ | | <p>Wistron aims to create a work environment of hope and vitality, providing different benefits exceeding legal requirements, such as employee share ownership trust (ESOT), shuttle busses, extra 7-day leave of absence, company trips allowance, welfare activities, and orientation programs.</p> <p>In addition, Wistron has established compensation policies. According to company operating results, team and personal work performance are appropriately reflected in employees' compensation.</p> | No discrepancy |
| (3) Does the company provide employees with a safe and healthy working environment, with regular safety and health training? | ✓ | | <p><u>Safety and health-related measures, and educational training</u></p> <p>Wistron shall comply with applicable OH&S legal requirements and other subscribed requirements with the intent that all persons (including employees, temporary staff, contractors, and visitors) working under the control of the Company are aware of their individual OH&S obligations and establish a sound management system to reduce OH&S risks.</p> <p>Implement and maintain the effectiveness and necessary resources of safety and health-related measures: Employee health management and care platforms, fertility care and caring resources, epidemic prevention publicity and COVID-19 management, and education/training.</p> <p>OH&S of each site is supervised by specific departments, which is in charge of managing OH&S activities. Meanwhile each site sets its own performance goal base regarding Company's OH&S policies. Wistron overall goal is zero serious occupational injuries (fatalities are defined as major occupational accidents).</p> <p><u>Related Verification Scenarios</u></p> <p>All major site implement ISO 45001 OH&SMS and commit to maintain sustainable operations for employees' working environment.</p> <p><u>Employee Occupational Disaster Situation and Improvement Measures</u></p> <p>No major occupational accident has occurred in the past 2021, however we still improve strategies for main occupational accidents:</p> <p>(1) Sites in Taiwan, European, and American regions: mainly injured during handling or using handcarts, a total of 10 cases. The person/incident rate per 1,000 employees was 0.78. Injuries were reduced by implementing publicity, education and training and posting warnings.</p> <p>(2) Sites in China: mainly because of injuries during operation of equipment or items, a total of 17 cases. The persons/incident rate per 1,000 employees was 0.38. The sites focused on checking the operation SOP and planning the intrinsic safety of the equipment.</p> | No discrepancy |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|---|---|
| | Yes | No | | Summaries | |
| (4) Has the Company established effective career development training plans? | ✓ | | | <p>Pursuing business growth and profitability, Wistron focuses on long-term talent development plan and consistently improves the capability of leadership management. Digital transformation, globalization view, and sustainability are factors to be included in talent management programs. The programs provide diversified learning methods and training, such as in class sessions, online courses, and action learning. In addition, during the epidemic, we promoted multiple micro-learning and live courses, cloud learning systems, and Wistron learning APPs were implemented to avoid being restricted by time and environment.</p> <p>Managers are the core talent of an enterprise’s operations. To enhance the readiness of succession plans, Wistron performs Leadership Assessments and Potential Plus online evaluations to help select high potential talent, analyzing the gaps in management ability as reference for talent development planning.</p> <p>Adhering to our digital transformation strategy, Wistron established the Digital Academy to continuously expand our key digital talents cultivation and digital transformation courses, while implementing a series of digital transformation workshops to improve workflow and work efficiency. The result of these activities was the building up of an employee common language of our digital transformation and reshaping the organization culture to a digital mindset.</p> <p>Wistron established the ESG Committee, while introducing training programs for ESG talents. With dedication to the environment and society, the spirit of ESG can be realized through protecting nature (environment), promoting goodness in society (social), pursuing truth in management (governance), and building a development blueprint for the corporate sustainability.</p> <p>Human capital is the key factor to obtain differentiated competitive advantages in an organization. Human capital is also a foundation of sustainable operations in the enterprise, Wistron uses competency as a core element to develop training for each job level. In accordance with organization strategy, Wistron develops various talent development programs to enhance human capital and sustainable development capability.</p> | No discrepancy |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|---|---|
| | Yes | No | Summaries | | |
| (5) Does the company comply with relevant laws, regulations and international standards on issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and develop relevant consumer or customer protection policies and complaint procedures? | ✓ | | | <p>The Company follows the regulations and international standards in the marketing and labelling of its products and services to protect customer’s privacy, safety and health. The Company obtains relevant international management system verification and implements into daily management systems. The Company provides customers with high-quality and non-hazardous products, and protects customers’ privacy and rights.</p> <p>To implement Design for Environment, Wistron established effective management and monitoring mechanisms in accordance with IECQ QC 080000 standards, customers' special requirements, and the latest international regulations and trends. We established effective management, and monitoring mechanisms, as well as conduct regular reviews to prevent any hazardous substances and protect the health and safety of consumers.</p> <p>Wistron is committed to ensuring the confidentiality of customer information and upholding the principle of good faith to protect customer privacy rights. Adhering to local regulations of the place where we operate and the relevant requirements of the EU General Data Protection Regulation (GDPR), Wistron has established a privacy policy as the highest management principle for privacy protection. The policy contains clear regulations and requirements for personal data collection, usage, and protection. We require all members (including subsidiaries) and partners to comply with the policies. At the same time, we provide a privacy protection mechanism and hotline to protect the privacy rights of customers.</p> <p>To protect the customer confidential information and product information security, Wistron has introduced and implemented comprehensive information security management mechanisms (ISO/IEC 27001) to ensure the security of customer and product information.</p> <p>All product lines are 100% compliant with customer requirements, local energy regulations, energy label requirements, and WEEE regulations. There was no violation of product information labeling regulations and voluntary compliance.</p> <p>The Company is an ODM (original design manufacturer) supplier and does not offer products/services to end users directly, those are all handled by brand customers. In addition to conducting regular satisfaction surveys on brand customers every year. According to industry characteristics and practical requirements, establish a flexible and efficient Customer complaint handling procedure to respond to customers in a timely manner and provide the best service and quality.</p> | No discrepancy |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|--|---|
| | Yes | No | | Summaries | |
| (5) Does the company comply with relevant laws, regulations and international standards on issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and develop relevant consumer or customer protection policies and complaint procedures? | ✓ | | | In addition, Wistron conducts regular satisfaction surveys with brand customers every year. According to industry characteristics and practical requirements, the Company establishes a flexible and efficient customer complaint handling procedure to respond to customers in a timely manner and provide the best service and quality. | No discrepancy |
| (6) Has the company formulated a supplier management policy that requires suppliers to follow relevant guidelines on issues such as environmental protection, occupational safety and health or labor rights, and their implementation? | ✓ | | | <p>Wistron Supplier Management Strategy: With the corporate sustainability and social responsibility management system, we integrate five management systems (quality, green products, occupational safety and health, social responsibility of supplier ethics, and sustainable development of environmental protection) and require suppliers implement these systems together with us.</p> <p>According to the Company's management charter, Wistron Supplier Management Procedures are formulated to establish the screening conditions for suppliers regarding the environment, human rights, safety, health and sustainable development. Those procedures define the requirements to suppliers regarding environmental protection, occupational safety and health, labor management (e.g. no harm to labor rights and prohibition of child labor), codes of conduct, and integrity management.</p> <p>Wistron has a dedicated department to implement the supplier management policy, control the supplier selection process, implement audit guidance, and conduct performance evaluations, training, and supplier conferences. Based on cooperation and symbiosis, the sustainable requirements are implemented in the daily management of the supply chain. In Wistron 100% of our Company's 2021 cooperative suppliers meet the following conditions.</p> <p>Supplier Assessment: According to the supplier performance evaluation standards, QCDS and RBA/CDP-ESG are used to score the existing transactions with suppliers as the standard for future selection of suppliers. Risk identification focuses on five aspects to identify potential high-risk suppliers :</p> <p>A.Sustainability and operation risk management B. Supply chain and sustainability operation C.Environmental management D.Human rights and labor protection E. Occupational safety and health</p> | No discrepancy |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|---|---|
| | Yes | No | Summaries | | |
| (6) Has the company formulated a supplier management policy that requires suppliers to follow relevant guidelines on issues such as environmental protection, occupational safety and health or labor rights, and their implementation? | ✓ | | | <p>Supplier Auditing: In addition to the annual system and process audit of suppliers, the Company also conducts on-site audits for high-risk suppliers identified by the risk assessment questionnaire. The audit results suggest deficiencies and guide manufacturers to improve and track and confirm improvement.</p> <p>Supplier Training: The Company outlines labor, health and safety, and environmental standards through online and offline training in various forms of guidance and communication. Additionally, the standards of business ethics outlines the elements required for a proper management system that implements the Supplier Code of Conduct.</p> <p>Annual Supplier Conference and CSR/GHG Briefing Session: The Company holds the Wistron Group Partner Conference and Corporate Sustainability and Social Responsibility and Greenhouse Gas Briefing for designated suppliers every year. In addition to conveying the Company's sustainable philosophy and goals, the conference also has special commended suppliers with outstanding performance and who made outstanding contributions in four aspects: quality improvement, cost reduction, delivery assurance, and sustainable performance.</p> | No discrepancy |
| 5. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on corporate non-financial information such as corporate social responsibility reports? Has the aforementioned report obtained an assurance opinion of a third-party verification organization? | ✓ | | | The Company's sustainability report followed the guidance of GRI standards. The contents of this report have been verified by Bureau Veritas Certification (Taiwan) in accordance with AA1000 Assurance Standard (AA1000AS, 2008) and attached in the report. | No discrepancy |
| <p>6. If the company has established its sustainable development code of practice according to “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the operational status and differences.</p> <p>In March 2010, the board of directors of the Company approved the Corporate Social Responsibility Best Practice Principles.</p> <p>To strengthen the implementation of sustainable development, the board of directors approved the amendment of some provisions in August 2016, December 2019, December 2020, and December 2021, and renamed the principles as "Sustainable Development Best Practice Principles" in December 2021.</p> <p>The Company regularly reviews the implementation of these principles and makes improvements accordingly. So far, there is no discrepancy in implementation.</p> | | | | | |

| Item of Execution | | | Implementation Status | | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----|----|-----------------------|--|---|
| | Yes | No | Summaries | | |
| 7. Other important information to facilitate better understanding of the company’s implementation of sustainable development: The Company formulated the corporate sustainability and social responsibility policy in 2010. The Corporate Sustainability and Social Responsibility Management System integrated the five corresponding management sub-systems related to quality, green products, environmental protection, occupational safety and health, and social responsibility while establishing global CSR policies and a CSR management system. The Company also evaluates the progress of its implementation of corporate social responsibility through the annual planning and promotion of the corporate sustainability and social responsibility management system and the annual publication of a sustainability report to closely engage with stakeholders in response to increasing awareness regarding environment, society and governance (ESG). | | | | | |

3.4.6 Ethics Management Performance and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

| Item | | | | Implementation Status | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|--|---|--|
| | Yes | No | | Summaries | |
| <p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Has the Company formulated a policy of ethical management approved by the board of directors, and clearly state, in the bylaw and external documents, the policies and practices of ethical management and the commitment of the board and senior management to actively implement the operating policy?</p> <p>(2) Has the Company established a mechanism for evaluating the risk of unethical behavior, regularly analyzed and evaluated business activities with a higher risk of unethical behavior in the business scope, and formulated a plan, which covers at least the precautionary measures in the second paragraph of Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, to prevent unethical behavior?</p> <p>(3) Has the Company clearly defined the operating procedures, behavior guidelines, punishment and appeal systems for violations in the unethical conduct prevention plan, and does it implement and regularly review and revise the aforementioned plan?</p> | ✓ | | | <p>(1) To enhance corporate conduct and ethics policy, the Company established "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Corporate Governance Best Practice Principles" and “Code of Conduct” which are approved by the board of directors. These policies are disclosed publicly on our company website and Market Observation Post System. Integrity is not only the core value of our business but also a fundamental part of our daily operation, and this standard also applies to our board of directors (including independent board directors, the same as below) supervisors, employees or substantial controllers.</p> <p>(2) The Company analyzes and assesses on a regular basis on business activities which may be at a higher risk of being involved in unethical conduct by utilizing the risk assessment mechanisms against unethical conduct. And these mechanisms cover the precautionary measures in the second paragraph of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".</p> <p>(3) The Company has clearly stated the operating procedures and behavior guidelines in "Ethical Corporate Management Best Practice Principles" and stated punishment, and appeal systems for violations in the unethical conduct prevention plan in "Codes of Ethical Conduct". The adequacy and effectiveness of this prevention program is reviewed on a regular basis. The Company also determined the units which handles treasury and procurement as the ones with potential risks. The involved units are required to undergo specific trainings, developing relevant implementation manuals for advocacy/regulation, internal audit or regular work rotation to reduce potential risk.</p> | No discrepancy |

| Item | | | Implementation Status | | Deviations from “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|---|--|
| | Yes | No | Summaries | | |
| 2. Ethic Management Practice | | | | | |
| (1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts? | ✓ | | | (1) Prior to any commercial transactions with external entities, the Company considers their ethical performance by reviewing their condition of legitimacy, ethical policy and records of unethical behaviors. The Company also conveys our policy and ethical standards to our business partners and refuse to offer, commit, request, or accept any improper advantage in any form, either directly or indirectly. Once the Company is aware of any unethical events, the Company terminates the contract immediately and moves the entity to the dishonor list. Besides that, the Company stipulates the terms and conditions of ethical management in contracts such as specific and reasonable payment terms, handling of unethical conduct including but not limited to the pertaining to prohibition of commissions, rebates, or other benefits. | No discrepancy |
| (2) Has the Company established a unit affiliated with the board to promote corporate ethical management, and regularly (at least once a year) report to the board its ethical management policies and plans to prevent unethical conduct and monitor implementation? | ✓ | | | (2) HR department is responsible for the establishment of company's integrity policy, the supervision of enforcement. HR department reports ethical management policies and plans to the board annually in board meeting. So far, no incidents of unethical conduct have been reported. | |
| (3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly? | ✓ | | | (3) In "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct", the Company clearly defines the principles and circumstances of conflicts of interest that related persons shall avoid. The Company also requires related persons to report proactively to their immediate supervisors, highest level of management of HR or report in board meeting if they face or are aware of similar situations that may arise conflicts of interest. | |
| (4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, where the internal audit unit prepared relevant audit plans based on the result of risk assessment of unethical conducts, and checked the compliance with the plan to prevent unethical conducts, or delegated an accountant to perform the verification? | ✓ | | | (4) The Company conducts evaluation and self-audit of the effectiveness of internal control system, including accounting system with considered changes in the business environment, and make appropriate modifications if necessary, The result will be reviewed by Audit Office based on good faith. | |
| (5) Does the Company provide internal and external ethical conduct training programs on a regular basis? | ✓ | | | (5) The new employees on the first day of employment and the new supervisor are required to take ethic/integrity e-learnings courses. All employees are required to conduct regular e-learning courses and results tests. | |

| Item | | | | Implementation Status | Deviations from “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|--|--|--|
| | Yes | No | | Summaries | |
| <p>3. Implementation of Complaint Procedures.</p> <p>(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p> <p>(2) Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner?</p> <p>(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p> | ✓ | | | <p>(1) All employees have the duty to report any improper conduct that is against the ethical conduct of the company directly to independent board of director, highest level of management of HR, Audit Office, or Chairman. If employees violate the "Codes of Ethical Conduct", the Company considers the severity of the violation, and conducts proper action, including dismissal, based on "Guidelines of Employee Award/Disciplinary". If business partners of the Company violate integrity policy, the Company reduces or terminates cooperation, or even report to the judicial authorities based on the severity of the violation.</p> <p>(2) The Company has established internal complaint procedure, which provides a clear process for complaint addressing, investigation, complaint resolution, etc. All complainants are treated in a confidential manner.</p> <p>(3) To protect the complainant and respondent who take part in reporting or investigation of the events from retaliation or unfair treatment, the Company has established reporting channels and whistleblowing system. “Confidentiality of the identity of whistleblowers and the content of reported cases” and “Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing” are stated in article 22 of "Ethical Corporate Management Best Practice Principles".</p> | No discrepancy |
| <p>4. Information Disclosure</p> <p>Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?</p> | ✓ | | | The Company discloses the actions and commitments to business ethics such as Ethical Corporate Management Best Practice Principles and RBA Codes of Conduct on Wistron’s official website and Market Observation Post System. The detail of implementation status is stated in Sustainability Report. | No discrepancy |
| <p>5. If the Company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation.</p> <p>No discrepancy.</p> | | | | | |

| Item | | | Implementation Status | | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----|----|-----------------------|-----------|--|
| | Yes | No | | Summaries | |
| 6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy). The Company requires suppliers to sign ethical commitment and inform suppliers of our anti-corruption policy via our E-procurement system (WSRM) and promote our ethical standards during the annual vendor conference and Corporate Briefing. The supplier’s implementation status is also reviewed every year. | | | | | |

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

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

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

3.4.9 Internal Control System Execution Status**A. Statement on Internal Control:**

Wistron Corporation
Statement on Internal Control

Date: March 16, 2022

Based on the findings of a self-assessment, Wistron Corporation (Wistron) states the following with regard to its internal control system during the year 2021:

1. Wistron's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Wistron takes immediate remedial actions in response to any identified deficiencies.
3. Wistron evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Wistron has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Wistron believes that, as of December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Wistron's annual report for the year 2021 and Prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors in their meeting held on March 16, 2022, with none of the nine attending directors expressing dissenting opinions. All attending directors have affirmed the content of this Statement.

Wistron Corporation

Chairman: Simon Lin

President & Wistron Technologies CEO: Jeff Lin

President & Wistron Smart Devices CEO: David Shen



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

3.4.10 Legal penalties by competent authority to the Company or its employees, and the Company's punishment on its employees for violation of internal control system, major deficiencies and improvement measures in the most recent year and as of the publication of this annual report:

In 2021, no legal penalty was taken against the Company and its employees by any competent authority. For identified violation of the Company's internal control system, punishments were issued accordingly and relevant supervisions for improvements were adopted.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings**A. Major Resolutions of Shareholders' Meeting**

Wistron held its 2021 shareholders' meeting on July 20, 2021. The resolutions and implementation status are listed below:

| Important resolution | Implementation Status |
|--|--|
| Ratification of 2020 Business Report and Financial Statements as proposed. | To implement in accordance with the resolutions. |
| Ratification of the proposal for distribution of 2020 profits as proposed. | The Company had set the ex-dividend record date on July 27, 2021. The cash dividends were allocated on August 11, 2021. |
| Approval of issuance of new common shares for cash to sponsor issuance of GDR and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement. | The company has not yet implemented those capital increase plan. |
| Approval of amendments to the "Articles of Incorporation" as proposed. | The amended "Articles of Incorporation" were completed the registration on August 6, 2021. |
| Approval of amendments to the "Rules and Procedures of Shareholders' Meeting" as proposed. | The amended "Rules and Procedures of Shareholders' Meeting" were implemented on July 20, 2021. |
| Approval of amendments to the "The Election Regulations of Directors" as proposed. | The amended "Rules and Procedures of Shareholders' Meeting" were implemented on July 20, 2021. |
| The election of the Company's 9 th Board of Directors (including Independent Directors) | Election Results: Directors: Mr. Simon Lin, Mr. Robert Hwang, Legal Representative of Wistron NeWeb Corporation: Mr. Haydn Hsieh and Mr. Philip Peng Independent Directors: Mr. Jack Chen, Mr. S. J. Paul Chien, Mr. Christopher Chang, Mr. Sam Lee and Ms. Peipei Yu |
| Approval of the release of the prohibition on newly-elected directors and their corporate representatives from participation in competitive business as proposed. | The resolution entered into force upon passage in the shareholders' meeting. |

B. Major Resolutions of Board Meetings

| | Date | Important resolution | Compensation Committee | | Audit Committee | |
|---------------------------------------|------------|--|------------------------|-------------|---|-------------|
| | | | Agenda | Resolutions | Conditions described in Article 14-5 of the Securities and Exchange Act | Resolutions |
| 1 st Board Meeting of 2021 | 2021.03.23 | 1. Approval of the compensation for employees and directors of 2020. | V | Resolved | | |
| | | 2. Approval of the proposal of 2020 employees' compensation payout ratio and amount to the managers (excluding CSO). | V | Resolved | | |
| | | 3. Approval of the salary adjustment to the managers (excluding CSO) in 2021. | V | Resolved | | |
| | | 4. Approval of the performance bonus budget to the managers (excluding CSO) in 2021. | V | Resolved | | |
| | | 5. Approval of the proposal of 2019 employees' compensation payout ratio and amount to CSO. | V | Resolved | | |
| | | 6. Approval of the salary adjustment to CSO in 2020. | V | Resolved | | |
| | | 7. Approval of the performance bonus budget to CSO in 2020. | V | Resolved | | |
| | | 8. Approval of the amendments to the "Director and Functional Committees Compensation and Payment Principles". | V | Resolved | | |
| | | 9. Approval of the business plan of 2021. | | | | |
| | | 10. Approval of the business report of 2020. | | | V | Resolved |
| | | 11. Approval of the parent-company-only and consolidated financial statements of 2020. | | | V | Resolved |
| | | 12. Approval of the proposal for 2020 earnings distribution. | | | V | Resolved |
| | | 13. Approval of constructing a factory and building in the International AI Park from Hsinchu County Government. | | | V | Resolved |
| | | 14. Approval of acquiring the the BOT case of the Taipei City Digital Content Innovation Center from Taipei City Government. | | | V | Resolved |
| | | 15. Approval of the investment of NT\$2.5 billion in Wise Cap Limited Company. | | | V | Resolved |
| | | 16. Approval of making a loan to Wistron Technology (Malaysia) Sdn. Bhd. | | | V | Resolved |
| | | 17. Approval of the election of the 9 th Directors, including Independent Directors. | | | | |
| | | 18. Approval of the candidate nomination of the 9 th Directors, including Independent Directors. | | | | |

| | Date | Important resolution | Compensation Committee | | Audit Committee | |
|---------------------------------------|------------|--|------------------------|-------------|---|-------------|
| | | | Agenda | Resolutions | Conditions described in Article 14-5 of the Securities and Exchange Act | Resolutions |
| 1 st Board Meeting of 2021 | 2021.03.23 | 19. Approval of the release of the prohibition on newly-elected directors and their corporate representatives from participation in competitive business by shareholder meeting. | | | | |
| | | 20. Approval of issuance of new common shares for cash to sponsor issuance of GDR and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement. | | | V | Resolved |
| 1 st Board Meeting of 2021 | 2021.03.23 | 21. Approval of the amendments to the "Articles of Incorporation". | | | | |
| | | 22. Approval of the amendments to the "Rules and Procedures of Shareholders' Meeting". | | | | |
| | | 23. Approval of the amendments to the "The Election Regulations of Directors". | | | | |
| | | 24. Approval of the time, venue and agenda of 2021 general shareholders' meeting. | | | | |
| | | 25. Approval KPMG as audit accountants in 2021. | | | V | Resolved |
| | | 26. Approval of Internal Control System Statement of 2020. | | | V | Resolved |
| | | 27. Approved of acquiring or disposing of equipment held for business use with subsidiaries. | | | | |
| | | 28. Approval of the application of AR factoring from Standard Chartered Bank (HK) Limited. | | | | |
| | | 29. Approval of the application for bank facility. | | | | |
| | | 30. Approval of increase or decrease amount of endorsements and guarantees. | | | V | Resolved |
| 2 nd Board Meeting of 2021 | 2021.05.07 | 1. Approval of consolidated financial statements of 2021Q1. | | | V | Resolved |
| | | 2. Approval of making a loan to Wistron InfoComm Manufacturing (India) Private Limited. | | | V | Resolved |
| | | 3. Approval of acquiring or disposing of equipment held for business use with subsidiaries. | | | | |
| | | 4. Approval of the application of AR factoring from ING Bank N.V., Taipei Branch. | | | | |

| | Date | Important resolution | Compensation Committee | | Audit Committee | |
|---------------------------------------|------------|--|------------------------|--|---|----------------------|
| | | | Agenda | Resolutions | Conditions described in Article 14-5 of the Securities and Exchange Act | Resolutions |
| 2 nd Board Meeting of 2021 | 2021.05.07 | 5. Approval of the application of AR factoring from Chang Hwa Commercial Bank, Ltd. 6. Approve of the application for bank facility. 7. Approval of increase or decrease amount of endorsements and guarantees. | | | V | Resolved |
| 3 rd Board Meeting of 2021 | 2021.07.01 | 1. Approval of changing the date of 2021 Annual Shareholders' Meeting. 2. Approval of making ex-dividend announcement and setting the ex-dividend record date and payment date before the Annual Shareholders' Meeting. 3. Approval of increase or decrease amount of endorsements and guarantees. | | | V | Resolved |
| 4 th Board Meeting of 2021 | 2021.07.20 | 1. Approval of election the Chairman and Vice Chairman of the Company. 2. Approval of the amendments to the "Nominating Committee Charter". 3. Approval of the appointment of members of 2nd Nominating Committee. | | | | |
| 5 th Board Meeting of 2021 | 2021.07.28 | 1. Approval of the appointment of members of 5 th Compensation Committee. 2. Approval of the appointment of members of 2nd ESG Committee. 3. Approval of the promotion of managers. 4. Approval of the application of AR factoring from Taipei Branch of MUFG Bank, Ltd. 5. Approve of the application for bank facility. | | | | |
| 6 th Board Meeting of 2021 | 2021.08.05 | 1. Approval of the performance bonus to managers (excluding CSO) in 2021 first half of the year. | V | Resolved | | |
| | | 2. Approval of the performance bonus to CSO in 2021 first half of the year. 3. Approval of the non-independent directors' compensation of 2020. 4. Approval of the amendments to the "Director and Functional Committees Compensation and Payment Principles". 5. Approval of consolidated financial statements of 2021Q2. 6. Approval of the investment of NT\$500 million in WiSuccess Asset Management Corporation. | V V V V | Resolved Resolved Resolved Resolved | V V | Resolved Resolved |

| | Date | Important resolution | Compensation Committee | | Audit Committee | |
|---------------------------------------|------------|--|------------------------|-------------|---|----------------------|
| | | | Agenda | Resolutions | Conditions described in Article 14-5 of the Securities and Exchange Act | Resolutions |
| 6 th Board Meeting of 2021 | 2021.08.05 | 7. Approval of the investment of US\$45 million in Wistron InfoComm (Vietnam) Co., Ltd.. | | | V | Resolved |
| | | 8. Approval of the cancellation of part of New Restricted Employee Shares and the record date of capital reduction. 9. Approval of the amendments to the "Internal Control Systems of Shareholder Services Units". | | | V | Resolved |
| | | 10. Approval of acquiring or disposing of equipment held for business use with subsidiaries. 11. Approve of the application for medium and long term bank facility. 12. Approve of the application for bank facility. 13. Approval of increase or decrease amount of endorsements and guarantees. | | | V | Resolved |
| 7 th Board Meeting of 2021 | 2021.11.05 | 1. Approval of consolidated financial statements of 2021Q3. 2. Approval of the new investment of US\$10 million in Wistron Property (Vietnam) Co., Ltd. (tentative name, WPVN). and the investment proposal of WPVN in 32 million. | | | V V | Resolved Resolved |
| | | 3. Approval of the investment of NT\$600 million in Wise Cap Limited Company. 4. Approval of making a loan to Wistron InfoComm (Philippines) Corporation. 5. Approval of the cancellation of part of New Restricted Employee Shares and the record date of capital reduction. 6. Approval of the amendments to the "IFRSs Accounting Principal". 7. Approval of acquiring or disposing of equipment held for business use with subsidiaries. 8. Approval of opening a bank account and related international trade financing business in Kunshan Branch of Agricultural Bank of China. 9. Approval of the application for the extension of AR factoring from ING Bank N.V., Taipei Branch. 10. Approval of the application of AR factoring from Taipei Branch of Mizuho Bank, Ltd. 11. Approval of the application of AP extension from BNP Paribas. | | | V | Resolved |

| | Date | Important resolution | Compensation Committee | | Audit Committee | |
|---------------------------------------|------------|---|------------------------|----------------------|---|----------------------------------|
| | | | Agenda | Resolutions | Conditions described in Article 14-5 of the Securities and Exchange Act | Resolutions |
| 7 th Board Meeting of 2021 | 2021.11.05 | 12. Approve of the application for medium and long term bank facility from Mega International Commercial Bank Co., Ltd. 13. Approve of the application for medium and long term bank facility from Bank of Taiwan. 14. Approve of the application for medium and long term bank facility from Taipei Fubon Commercial Bank. 15. Approve of the application for medium and long term bank facility from Hua Nan Commercial Bank, Ltd. 16. Approve of the application for medium and long term bank facility from Chang Hwa Commercial Bank, Ltd.. 17. Approve of the application for bank facility. 18. Approval of increase or decrease amount of endorsements and guarantees. 19. Approval of signing a MOU to invest a maximum amount of NT\$1.8 billion in Master Transportation Bus Manufacturing Ltd. 20. Approval of disposing maximum 6 million common shares of Wiyynn through block trade. | | | | |
| 8 th Board Meeting of 2021 | 2021.12.23 | 1. Approval of the performance bonus to managers (excluding CSO) in 2021 second half of the year. 2. Approval of the performance bonus to CSO in 2021 second half of the year. 3. Approval of the investment of US\$900 million in AII Holding Corporation. 4. Approval of making a loan to Kaohsiung Opto-Electronics Inc. 5. Approval of 2022 Annual Audit Plans. 6. Approval of setting Wistron's "Code of Conduct". 7. Approval of the amendments to the "Risk Management Policy and Procedure". 8. Approval of the amendments to the "Corporate Social Responsibility Best Practice Principles" and change the name to "Sustainable Development Best Practice Principles". 9. Approval of the amendments to the "Corporate Governance Best Practice Principles". | V V | Resolved Resolved | V V V | Resolved Resolved Resolved |

| | Date | Important resolution | Compensation Committee | | Audit Committee | |
|---------------------------------------|------------|--|---------------------------------|--|---|--|
| | | | Agenda | Resolutions | Conditions described in Article 14-5 of the Securities and Exchange Act | Resolutions |
| 8 th Board Meeting of 2021 | 2021.12.23 | 10. Approval of acquiring or disposing of equipment held for business use with subsidiaries. 11. Approval of the application for the transaction and extension of AR factoring from ING Bank N.V., Taipei Branch. 12. Approve of the application for bank facility. 13. Approval of increase or decrease amount of endorsements and guarantees. | | | V | Resolved |
| 1 st Board Meeting of 2022 | 2022.03.16 | 1. Approval of the compensation for employees and directors of 2021. 2. Approval of the proposal of 2021 employees' compensation payout ratio and amount to the managers (excluding CSO). 3. Approval of the salary adjustment to the managers (excluding CSO) in 2022. 4. Approval of the performance bonus budget to the managers (excluding CSO) in 2022. 5. Approval of the proposal of 2021 employees' compensation payout ratio and amount to CSO. 6. Approval of the salary adjustment to CSO in 2022. 7. Approval of the performance bonus budget to CSO in 2022. 8. Approval of the business plan of 2022. 9. Approval of the business report of 2021. 10. Approval of the parent-company-only and consolidated financial statements of 2021. 11. Approval of the proposal for 2021 earnings distribution. 12. Approval of acquisition machinery equipment within NT\$522 million for business development and strategic planning needs. 13. Approval of issuance of new common shares for cash to sponsor issuance of GDR and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of new common shares for cash to sponsor issuance of GDR in private placement. | V V V V V V V | Resolved Resolved Resolved Resolved Resolved Resolved Resolved | V V V V | Resolved Resolved Resolved Resolved |

| | Date | Important resolution | Compensation Committee | | Audit Committee | |
|---------------------------------------|------------|---|------------------------|-------------|---|-------------|
| | | | Agenda | Resolutions | Conditions described in Article 14-5 of the Securities and Exchange Act | Resolutions |
| 1 st Board Meeting of 2022 | 2022.03.16 | 14. Approval of the amendments to the "Articles of Incorporation". | | | V | Resolved |
| | | 15. Approval of the amendments to the "Procedures of Asset Acquisition and Disposal". | | | | |
| | | 16. Approval of the time, venue, method and agenda of 2022 general shareholders' meeting. | | | | |
| | | 17. Approval of the amendments to the "Authorized limit for engaging in derivative transactions". | | | V | Resolved |
| | | 18. Approval of the amendments to the "Code of Conduct". | | | | |
| | | 19. Approval of committing to join Science Based Targets Initiative (SBTi). | | | | |
| | | 20. Approval of the promotion of managers. | | | | |
| 2 nd Board Meeting of 2022 | 2022.03.18 | 21. Approved KPMG as audit accountants in 2022. | | | V | Resolved |
| | | 22. Approval of Internal Control System Statement of 2021. | | | V | Resolved |
| | | 23. Approval of acquiring or disposing of equipment held for business use with subsidiaries. | | | | |
| | | 24. Approval of the application of AR factoring from Chang Hwa Commercial Bank, Ltd. | | | | |
| | | 25. Approval of opening a bank account and related international trade financing business in Bank of Communications, Suzhou Branch. | | | | |
| | | 26. Approve of the application for bank facility. | | | | |
| | | 27. Approval of increase or decrease amount of endorsements and guarantees. | | | V | Resolved |
| 2 nd Board Meeting of 2022 | 2022.03.18 | Approval of disposing maximum 8 million common shares of Wiwynn through block trade. | | | V | Resolved |

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors : None.

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate governance officer and R&D : None.

3.5 Information Regarding the Company's Audit Fee and Independence

Unit: NT\$ thousands

| Accounting Firm | Name of CPA | Period Covered by CPA's Audit | Audit Fee | Non-audit Fee(Note) | Total | Remarks |
|-----------------|---------------------------------|-------------------------------|-----------|---------------------|--------|---------|
| KPMG | Ya-Ling, Chen, Chia-Chien, Tang | 2021/01~2021/12 | 6,855 | 4,619 | 11,474 | - |

Note: Tax consulting service fee, review the fair value evaluation report, audit the information about salary of full-time employees, and the travel expenses of taking inventory.

A. If a change of accounting firm has taken place during the year, please divide the audit period and disclose audit and non-audit fee in chronological order. Please also state the reason for such changes in the Remarks column : None.

B. If audit fee is reduced by 10% or more from the previous year, the amount, percentage and reason for reduction must be disclosed : Due to the classification of tax compliance audit as non-audit fees in accordance with the regulations.

3.6 Replacement of CPA : None.

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

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

Unit: Shares

| Title | Name | 2021 | | As of Apr. 19, 2022 | |
|--|-----------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman & CSO | Simon Lin | (2,000,000) | 0 | 0 | 0 |
| Vice chairman & President of New Business | Robert Hwang | (55,000) | 0 | 0 | 0 |
| Director | Wistron NeWeb Corp. | 0 | 0 | 0 | 0 |
| | Representative: Haydn Hsieh | 0 | 0 | 0 | 0 |
| Director | Philip Peng | 448,000 | 0 | 0 | 0 |
| Independent Director | Jack Chen | 0 | 0 | 0 | 0 |
| Independent Director | S. J. Paul Chien | 0 | 0 | 0 | 0 |
| Independent Director | Christopher Chang | 0 | 0 | 0 | 0 |
| Independent Director | Sam Lee | 0 | 0 | 0 | 0 |
| Independent Director | Peipei Yu (Note 1) | - | - | 0 | 0 |
| Independent Director | C.H. Chen (Note 2) | - | - | - | - |
| President & Wistron Technologies CEO | Jeff Lin | (1,021,000) | 0 | 0 | 0 |
| President & Wistron Smart Devices CEO | David Shen | 0 | 0 | 0 | 0 |
| Chief of Staff | Frank F.C. Lin | 0 | 0 | 0 | 0 |
| Chief Technology Officer | Donald Hwang | 0 | 0 | 0 | 0 |
| Chief Digital Officer & Chief Information Security Officer | Kenny Wang | (2,000,000) | 0 | 0 | 0 |
| Chief Finance Officer | Stone Shih | 0 | 0 | 0 | 0 |
| Wistron Technologies President of Enterprise Business Group | William Lin | 0 | 0 | 0 | 0 |
| Technical Vice President | Kelvin Chang | 0 | 0 | 0 | 0 |
| Strategy Planning Vice President | KY Wang | 0 | 0 | 0 | 0 |
| Wistron Technologies President of Computing Products Business Group | Robert CL Lin | 0 | 0 | 0 | 0 |
| Wistron Smart Devices President of Component Business Group | Vincent Cho | 0 | 0 | 0 | 0 |
| Wistron Smart Devices President of Global Manufacturing | James Chou | 0 | 0 | 0 | 0 |
| Wistron Technologies President of Global Manufacturing | Jackie Lai | 0 | 0 | 0 | 0 |
| Wistron Technologies Vice President of Computing Products Business Group | Felix Lai | 0 | 0 | 0 | 0 |

| Title | Name | 2021 | | As of Apr. 19, 2022 | |
|---|----------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Wistron Technologies Vice President of Service Business Group | Peter Tung | 0 | 0 | 0 | 0 |
| Wistron Technologies Vice President of Industrial Products and Solutions Business Group | Christine Hsu (Note 3) | - | - | 0 | 0 |
| Wistron Technologies Vice President of Enterprise Business Group | Christopher Huang (Note 3) | - | - | 0 | 0 |
| Wistron Technologies Vice President of Supply Chain Management | Benny Hu (Note 3) | - | - | 0 | 0 |
| Wistron Technologies Vice President of Global Manufacturing | Alec Lai (Note 3) | - | - | 0 | 0 |
| Wistron Smart Devices Vice President of Vertical Business Group | Howard Liu (Note 4) | - | - | - | - |
| Wistron Smart Devices Vice President of Component Business Group | Mark HH Huang (Note 4) | - | - | - | - |

Note 1: Newly-elected on July 20, 2021.

Note 2: The director was resignation after the Annual Shareholders Meeting on July 20, 2021.

Note 3: Appointed on July 28, 2021.

Note 4: Appointed on March 16, 2022.

3.8.1 Shares Trading with Related Parties : None.

3.8.2 Shares Pledge with Related Parties : None.

3.9 Relationship among the Top Ten Shareholders(April 19, 2022)

Unit: Shares ; %

| Name | Current Shareholding | | Spouse's/ minor's Shareholding | | Shareholding by Nominee Arrangement | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees | | Remarks |
|---|----------------------|------|--------------------------------|---|-------------------------------------|---|--|--------------|---------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Yuanta Taiwan Dividend Plus ETF | 93,179,915 | 3.21 | 0 | 0 | 0 | 0 | None | None | |
| Taipei Fubon Bank Trust Account | 62,490,000 | 2.15 | 0 | 0 | 0 | 0 | None | None | |
| Acer Incorporated Representative: Jason Chen | 54,815,995 | 1.89 | 0 | 0 | 0 | 0 | None | None | |
| | - | - | - | - | - | - | None | None | |
| Lin Hsien-Ming | 40,599,252 | 1.40 | 0 | 0 | 0 | 0 | None | None | |
| Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds | 40,221,535 | 1.39 | 1,544 | 0 | 0 | 0 | None | None | |
| Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd.-Equity Trading Division (Proprietary Trading Desk) | 39,633,000 | 1.37 | 0 | 0 | 0 | 0 | None | None | |
| King's Town Bank Representative: Tai Chen-Chih | 38,980,000 | 1.34 | 0 | 0 | 0 | 0 | None | None | |
| | - | - | - | - | - | - | None | None | |
| Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai | 38,000,000 | 1.31 | 0 | 0 | 0 | 0 | None | None | |
| | - | - | - | - | - | - | None | None | |
| JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 37,120,524 | 1.28 | 0 | 0 | 0 | 0 | None | None | |
| J.P. Morgan Securities PLC | 29,764,925 | 1.03 | 0 | 0 | 0 | 0 | None | None | |

3.10 Ownership of Shares in Affiliated Enterprises

Unit: Shares ; %

| Information on investees (Note 1) | Ownership by the Company | | Direct or Indirect Ownership by Directors/ Supervisors/ Managers | | Total Ownership | |
|---|--------------------------|-----------------|--|-----------------|-----------------|-----------------|
| | Shares | Ratio of shares | Shares | Ratio of shares | Shares | Ratio of shares |
| Cowin Worldwide Corporation | 215,393,915 | 100.00 | 0 | 0.00 | 215,393,915 | 100.00 |
| Win Smart Co., Ltd. | 49,065,492 | 100.00 | 0 | 0.00 | 49,065,492 | 100.00 |
| Wise Cap Limited Company | (Note2) | 100.00 | (Note 2) | 0.00 | (Note 2) | 100.00 |
| Wistron NeWeb Corporation | 89,674,679 | 22.61 | 9,052,029 | 0.08 | 98,726,708 | 22.69 |
| International Standards Laboratory Corp. | 2,434,462 | 100.00 | 0 | 0.00 | 2,434,462 | 100.00 |
| WiAdvance Technology Corporation | 977 | 0.01 | 14,498,000 | 79.65 | 14,498,977 | 79.66 |
| SMS Infocomm Corporation | 4,832,686 | 100.00 | 0 | 0.00 | 4,832,686 | 100.00 |
| Wistron Mexico S.A. de C.V. | 16,004,371,488 | 100.00 | 0 | 0.00 | 16,004,371,488 | 100.00 |
| All Holding Corp. | 347,485,702 | 100.00 | 0 | 0.00 | 347,485,702 | 100.00 |
| Wistron InfoComm (Philippines) Corporation | 139,567,270 | 100.00 | 0 | 0.00 | 139,567,270 | 100.00 |
| SMS InfoComm (Singapore) Pte. Ltd. | 157,489,410 | 100.00 | 0 | 0.00 | 157,489,410 | 100.00 |
| Wistron LLC | 6,936,000 | 100.00 | 0 | 0.00 | 6,936,000 | 100.00 |
| WisVision Corporation | 12,005,000 | 100.00 | 0 | 0.00 | 12,005,000 | 100.00 |
| Wistron Europe Holding Cooperatie U.A. | (Note 2) | 99.99 | (Note 2) | 0.01 | (Note 2) | 100.00 |
| SMS InfoComm Technology Services and Management Solutions Ltd | 37,242,500 | 99.99 | 5,000 | 0.01 | 37,247,500 | 100.00 |
| SMS InfoComm Technology Services Limited Company | 21,978 | 99.90 | 22 | 0.10 | 22,000 | 100.00 |
| Wistron GreenTech (Texas) Corporation | 13,005 | 100.00 | 0 | 0.00 | 13,005 | 100.00 |
| Wistron Advanced Materials (Hong Kong) Limited | 33,500,000 | 100.00 | 0 | 0.00 | 33,500,000 | 100.00 |
| WiseCap (Hong Kong) Limited | 58,445,950 | 100.00 | 0 | 0.00 | 58,445,950 | 100.00 |
| Wistron Technology (Malaysia) Sdn. Bhd. | 267,425,000 | 100.00 | 0 | 0.00 | 267,425,000 | 100.00 |
| Service Management Solutions Mexico S.A. de C.V. | 36,429,340 | 100.00 | 0 | 0.00 | 36,429,340 | 100.00 |
| Wistron Mobile Solutions Corporation | 20,000 | 100.00 | 0 | 0.00 | 20,000 | 100.00 |
| Wiwynn Corporation | 73,895,129 | 42.26 | 16,478,744 | 5.86 | 90,373,873 | 48.12 |
| Anwith Technology Corporation | 1,000,000 | 100.00 | 0 | 0.00 | 1,000,000 | 100.00 |
| WiEDU Holding Co., Ltd. | 5,700,000 | 100.00 | 0 | 0.00 | 5,700,000 | 100.00 |
| Wistron InfoComm (Czech), s.r.o. | (Note 2) | 100.00 | (Note 2) | 0.00 | (Note 2) | 100.00 |
| WiEdu Hong Kong Limited | 16,426,000 | 100.00 | 0 | 0.00 | 16,426,000 | 100.00 |
| Wistron Medical Tech Holding Company | 280,000,000 | 100.00 | 0 | 0.00 | 280,000,000 | 100.00 |
| Wistron Digital Technology Holding Company | 205,056,000 | 100.00 | 0 | 0.00 | 205,056,000 | 100.00 |
| Wistron Technology Service (America) Corporation | 35,000 | 100.00 | 0 | 0.00 | 35,000 | 100.00 |
| Wistron Infocomm Mexico S.A. de C.V. | 13,340,990,012 | 100.00 | 0 | 0.00 | 13,340,990,012 | 100.00 |
| Wistron InfoComm (Vietnam) Co., Ltd | (Note 2) | 100.00 | (Note 2) | 0.00 | (Note 2) | 100.00 |
| SMS InfoComm (Czech) s.r.o. | (Note 2) | 100.00 | (Note 2) | 0.00 | (Note 2) | 100.00 |
| WiSuccess Asset Management Corporation | 70,000,000 | 100.00 | 0 | 0.00 | 70,000,000 | 100.00 |
| WiBASE Industrial Solutions Inc. | 17,888,000 | 46.10 | 3,151,000 | 6.83 | 21,039,000 | 52.93 |
| Information SuperGrid Technology Global Inc. | 5,000 | 40.00 | 0 | 0.00 | 5,000 | 40.00 |
| Information SuperGrid Technology China Limited | 5,000 | 40.00 | 0 | 0.00 | 5,000 | 40.00 |

| Information on investees (Note 1) | Ownership by the Company | | Direct or Indirect Ownership by Directors/ Supervisors/ Managers | | Total Ownership | |
|---|--------------------------|-----------------|--|-----------------|-----------------|-----------------|
| | Shares | Ratio of shares | Shares | Ratio of shares | Shares | Ratio of shares |
| HERACLES ENTERPRISES Limited | 330 | 30.00 | 0 | 0.00 | 330 | 30.00 |
| Formosa Prosonic Industries Berhad | 69,260,000 | 27.39 | 0 | 0.00 | 69,260,000 | 27.39 |
| Join-Link International Technology Co. Ltd. | 20,261,108 | 34.14 | 1,933,947 | 3.26 | 22,195,055 | 37.40 |
| T-CONN Precision Corporation | 4,486,684 | 12.82 | 2,966,566 | 8.48 | 7,453,250 | 21.30 |
| NICE Licensing LLC. | (Note 2) | 20.00 | (Note 2) | 0.00 | (Note 2) | 20.00 |

Note 1: Long investment of the Company

Note 2: It is the limited company

3.11 Corporate Sustainability and Social Responsibility Management

In order to implement corporate social responsibility, Wistron's Board of Directors established Sustainable Development Best Practice Principles which clearly defined four major principles to serve as the highest guiding principles for corporate social responsibility. The four principles are: exercising corporate governance, fostering a sustainable environment, preserving public welfare, and enhancing the disclosure of corporate social responsibility information. In addition, an ESG Committee is chaired by Wistron's Vice Chairman who reports to the Board of Directors annually on the implementation and performance of the Wistron CSR program as well as the plans and goals for the coming year.

(1) Corporate Sustainability and Social Responsibility Policy

Wistron is committed to establishing a corporate sustainability and social responsibility management system that will exceed local regulatory and ethical standards. The development of high-quality green products and services will also be complemented by protection of the environment, employee health, safety and human rights in order to protect stakeholders' interests.

(2) Quality Management System

Wistron values customers and the quality of products and services. Wistron follows international quality standards during R&D and manufacturing processes in order to deliver defect-free, competitive products and services to its customers on time.

(3) Green Product Management System

In order to reduce the environmental load caused by a product during its life cycle, Wistron upholds the concept of green product design for energy conservation, material reduction, hazardous substance restriction, and recycling. In addition, Wistron follows international regulations and customer requirements while striving to simplify design, production, and operation processes to achieve Earth-friendly, sustainable products.

(4) Environmental and Energy Management System

Wistron understands that its activities, products, and services will influence the environment. To minimize the effect of operations, products and services, Wistron is committed to respond to climate change advocacy, and we're dedicated to conserving energy consumption and increasing renewable energy ratio. To realize low-carbon transition, we support the procurement and improvement plan of energy-efficient equipment and use eco-friendly technologies to reduce pollutant emissions. Environmental programs are implemented at global operations including water recycling, waste reducing and recycling, transportation and logistics management. Through our green product and service, we carefully select raw materials and suppliers to ensure zero usage of restricted and banned materials and substances.

(5) Occupational Health and Safety Management System

Wistron is fully aware of the hazards and risks in the workplace that affect all personnel working within the company's control area. Based on preventing personnel injury and affecting health and safety, the occupational safety and health management system aims to ensure that employees are in a healthy and harm-free working environment.

(6) Social Accountability Management System

Wistron is committed to establishing a Corporate Sustainability and Social Responsibility Management System. To suitably uphold stakeholders' rights and interests, Wistron will adhere to ethical standards exceeding local legal requirements as we continuously develop high-quality green products/services and focus on the environment, employee health and safety, and human rights.

4. Company Shares and Fund Raising

4.1 Capital and Shares (April 19, 2022)

4.1.1 Changes in share capital

A. Type of Stock

Unit : Shares

| Shares Category | Authorized capital | | | | Notes |
|-----------------|----------------------|------------|---------------|---------------|------------------------------------|
| | Issued shares (note) | | Non-issued | Total | |
| | Listed | Non-listed | | | |
| Common shares | 2,903,252,050 | 0 | 1,096,747,950 | 4,000,000,000 | Stock option 200,000,000 shares |

Note: Including 58,769,000 shares of treasury stock and 150,000 shares of expired restricted stock awards yet to be cancelled.

B. Issued Shares

As of 04/19/2022

| Month/Year | Par Value (NT\$) | Authorized Capital | | Authorized Capital | | Remark | | |
|------------|--------------------------|--------------------|-------------------------|--------------------|-------------------------|--|---|-------|
| | | Shares | Amount (NT\$ thousands) | Shares | Amount (NT\$ thousands) | Sources of Capital | Capital Increased by Assets Other than Cash | Other |
| 2001.05 | 10 | 1,000 | 10,000 | 1,000 | 10,000 | Issuance of Shares | None | |
| 2001.08 | 10 | 350,000 | 3,500,000 | 100,000 | 1,000,000 | New issuance of Shares | None | |
| 2002.04 | 14.5 | 905,000 | 9,050,000 | 500,000 | 5,000,000 | Consideration to purchase assets from Acer | None | |
| 2002.07 | 22.5 | 905,000 | 9,050,000 | 800,000 | 8,000,000 | New issuance of Shares | None | |
| 2003.03 | 14.5 | 905,000 | 9,050,000 | 809,962 | 8,099,620 | Issuance of employee stock option | None | |
| 2003.08 | 14.5 | 905,000 | 9,050,000 | 811,797 | 8,117,970 | Issuance of employee stock option | None | |
| 2003.11 | 10/ 14.5 | 1,125,000 | 11,250,000 | 870,925 | 8,709,251 | New issuance of Shares and issuance of employee stock option | None | |
| 2004.04 | 13.8 | 1,125,000 | 11,250,000 | 882,399 | 8,823,991 | Issuance of employee stock option | None | |
| 2004.09 | 10/ 13.8 | 1,223,700 | 12,237,000 | 948,991 | 9,489,911 | New issuance of Shares and issuance of employee stock option | None | |
| 2005.01 | 13.1 | 1,223,700 | 12,237,000 | 949,314 | 9,493,141 | Issuance of employee stock option | None | |
| 2005.04 | 13.1 | 1,223,700 | 12,237,000 | 950,741 | 9,507,411 | Issuance of employee stock option | None | |
| 2005.06 | 13.1 | 1,600,000 | 16,000,000 | 958,391 | 9,583,910 | Issuance of employee stock option | None | |
| 2005.10 | 30.78/ 29.67/ 13.1 | 1,600,000 | 16,000,000 | 1,140,568 | 11,405,689 | New issuance of GDR and issuance of employee stock option and issuance of ECB transferred. | None | |

| Month/Year | Par Value (NT\$) | Authorized Capital | | Authorized Capital | | Remark | | |
|------------|------------------|--------------------|-------------------------|--------------------|-------------------------|--|---|-------|
| | | Shares | Amount (NT\$ thousands) | Shares | Amount (NT\$ thousands) | Sources of Capital | Capital Increased by Assets Other than Cash | Other |
| 2006.01 | 29.44/ 13.1 | 1,600,000 | 16,000,000 | 1,178,274 | 11,782,742 | Issuance of employee stock option and issuance of ECB transferred. | None | |
| 2006.04 | 29.44/ 13.1 | 1,600,000 | 16,000,000 | 1,196,362 | 11,963,621 | Issuance of employee stock option and issuance of ECB transferred. | None | |
| 2006.08 | 10 | 1,600,000 | 16,000,000 | 1,272,356 | 12,723,568 | New issuance of Shares | None | |
| 2007.08 | 10 | 2,000,000 | 20,000,000 | 1,381,926 | 13,819,261 | New issuance of Shares | None | |
| 2008.07 | 47.27 | 2,000,000 | 20,000,000 | 1,405,926 | 14,059,261 | Issuance of common stocks through private placement | None | |
| 2008.09 | 10 | 2,000,000 | 20,000,000 | 1,516,637 | 15,166,367 | New issuance of Shares | None | |
| 2009.07 | 49 | 2,500,000 | 25,000,000 | 1,666,637 | 16,666,367 | New issuance of GDR | None | |
| 2009.08 | 10 | 2,500,000 | 25,000,000 | 1,850,616 | 18,506,158 | New issuance of Shares | None | |
| 2010.02 | 46.7 | 2,500,000 | 25,000,000 | 1,864,269 | 18,642,688 | Issuance of employee stock option | None | |
| 2010.04 | 46.7 | 2,500,000 | 25,000,000 | 1,869,794 | 18,697,938 | Issuance of employee stock option | None | |
| 2010.05 | 46.7 | 2,500,000 | 25,000,000 | 1,870,270 | 18,702,698 | Issuance of employee stock option | None | |
| 2010.08 | 10 | 2,500,000 | 25,000,000 | 1,963,783 | 19,637,833 | New issuance of Shares | None | |
| 2010.09 | 46.7/ 42.5 | 2,500,000 | 25,000,000 | 1,964,133 | 19,641,333 | Issuance of employee stock option | None | |
| 2010.11 | 42.5 | 2,500,000 | 25,000,000 | 1,965,007 | 19,650,073 | Issuance of employee stock option | None | |
| 2011.03 | 42.5 | 2,500,000 | 25,000,000 | 1,985,579 | 19,855,793 | Issuance of employee stock option | None | |
| 2011.05 | 42.5 | 2,500,000 | 25,000,000 | 1,986,152 | 19,861,523 | Issuance of employee stock option | None | |
| 2011.09 | 10/ 42.5 | 3,000,000 | 30,000,000 | 2,084,881 | 20,848,812 | New issuance of Shares and issuance of employee stock option | None | |
| 2012.01 | 37.6 | 3,000,000 | 30,000,000 | 2,084,997 | 20,849,972 | Issuance of employee stock option | None | |
| 2012.04 | 49.3/ 37.6 | 3,000,000 | 30,000,000 | 2,093,173 | 20,931,733 | Issuance of employee stock option and issuance of ECB transferred. | None | |
| 2012.05 | 37.6 | 3,000,000 | 30,000,000 | 2,094,015 | 20,940,153 | Issuance of employee stock option | None | |
| 2012.08 | 10 | 3,000,000 | 30,000,000 | 2,197,943 | 21,979,432 | New issuance of Shares | None | |
| 2013.04 | 33.6 | 3,000,000 | 30,000,000 | 2,197,969 | 21,979,692 | Issuance of employee stock option | None | |
| 2013.08 | 10 | 3,000,000 | 30,000,000 | 2,315,140 | 23,151,403 | New issuance of Shares and cancellation of treasury stocks. | None | |

| Month/ Year | Par Value (NT\$) | Authorized Capital | | Authorized Capital | | Remark | | |
|----------------|------------------------|--------------------|-------------------------------|--------------------|-------------------------------|---|--|-------|
| | | Shares | Amount (NT\$ thousands) | Shares | Amount (NT\$ thousands) | Sources of Capital | Capital Increased by Assets Other than Cash | Other |
| 2013.09 | 10 | 3,000,000 | 30,000,000 | 2,377,935 | 23,779,353 | Issuance of Restricted Stock Awards | None | |
| 2013.11 | 29.2 | 3,000,000 | 30,000,000 | 2,378,160 | 23,781,603 | Issuance of employee stock option | None | |
| 2014.08 | 10/ 29.2/ 10 | 3,000,000 | 30,000,000 | 2,447,599 | 24,475,994 | New issuance of Shares. Issuance of employee stock option Cancellation of Restricted Stock Awards | None | |
| 2014.11 | 26.6 | 3,000,000 | 30,000,000 | 2,468,267 | 24,682,674 | Issuance of employee stock option | None | |
| 2015.08 | 10/ 10 | 3,000,000 | 30,000,000 | 2,555,482 | 25,554,824 | New issuance of Shares. Cancellation of Restricted Stock Awards | None | |
| 2016.07 | 10 | 4,000,000 | 40,000,000 | 2,579,503 | 25,795,025 | New issuance of Shares. | None | |
| 2016.08 | 10 | 4,000,000 | 40,000,000 | 2,652,136 | 26,521,362 | New issuance of Shares. | None | |
| 2016.11 | 10 | 4,000,000 | 40,000,000 | 2,650,316 | 26,503,164 | Cancellation of Restricted Stock Awards | None | |
| 2017.06 | 10 | 4,000,000 | 40,000,000 | 2,673,807 | 26,738,065 | New issuance of Shares. | None | |
| 2017.08 | 10 | 4,000,000 | 40,000,000 | 2,749,861 | 27,498,607 | New issuance of Shares. | None | |
| 2017.11 | 10 | 4,000,000 | 40,000,000 | 2,748,688 | 27,486,880 | Cancellation of Restricted Stock Awards | None | |
| 2018.06 | 10 | 4,000,000 | 40,000,000 | 2,778,828 | 27,788,282 | New issuance of Shares. | None | |
| 2018.07 | 10 | 4,000,000 | 40,000,000 | 2,765,573 | 27,655,735 | Cancellation of treasury stocks | None | |
| 2018.08 | 10 | 4,000,000 | 40,000,000 | 2,845,778 | 28,457,785 | New issuance of Shares. | None | |
| 2018.11 | 10 | 4,000,000 | 40,000,000 | 2,842,122 | 28,421,220 | Cancellation of treasury stocks | None | |
| 2019.08 | 10 | 4,000,000 | 40,000,000 | 2,840,612 | 28,406,121 | Cancellation of treasury stocks | None | |
| 2021.03 | 10 | 4,000,000 | 40,000,000 | 2,903,612 | 29,036,121 | Issuance of Restricted Stock Awards | None | |
| 2021.08 | 10 | 4,000,000 | 40,000,000 | 2,903,372 | 29,033,721 | Cancellation of Restricted Stock Awards | None | |
| 2021.11 | 10 | 4,000,000 | 40,000,000 | 2,903,252 | 29,032,521 | Cancellation of Restricted Stock Awards | None | |

4.1.2 Shareholding Structure

Date: April 19, 2022

| Category/ Number | Government Institution | Financial Institution | Other Institution | FINI | Individual | Treasury Stock and Other (Note) | Total |
|------------------------|---------------------------|--------------------------|----------------------|-------------|---------------|---------------------------------------|---------------|
| Number of Shareholders | 3 | 13 | 404 | 724 | 236,339 | 1 | 237,484 |
| Shareholding (shares) | 30,712,260 | 107,487,000 | 405,665,365 | 903,623,202 | 1,396,845,223 | 58,919,000 | 2,903,252,050 |
| Percentage (%) | 1.06 | 3.70 | 13.97 | 31.12 | 48.12 | 2.03 | 100.00 |

Note: Including 58,769,000 shares of treasury stock and 150,000 shares of expired restricted stock awards yet to be cancelled.

4.1.3 The Distribution of Shareholdings

Date: April 19, 2022

| Category by shareholdings | No. of Shareholders | Number of Shares | Percentage(%) |
|---------------------------|---------------------|------------------|---------------|
| 1 ~ 999 | 67,541 | 14,531,814 | 0.50 |
| 1,000 ~ 5,000 | 124,663 | 266,926,727 | 9.19 |
| 5,001 ~ 10,000 | 23,316 | 177,848,406 | 6.13 |
| 10,001 ~ 15,000 | 7,681 | 95,458,026 | 3.29 |
| 15,001 ~ 20,000 | 4,244 | 77,398,317 | 2.67 |
| 20,001 ~ 30,000 | 3,899 | 97,507,436 | 3.36 |
| 30,001 ~ 40,000 | 1,635 | 57,679,948 | 1.99 |
| 40,001 ~ 50,000 | 1,072 | 49,281,383 | 1.70 |
| 50,001 ~ 100,000 | 1,886 | 133,335,728 | 4.59 |
| 100,001 ~ 200,000 | 802 | 110,147,956 | 3.79 |
| 200,001 ~ 400,000 | 343 | 94,761,126 | 3.26 |
| 400,001 ~ 600,000 | 112 | 54,885,878 | 1.89 |
| 600,001 ~ 800,000 | 42 | 29,288,231 | 1.01 |
| 800,001 ~ 1,000,000 | 30 | 27,220,589 | 0.94 |
| 1,000,001 and above | 218 | 1,616,980,485 | 55.69 |
| Total | 237,484 | 2,903,252,050 | 100.00 |

4.1.4 The List of Major Shareholders

Date: April 19, 2022

| Name | Shares | |
|---|------------|---------------|
| | Number | Percentage(%) |
| Yuanta Taiwan Dividend Plus ETF | 93,179,915 | 3.21 |
| Taipei Fubon Bank Trust Account | 62,490,000 | 2.15 |
| Acer Incorporated | 54,815,995 | 1.89 |
| Lin Hsien-Ming | 40,599,252 | 1.40 |
| Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds | 40,221,535 | 1.39 |
| Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd.-Equity Trading Division (Proprietary Trading Desk) | 39,633,000 | 1.37 |
| King's Town Bank | 38,980,000 | 1.34 |
| Fubon Life Insurance Co., Ltd. | 38,000,000 | 1.31 |
| JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 37,120,524 | 1.28 |
| J.P. Morgan Securities PLC | 29,764,925 | 1.03 |

4.1.5 Market Price Per Share, Net Value, Earnings & Dividends For Latest Two Years

Unit : NT\$

| Item | Period | 2022 (As of March 31) | | | |
|-------------------------------|--|-----------------------|-----------|-------|---|
| | | 2020 | 2021 | 2022 | |
| Market Price Per Share | Highest | 38.85 | 34.80 | 32.30 | |
| | Lowest | 18.55 | 26.55 | 28.75 | |
| | Average | 29.61 | 30.02 | 29.98 | |
| Net Value Per Share | Before Distribution | 25.73 | 27.39 | - | |
| | After Distribution | 23.48 | - | - | |
| Earnings Per Share | Weighted Average Share Numbers (thousand shares) | 2,802,027 | 2,781,843 | - | |
| | Earnings Per Share | 3.1 | 3.76 | - | |
| Dividend Per Share | Cash Dividend (NT\$) | 2.2 | 2.2 | - | |
| | Stock Dividend | Retained Earning (%) | 0 | 0 | - |
| | | Capital Surplus (%) | 0 | 0 | - |
| | Accumulated unpaid dividends | 0 | 0 | - | |
| Return on Investment Analysis | P/E Ratio | 9.55 | 7.98 | - | |
| | P/D Ratio | 13.46 | 13.64 | - | |
| | Cash Dividend Yield | 7.43% | 7.33% | - | |

4.1.6 Dividend Policy and Implementation Status**A. Dividend Policy**

(A) If the Company has earnings at the end of the fiscal year, the Company shall first pay all relevant taxes, offset its losses in previous years and set aside a legal capital reserve at ten percent (10%) of the net profit, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, then appropriate not less than ten percent (10%) of the remaining balance plus undistributed earnings in begin of period are available for distribution as dividends to shareholders. The board of directors may propose the distribution for approval in the shareholders' meeting.

(B) In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company's expansion and for its continual and steady growth, a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by cash shall not be less than ten percent (10%) of the total dividends.

B. Proposed Distribution of Dividend

The Board adopted a proposal for 2021 profit distribution at its quarterly meeting on March 16, 2022. The proposed profit distribution will take effect upon the approval of shareholders at the Annual Shareholders' Meeting on June 17, 2022.

Proposal for Distribution of 2021 Profits

Unit : NT\$

| | | |
|---|-----------------|-----------------------|
| Unappropriated retained earnings at the beginning of the year | | 3,783,822,840 |
| Plus (Less): | | |
| Remeasurements of defined benefit obligation | (81,478,397) | |
| Changes in ownership interests in subsidiaries | (130,624) | |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | 117,225,305 | |
| Share-based payment transaction | 528,000 | |
| Net Profit of 2021 | 10,468,029,912 | |
| Legal Reserve | (1,050,417,420) | |
| Special Reserve | (1,944,126,417) | |
| Retained Earnings Available for Distribution | | 11,293,453,199 |
| Distribution Items: | | |
| Stock Dividends to Common Shareholders | 0 | |
| Cash Dividends to Common Shareholders | (6,257,862,710) | (6,257,862,710) |
| Unappropriated Retained Earnings | | 5,035,590,489 |

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

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

Not applicable.

4.1.8 Compensation to Employees and to Directors

A. If the Company reports profit as a result of the yearly accounting closing (profit means the profit before tax, excluding the amounts of employees' and directors' compensation), such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered:

(A) No less than five percent (5%) of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive compensation shall be determined by the Board of Directors.

(B) No more than one percent (1%) of profit as the compensation in cash to the Directors.

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

If there would be any 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 as profit or loss in following year.

C. The linkage between directors' performance and compensation:

According to the Article 4 of "The Compensation System, Structure and Management Method of Performance Evaluation for Directors and Business Managers", the directors' remuneration will distributed in accordance with Article 11 and Paragraph 2 of Article 16 of the "Articles of Incorporation", and the payment methods shall be checked in consideration of the functions of individual directors, meeting attendance and other performance appraisals. The Company will review the remuneration system at any time according to the actual operation situation and relevant laws in order to balance the sustainable operation and risk control of the Company. The actual payment of directors' remuneration which in accordance with the "Principles of Directors' and Functional Comittess' Compensation", shall be examined and approved by the Compensation Committee and the Board of Directors.

D. The purpose of the employees' compensation is to reward employee contributions appropriately, to encourage employees to work consistently and to jointly participate in the Company's operating results. The amount and distribution of the employees' compensation are recommended by the Compensation Committee to the Board of Directors for approval. Individual rewards are based on each employee's job responsibility, contribution and performance.

E. The Board of Directors resolved the employees' and directors' compensation of 2021 as follows:

(A) The Company's 5th term 4th Compensation Committee Meeting and 1st Board Meeting of 2022 resolved the employees' and directors' compensation of 2021 in accordance with the "Articles of Incorporation."

- The employees' compensation was NT\$1,921,749,940, and the appropriation rate is 15%, which is paid in cash.
- The directors' compensation was NT\$102,493,340, and the appropriation ratio is 0.80%, which is paid in cash.

(B) There is no difference between the BOD's proposed amount of compensation to be distributed to employees and directors and the amount listed in the 2021 financial statements.

F. The Bonuses to Employees and Compensation to Directors in 2020:

| | 2020 | | | |
|----------------------------------|------------------|---------------------------|-----------------------------|-------------|
| | Board Resolution | Actual Distribution(Note) | | |
| | Amount(NT\$) | Amount(NT\$) | Equivalent Number of Shares | Dilution(%) |
| Employees' Compensation in Cash | 1,546,639,430 | 1,546,639,430 | - | - |
| Employees' Compensation in Stock | - | - | - | - |
| Directors' Compensation | 102,078,210 | 102,078,210 | - | - |
| Total | 1,648,717,640 | 1,648,717,640 | - | - |

Note: There is no difference between the BOD's proposed amount of compensation to be distributed to employees and directors and the amount listed in the 2020 financial statements.

4.1.9 Treasury Stocks :

(1) Repurchases already completed

Date: April 30, 2022

| | |
|---|----------------------------|
| Treasury stocks: Batch Order | 1 st of 2020 |
| Purpose of the repurchase | To transfer to employees. |
| Period for the repurchase | 2020/4/7~2020/5/22 |
| Price range of the shares to be repurchased | NT\$16 to NT\$30 per share |
| Type and number of the shares already repurchased | 58,769,000 |
| Monetary amount of the shares already repurchased | NT\$1,607,258,790 |
| Ratio of the number of shares that were repurchased to the planned number of shares to be repurchased (%) | 97.95 |
| Shares canceled or transferred | 0 |
| Accumulated number of company shares held | 58,769,000 |
| Percentage of total company shares held (%) | 2.02 |

(2) Any repurchase still in progress : None.

4.2 Issuance of Corporate Bonds : None.**4.3 Issuance of Preferred Stock** : None.**4.4 GDR Issuance: Issuance of Global Depositary Shares**

Date: March 31, 2022

| Item | September 22, 2005 | June 19, 2009 | |
|---|--|------------------|-----------|
| Issuance and Listing | Luxembourg Stock Exchange | | |
| Total Amount | US\$ 233,620,000 | US\$ 223,500,000 | |
| Offering Price per GDRs | US\$ 9.3448 | US\$14.9 | |
| Units Issued | 42,439,863 units | | |
| Underlying Securities | 424,398,669 shares | | |
| Common Shares Represented | 424,398,669 shares | | |
| Rights and Obligations of GDRs Holders | Same as those of Common Share Holders | | |
| Trustee | Not Applicable | | |
| Depository Bank | Citibank, N.A.-New York | | |
| Custodian Bank | First Commercial Bank Co. Ltd. | | |
| GDRs Outstanding | 7,850 units | | |
| Apportionment of expenses for the issuance and maintenance | All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of GDRs were borne by Wistron and the selling shareholders, while maintenance expenses such as annual listing fees were borne by Wistron. | | |
| Terms and Conditions in the Deposit Agreement and Custody Agreement | See Deposit Agreement and Custody Agreement for Details | | |
| Closing Price per GDRs | 2021 | High | US\$12.20 |
| | | Low | US\$ 9.55 |
| | | Average | US\$10.75 |
| | 2022/01/01 ~ 2022/03/31 | High | US\$11.50 |
| | | Low | US\$10.20 |
| | | Average | US\$10.77 |

4.5 Employee Stock Options : None.**4.6 Restricted Stock Awards to key employees** :

As of 04/30/2022

| Type of New Restricted Employee Shares | Employee restricted stock awards for the year 2020 |
|---|--|
| Date of Effective Registration | December 11, 2020 |
| Issue date | February 18, 2021 |
| Number of New Restricted Employee Shares Issued | 63,000,000 |
| Issued Price (NT\$) | 0 |
| New Restricted Employee Shares as a Percentage of Shares Issued (%) | 2.17 |
| Vesting Conditions of New Restricted Employee Shares | Qualified with both time-based and performance-based requirements set by the issuance rules of the restricted stock awards. |
| Restricted Rights of New Restricted Employee Shares | <ol style="list-style-type: none"> The employee shall not, except for inheritance, sell, pledge, transfer, give to others, set up, or otherwise dispose of the new shares after the employees have been granted new shares without achieving the acquired conditions. If the employee meets the conditions, the entrusted Trust custodian shall allocate the shares from the trust account to the individual collection and insurance account of the employee. The rights of shareholders' meetings, proposals, speeches, voting and the right to vote shall be carried out in accordance with the trust custody contract. Employees are assigned under these measures to restrict the rights of employees of new shares, before the acquisition of the acquired conditions, other rights include, but are not limited to: dividends, dividends, capital reserve distribution rights, cash replenishment of the equity, etc., with the same rights as the common shares which company has issued. |
| Custody Status of New Restricted Employee Shares | Managed by security trust |
| Measures to be Taken When Vesting Conditions are not Met | The shares shall be forfeited and written off. |
| Number of New Restricted Employee Shares that have been Redeemed or Bought Back | 510,000 |
| Number of Released New Restricted Employee Shares | 0 |
| Number of Unreleased New Restricted Shares | 62,490,000 |
| Ratio of Unreleased New Restricted Shares to Total Issued Shares (%) | 2.15 |
| Impact on possible dilution of shareholdings | There is no material impact on existing shareholders' equity. |

List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

As of 04/30/2022

| | Title | Name | No. of New Restricted Shares | New Restricted Shares as a Percentage of Shares Issued | Released | | | | Unreleased | | | |
|--|---|----------------------------|------------------------------|--|---------------|---------------------|-------------------------|---|---------------|---------------------|-------------------------|---|
| | | | | | No. of Shares | Issued Price (NT\$) | Amount (NT\$ thousands) | Released Restricted Shares as a Percentage of Shares Issued | No. of Shares | Strike Price (NT\$) | Amount (NT\$ thousands) | Unreleased Restricted Shares as a Percentage of Shares Issued |
| Executive officers | Vice chairman & President of New Business | Robert Hwang | 30,690,000 | 1.06% | 0 | 0 | 0 | 0 | 30,690,000 | 0 | 0 | 1.06% |
| | President & Wistron Technologies CEO | Jeff Lin | | | | | | | | | | |
| | President & Wistron Smart Devices CEO | David Shen | | | | | | | | | | |
| | Chief of Staff | Frank F.C. Lin | | | | | | | | | | |
| | Chief Technology Officer | Donald Hwang | | | | | | | | | | |
| | Chief Digital Officer & Chief Information Security Officer | Kenny Wang | | | | | | | | | | |
| | Chief Finance Officer | Stone Shih | | | | | | | | | | |
| | Wistron Technologies President of Enterprise Business Group | William Lin | | | | | | | | | | |
| | Strategy Planning Vice President | KY Wang | | | | | | | | | | |
| | Wistron Technologies President of Computing Products Business Group | Robert CL Lin | | | | | | | | | | |
| | Wistron Smart Devices President of Component Business Group | Vincent Cho | | | | | | | | | | |
| | Wistron Smart Devices President of Global Manufacturing | James Chou | | | | | | | | | | |
| | Wistron Technologies President of Global Manufacturing | Jackie Lai | | | | | | | | | | |
| | Wistron Technologies Vice President of Computing Products Business Group | Felix Lai | | | | | | | | | | |
| | Wistron Technologies Vice President of Service Business Group | Peter Tung | | | | | | | | | | |
| | Wistron Technologies Vice President of Industrial Products and Solutions Business Group | Christine Hsu (Note 1) | | | | | | | | | | |
| | Wistron Technologies Vice President of Global Manufacturing | Alec Lai (Note 1) | | | | | | | | | | |
| | Wistron Technologies Vice President of Enterprise Business Group | Christopher Huang (Note 1) | | | | | | | | | | |
| | Wistron Technologies Vice President of Supply Chain Management | Benny Hu (Note 1) | | | | | | | | | | |
| | Wistron Smart Devices Vice President of Vertical Business Group | Howard Liu (Note 2) | | | | | | | | | | |
| Wistron Smart Devices Vice President of Component Business Group | Mark HH Huang (Note 2) | | | | | | | | | | | |
| Employees | Chief Legal Officer | Michael CM Wu | 5,760,000 | 0.20% | 0 | 0 | 0 | 0 | 5,760,000 | 0 | 0 | 0.20% |
| | V.P. of R&D | York Liang | | | | | | | | | | |
| | B.G. V.P. | Ted Chiu | | | | | | | | | | |
| | MFG. V.P. | Benjamin Chang | | | | | | | | | | |
| | GM | George C Chou | | | | | | | | | | |
| | GM | Michael Tseng | | | | | | | | | | |
| | GM | Pen Wei Wu | | | | | | | | | | |
| | GM | STANLEY CH CHUNG | | | | | | | | | | |
| | Executive Director | Alex CZ Lee | | | | | | | | | | |
| | D. Executive Director | Charles Liang | | | | | | | | | | |

Note1: Appointed on July 28, 2021.

Note2: Appointed on March 16, 2022.

4.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall specify the following matters

: None.

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

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main areas of business operations

Company's business primarily covers the R&D, manufacturing, testing and after-sales services of the following items:

- (1) Desktop, motherboard, all-in-one and professional computer
- (2) Server, workstation and other components
- (3) Notebook, tablet, smartphone and handheld devices
- (4) Satellite TV receivers, set-top-box and video codec
- (5) VoIP phone, video conference system, telecommunication equipment and multimedia
- (6) LCD TV and monitor
- (7) After-sales services of above mentioned products and peripheral devices
- (8) Waste collecting and disposing
- (9) Design and merchandising of computer software and programs
- (10) Vitro diagnostic device, physiological signal diagnostic device and medical data system
- (11) Manufacturing, processing and selling of electronic products for automobile

B. Revenue distribution

Unit: NT\$ thousands

| Major Divisions | Total Sales in Year 2021 | (%) of Total Sales |
|-----------------|--------------------------|--------------------|
| 3C Electronics | 805,422,659 | 93.4 |
| Others | 56,660,189 | 6.6 |
| Total | 862,082,848 | 100 |

C. Current Main Products and Services

- (1) Notebook computers
- (2) Smart phones and handheld devices
- (3) Desktop computers and All-in-One (AIO) computers
- (4) Display products
- (5) Voice over Internet Protocol (VoIP) phones
- (6) Servers and network storage facilities
- (7) Industrial PC

- (8) After-sales services
- (9) Green recycling services
- (10) LCM services (Display components)
- (11) Educational technology services

D. New products and Services development

- (1) Medical devices, Medical AI and Big Data services
- (2) Electrical vehicle
- (3) Cloud technology services
- (4) AI computing equipment

5.1.2 Industry Overview

A. Progress and Development of the Industry

(1) Personal Computers

In 2021 PC market demand thrived. According to Canalys research, in 2021 the shipments of personal computers totaled 341 million. Compared with 297 million in 2020, a strong growth of 15% was mainly driven by vibrant demand for remote work and learning during the pandemic. Work-from-home and long-distance learning arrangements were the new life-style that people gradually adopted, which drove the strong demand for notebook computers. In the marketplace, consumers suddenly did not have enough notebooks and the specifications for their existing notebooks could not fulfill the new application scenarios of each family member's needs. On the other hand, after Covid-19 was suppressed by vaccines and medications became widely available, the return to offices also boosted the commercial PC demand. All in all, the shipments of notebook computers accelerated and kept an upward trend from the second quarter of 2021.

However, as the global economy fully recovered from the pandemic impact in 2021, the subsequent rush demand for 5G, automotive devices, and PCs caused shortages of semiconductor components mainly due to capacity constraints. The component shortages put pressure on PC shipments and limited the PC demand. Nevertheless, the total PC shipments still reached a five-year record high.

Looking at 2022, the PC market growth rate will cool down compared with 2021. Overall, we are still optimistic about the total NB volume, especially the commercial demand because actions to reduce the pandemic led to life style changes and triggered more frequently use and reliance on PC devices.

(2) Mobile Devices

During recent years, from tablets and smartphones to wearable technology, mobile devices are evolving in both the hardware side (such as 3D camera, rollable display, and facial recognition) and the software side (such as AI virtual assistant and medical care monitors). In

2021 the shipments of smartphones totaled 1.35 billion compared with 1.28 billion in 2020, a slight growth of 5% due to the easing epidemic, better economic outlook, and promotion of the lower price on 5G smartphones. In terms of 2022, we believe the upward trend could be continued; however, the increases in costs of raw material and logistics combined with semiconductor components shortages are still the headwinds in the smartphones market.

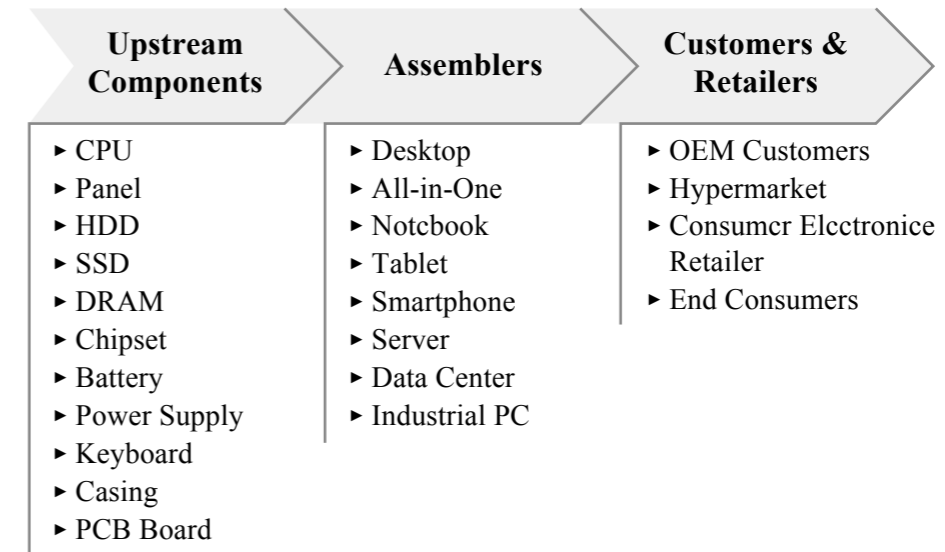
(3) Data Centers and Cloud Services

Benefiting from the growing adoption of mobile devices and development of various cloud services during recent years, demand for datacenter, cloud storage, e-commerce, and social media is sharply increasing. Furthermore, many internet service providers, like Google, Amazon, Microsoft, and Meta started to set up their own specifications and directly purchase datacenters from manufacturers, which made the shipment growth of datacenters dramatically outperform traditional servers. According to DIGITIMES research, the proportion of data centers in total server shipments will increase from 35% in 2018 to 45% in 2022. In addition, due to the pandemic more people worked from home, applied long-distance learning, and utilized on-line shopping and gaming services, causing demand for datacenters to increase by 5% in 2021. The strong momentum is expected to continue. Besides, the traditional X86 server market achieved a small growth in 2021 due to CPU platform upgrades and pandemic mitigation. We expect in 2022 the demand momentum will continue to grow.

In addition, in recent years, the GPU accelerators have begun to emerge. The GPU accelerators construct the deep learning training models used especially in artificial intelligence, AR, VR, weather forecasting, energy exploration, and medical science as well as autonomous driving utilizing the advantages of parallel processing-intensive calculations. With artificial intelligence, different models can be simulated, trained, analyzed and even predicted in different scientific fields to improve the quality of life and social security. Therefore, the demand for GPU accelerators is expected to increase day by day.

For 5G technology, following market standardization, the popularization of smart devices and mobile communication networks continues to accelerate across global markets. Consumers are now accustomed to using social media and live streaming social video services through their smartphones and other smart devices. In addition, 5G networks truly take advantage of technologies such as automation, artificial intelligence, and augmented reality for troubleshooting. These 5G networks also realized the advent of telehealth applications with remote home monitoring systems and remote surgery. With 5G related applications becoming widely utilized with 5G network services need lower latency, larger bandwidth, and massive connection from telecommunications networks. To optimize performance, 5G services will need to reduce the workload of core networks by relocating partial computing to edge networks through the adoption of edge computing technologies and services; therefore, downstream companies will have to catch the business opportunity and closely cooperate with carriers to build the efficient platforms for 5G total solutions.

B. Correlation of the industry supply chain (as picture shown below)



C. Product Trends and Competition

(1) Product Trends

Following the rapidly increasing amounts of data created by end-users through various kinds of devices, brand name companies and platform enablers now collect those data for different analytical purposes. Hence, the design of devices (mostly related to different components such as CPU, camera module, and display) is being upgraded for better computing power, allowing for end-users' migration to utilization of AR/VR. Apart from these upgrades, the feature changes are limited. In the future, 5G networks will further change people's life style and create new demand for server hardware, edge computing, and IoT devices. Meanwhile, more IT companies' resources are being dedicated to software applications in areas such as automotive, medical, and education platforms.

For example, the automotive industry benefits from more efficient 5G networks, and autonomous driving under certain environment could arrive over the next few years with direct vehicle-to-vehicle and vehicle-to-infrastructure communications. To achieve these new services autonomous cars need more precise calculations based on reliable connectivity. Also, 5G networks can turn cars into a connective device with computing functions, which provides IT companies much more opportunities to penetrate into the supply chain.

Based on the faster data transmission, AI image recognition, VR surgery simulator, and internet connected medical equipment, the 5G-powered technology used in the medical field can upgrade telemedicine capabilities, enabling doctors and patients to meet remotely. New 5G-powered technology also allows early warnings of abnormalities, more accurate autonomous operation of robots, and more efficient home care services. Those new development generates plenty of new business potential for downstream tech companies as well.

(2) Competition

In addition to business scale, how to enhance operations and management efficiency, lower costs, and optimize product and customer mixes have become the key factors in the industry to maintain sales growth and competitiveness. Those factors can be achieved through leading innovative product development capabilities, digital transformation, and a global manufacturing footprint.

Major PC ODMs in Taiwan

| | |
|---------------------|--|
| Notebook | Wistron, Quanta, Compal, Inventec, Pegatron |
| Desktop | Wistron, Hon Hai, Pegatron |
| Smart Device | Wistron, Quanta, Compal, Inventec, Pegatron, Hon Hai |
| Server | Wistron, Hon Hai, Quanta, Inventec, MiTAC |
| Monitor | Wistron, AOC, Qisda, Foxconn |

5.1.3 Research and Development**A. Research and Development Expenses in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report**

| | 2021 | 2022 (As of March 31) |
|-------------------------------|------------|-----------------------|
| R&D Expenses (NT\$ thousands) | 20,761,495 | - |
| R&D Expenses to Revenue | 2.41% | - |

B. The successful development of technologies and products

(1) Intellectual Property

In 2021, Wistron has 128 U.S. and 128 Taiwan patents granted, which ranked the 17th and the 20th highest, respectively, among Taiwanese companies. Additionally, Wistron actively develops global patent strategy, has obtained over 145 issued patents in various other countries in 2021. Going forward, Wistron will continue to implement a unified plan for intellectual capital management, aligning with company's strategic considerations and business objectives, to drive the timely creation, management and monetization of intellectual property rights.

(2) Technologies and products

| Year | R & D results |
|------|---|
| 2021 | Enterprise business technology services <ul style="list-style-type: none"> Next Generation Firewall (NGFW) hardware platform with optical network connectivity |
| | Industrial computers <ul style="list-style-type: none"> International explosion-proof (UL C1D2 · ATEX · IECEx) and CS (DNV GL/IACS10) certified Box PC Fanless Box PC capable of operating under wide temperature range (-40~70°C) IPC RAS (Reliability/Availability/Serviceability) function integration and optimization Modularized fanless and high-performance industrial Box PC |
| | Internet of Things <ul style="list-style-type: none"> HMI software architecture design and OPC UA implementation System for analyzing and preventing of motor failure Smart motion detecting device |
| | Medical devices <ul style="list-style-type: none"> Wearable remote patient monitoring device Personal genome detector with microfluidic bio-chip Smart transformable scooter mmWave vital radar detection system for healthcare mmWave vital radar for sleep Apnea/Hypopnea screening |
| | Enterprise storage <ul style="list-style-type: none"> HPC & AI accelerator Rack level immersion cooling system Networking switch SSD module |
| | Professional display solution <ul style="list-style-type: none"> Outdoor digital signage capable of operating under wide temperature Range (-30~50°C) Super slim monitor Super refreshing rate gaming monitor (144Hz~480Hz) Super color accuracy monitor (DeltaE<1) |
| | Artificial Intelligence <ul style="list-style-type: none"> High resolution image object detection and classification High resolution pathology image interpretation and annotation solution |
| | Laptop computers <ul style="list-style-type: none"> Improved battery status detection for computer system Audio signals synchronization of multimedia system |

5.1.4 Long-Term and Short-Term Business Development Plans

A. Short-Term Development Plan

Wistron aims to strengthen customer satisfaction, provide the best quality, strengthen current customer relations, and optimize existing customers and product portfolios. The short-term business development indicators will include improving operational efficiency, increasing capacity utilization, and boosting profitability.

B. Long-Term Development Plan

In the long run, the Company will continue to increase the profitable products and services (including hand held mobile products, servers, network storage, industrial computers, and after-sales service, etc.) and accelerate achieving breakeven profitability in our newly invested businesses.

The strategic plans are as follows:

(1) Marketing Strategy

- A. Continue to improve core competency in professional designs and technological services.
- B. Maintain high-quality and high-performance products.
- C. Continue to optimize the global service network for providing a comprehensive range of after-sales services.

(2) Manufacturing Policy

- A. Optimize the global manufacturing system by improving production automation ratio and phasing in digital intelligent manufacturing gradually to enhance efficiency and lower costs.
- B. Continue to promote Six Sigma projects in combination with performance goals to comprehensively enhance quality and efficiency.

(3) Product Development Goals

- A. Cultivate excellent R&D experts and improve their R&D capabilities.
- B. Use existing computer research and manufacturing capabilities to strengthen the research and development of servers, network storage devices, advanced network management systems, and industrial computers. We also will integrate the concept of Internet of Things service into Smart Home trends that provide connectivity, entertainment, home security, voice control, and healthcare functions, thereby introducing new value-added products and technological services featuring innovative functions.
- C. Commit to energy conservation by adopting eco-friendly materials and technologies that comply with green product and related environmental laws.

(4) Operation Scale and Financial Support

- A. Actively integrate and develop production capacity overseas to fulfill business requirements.
- B. Strengthen balance sheet management, control the number of cash turnover days to within a reasonable range, and sustain a healthy financial structure.

5.2 Market, Production and Sales

5.2.1 Market Analysis

A. Sales (Service) Region

(1) The Major Products and Sales Value in the Most Recent Two Years

Unit: KPCS ; NT\$ thousands

| Sales Value Major Product | Year | | 2020 | | | | 2021 | | | |
|------------------------------|----------|-----------|----------|-------------|----------|-----------|----------|-------------|--------|--|
| | | | Domestic | | Export | | Domestic | | Export | |
| | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value | | |
| Computer communic | 717 | 5,221,526 | 88,669 | 749,736,902 | 942 | 7,726,678 | 99,088 | 797,695,981 | | |
| Others | 143 | 206,365 | 71,260 | 89,847,051 | 717 | 803,491 | 42,769 | 55,856,698 | | |
| Total | 860 | 5,427,891 | 159,929 | 839,583,953 | 1,659 | 8,530,169 | 141,857 | 853,552,679 | | |

Note: Company shall prepare consolidated financial reports of 2020& 2021 in accordance with IFRSs regulation.

(2) The Company significant sales based on exported products. Stated below are the geographic information on the Group's sales presented by destination of sales presented by location.

Unit : %

| District | Year | 2020 | 2021 |
|---------------|------|--------|--------|
| United States | | 40.24 | 40.20 |
| Japan | | 2.77 | 2.47 |
| HK /China | | 23.68 | 18.35 |
| ASEAN | | 3.41 | 3.65 |
| Europe | | 20.79 | 23.60 |
| Otherss | | 9.11 | 11.73 |
| Total | | 100.00 | 100.00 |

Note: Company shall prepare consolidated financial reports of 2020 & 2021 in accordance with IFRSs regulation.

B. Market Share

Taiwan is a major supplier of information technology products as exemplified by these iconic products. According to the MIC (February 2022) and market statistics, Taiwan produced 200,470K notebook computers, 44,409K desktop computers and 10,397K servers in 2021, of which about 13%, 20%, and 30% were produced by our company respectively. These numbers demonstrate our company's considerable competitiveness in the market.

C. Future Market Supply and Demand and Future Growth**(1) Future Market Possible Supply and Demand Scenarios****A. Supply Perspective**

The personal computer (PC) market has reached maturity and Taiwan's manufacturers must rely on exceptional cost control, assembly technology and production flexibility while devising strategies, engaging in research and development, and building on marketing and management experience to acquire OEM orders. With complete upstream and downstream integration, Taiwanese manufacturers can supply competitive products and retain an edge in research and development, offering ODM services that differentiate them from foreign OEM manufacturers. The COVID-19 epidemic remained in 2021 and caused material shortage and shipment and port congestion issues, which brought great challenges to global manufacture and supply chains management.

B. Demand Perspective

With the spread of smart devices and mobile networks, the global information technology market has shifted the demand from PCs to smart devices, resulting in a decline in market demand for PCs. The global epidemic has unexpectedly increased the demand for PCs and servers in 2020 and 2021, when this sudden blooming withdraw with the epidemic, PC industry will confront the growth limit challenge.

Global PC Shipments Growth Trend

Unit: 1 = 1000 units

| Year | 2020 | 2021 | 2022(e) | 2023(f) | 2024(f) |
|-------------------------|---------|---------|---------|---------|---------|
| Number of NBs | 200,837 | 247,255 | 234,800 | 230,573 | 241,410 |
| Growth Rate | 26.8% | 23.11% | -5.04% | -1.8% | 4.7% |
| Number of DTs | 91,100 | 97,000 | 95,100 | 90,200 | 88,700 |
| Growth Rate | -1.73% | -11.15% | -5.19% | -2.03% | -5.07% |
| Number of PCs (NB + DT) | 291,937 | 344,255 | 329,900 | 320,773 | 330,110 |
| Growth Rate | 10.6% | 17.9% | -4.2% | -2.7% | 2.9% |

Source: DIGITIMES Research (January 2022) Compound growth rate is around 3.12% from 2019 to 2023.

(2) Future Growth

We continue to expand the ratio of higher profit products (such as servers) and expedite growth and profit in technology service businesses.

Global Server Shipments Growth Trend

Unit: 1 = 1000 units

| Year | 2020 | 2021 | 2022(e) | 2023(f) | 2024(f) |
|-------------------|----------|----------|----------|----------|----------|
| Number of Servers | 12,671.9 | 13,521.6 | 14,213.2 | 14,945.5 | 15,670.7 |
| Growth Rate | 1.1% | 6.7% | 5.1% | 5.2% | 4.9% |

Source: Gartner (December 2021) Compound growth rate is around 5.45% from 2019 to 2023.

D. Competitive Niches**(1) Fully Staffed and Experienced R&D Team**

Each business unit in our company has their own R&D department responsible for the research and development of their products. As of January 2022, our company has a R&D team of over 4,800 people, over 99% of which have a college degree or higher and main team leaders have on average over 25 years of experience in developing products in their field. These conditions are a testament to our R&D's strength in terms of the quality of people and their experience.

(2) Fully Integrated Manufacturing Base

We intend to continue our OEM business while actively venturing into new realms. The company's manufacturing bases are located in Taiwan, China, Mexico, Czech Republic, Vietnam, India, and Malaysia.

One of our company's key advantages now is receiving purchase orders in Taiwan and through lean manufacturing by decreasing production waste, improving production efficiency, and reducing manufacturing cost to maximize profits.

(3) Solid Clients and a Diversified Portfolio of Products

Our company's business is based mainly on providing professional OEM services supporting clients with world renowned brands, each comprising an equal share of our sales. Our products are also diversified and the company is not affected by shifts in the industry of a single product. The company is also not affected by instability of supply and demand due to clients' shift in product strategy.

(4) Focus on Product Quality

Building on years of experience in design and manufacturing, very comprehensive testing and quality control of our products have earned our clients' trust.

(5) Solid Relationships with Suppliers

No matter to sources of key technologies or suppliers of key components, the company maintains long-term partnerships and total cost considerations with our supply chain to provide comprehensive services and solutions with regards to cost, quality, and delivery.

(6) Global Logistics Management Capability

The company has established manufacturing bases and service centers in Europe, Americas and Asia. Over time, we have established effective global logistics management capabilities in order to fulfill a wide range of demands from clients in different parts of the world. This crucial capability matches future trends in the industry and has become one of the key advantages of our company.

(7) Professional Management Team

Our management teams are all senior professionals with over 20 years of related experience in the industry. The team enjoys a history of collaboration and shares common ideas and a common goal, paving the way for effective leadership to facilitate growth.

E. Advantages and Unfavorable Factors to Long-Term Development and Responding Measures**(1) Advantages**

A. Taiwan enjoys an extensive information technology industry with strong overall marketing capabilities.

The domestic IT industry has undergone several phases of transition and matured in the process. The Taiwanese IT industry occupies a solid place in the global marketplace. The industry is proportionally dispersed and well-integrated among individual industries allowing mutual support.

This has led to an increase in the international marketing capability of Taiwan's IT industry, enabling this industry to become a global procurement center for personal computer related products.

B. Taiwan's component industry has matured and enjoys a stable supply of key components.

In recent years, Taiwanese manufacturers have gained dominance in key components such as chip sets, printed circuit boards, and touch modules for motherboards, notebook computers, tablet computers, smart phones and LCD displays. The industry's comprehensive development has helped advance the domestic IT industry and boost Taiwan's IT capabilities.

C. Potent R&D and Technical Innovation Capabilities.

Our company has one of the finest R&D teams in the industry and continues to strive for product development and technical innovation. We cooperate with CPU manufacturers to jointly develop new products, which allow us to market new technologies ahead of competitors. We also maintain R&D departments in all IT product business units, enabling the company to stay ahead of competition in a highly competitive market with short product cycles.

D. Solid After-Sales Service Networks

The company has established service centers on three continents in Taiwan, China, the Czech Republic, Japan, Hong Kong, Singapore, India, the Philippines, Turkey, Mexico and Brazil, offering real-time and efficient after-sales service.

(2) Unfavorable Factors**A. Intense Competition Lowers Profit**

The development of the IT industry has lowered entry barriers and the influx of producers has led to intense competition. Meanwhile, the maturity of computer products, advancement of manufacture technology, over-capacity, and less product feature differentiation have led to profit margins decline.

B. Exchange Rates' Effect on Profits

The company's products are mostly for export and profits are susceptible to changes in exchange rates.

C. Mounting Labor and Land Costs Raise Production Costs

Automated assembly can accommodate the production of most of the company's products but certain components still rely on manual labor. Mounting labor cost has raised operation expenditures in China and the industry's production costs which are detrimental to competition in the global market.

(3) The Company's Response

A. Confront the competition by active product innovation with high value-added products development, and industrial transformation.

B. Maximize production efficiency by strengthening cost and inventory control and increasing automation.

C. Hedge against exchange rate risks by balancing assets and debt in foreign currency to lower net foreign currency position.

D. Finance personnel must be wary of fluctuations in exchange rates and the company's demand for funds by taking appropriate hedging measures.

E. Raise the quality of the products and lower dependence on manual labor by actively investing in automated production equipment.

F. Increase capacity utilization by streamlining design and production instead of merely increasing capacity.

G. In response to the rising operating costs in Mainland China and the escalating Sino-US trade war, the strategy of globalizing our manufacturing bases will be continued to control costs and diversify risks.

5.2.2 Core Applications of Major Products and Manufacturing Processes :

A. Core Applications of Major Products

Data storage, logic computation, analyses, network communication, data management, computer-assisted design, manufacturing, publication, education, entertainment, advertising, electronic purchases, word processing, financial services and finance management.

B. Manufacturing Processes

(1) Printed Circuit Board Assembly (PCBA)

Incoming material inspection → materials preparation → solder paste printing → high speed placement for small surface mount device → Flexible placement for fine pitch/large surface mount device → nitrogen reflow heating and soldering → automatic optical inspection → in-circuit tester inspection → on-line inspection → component insertion → wave soldering in heated tin stove → mending operations → PCB ICT and ATE tests → functional inspection → visual inspection → packaging → inventory → shipping

(2) Final Assembly (FA):

Incoming material inspection → materials preparation → assembly → system function pre-test → run-in test → operation system download → system final function test → visual inspection → packaging → inventory → shipping

5.2.3 Status of Supply of Chief Materials :

| Main Materials | Domestic and Foreign Sources | Status of Supply |
|-------------------------|-------------------------------|---|
| CPU | United States | For PC CPU , CY2021 shipment figures is better than 2020. Basically, the overall capability in 2021 should be better than 2020, but with worldwide end to end demand stays strong caused by COVID-19 pandemic, also facing the shortage of front-end substrates that made the supply in 2021 was still slightly tight. Though suppliers have been proactively investing in supply chain and expanding fab capacity in the past one year, however, upon PC, Server, Data Center related devices market demand is expected to be optimistic in 2022, supply in 2022 is still tight. |
| Solid-state drive (SSD) | USA, Japan, Korea | Due to insufficient upstream foundry capacity in 2021, SSD faced a shortage of controller IC. SSD prices continued to rise until demand slowed in the 4th quarter. In 2021, the demand for Nand bits grow by about 37~39%, and in 2022, it will increase by about 30%. For consumer SSD, 512GB products have become the main capacity of PC OEMs, and the application of game console SSD has become a trend which use more than 1TB density, external hard drive is one of the markets continues to grow. The demand of data center and server is still huge, COVID-19 pandemic has forced remote demand strong and drive the steady growth of storage demand in 2022. |
| DRAM | Korea, USA, Taiwan | H1 2021, still affected by the COVID-19 epidemic, the demand of work from home was strong, and PC/NB shipments increased, resulting in insufficient supply in the memory market and rising prices of mainstream products; Demand cooled, and prices began to fall slowly in November. Looking forward to 2022, the growth of global demand is not as good as that of the previous two years, and the mainstream products will show that the supply is slightly greater than the demand by about 3%+, and there is more room for bargaining. However, for specialty products, due to the reduction of production in Korea and the United States, Taiwanese brands have become the mainstream, and the supply is acceptable, but the prices are flat or slightly increased. |
| Power IC (PMIC) | USA, Taiwan, China | Due to COVID-19 condition in Europe and US is eased up and office re-open, commercial notebook demand increasing gradually, EV car market continuously in high demand, raw material and equipment for front end wafer fab lead time extended, 8" wafer capacity expansion limitation which caused the overall demand cannot be fulfilled. Power IC supply is still tight. Owing the inflation, Ukraine-Russia war, China lockdown which impact on transportation time, these all might cause the supply situation even more severe than current situation. |
| Power Supply | Taiwan, China | In 2021, the supply for Power Supply for some models was still constrained due to COVID-19 epidemic severe condition which caused the transportation lead time extended. China lock down policy affect the manpower condition and up to 52wks long lead time of raw material such as MOSFET and PMIC IC. Due to the inflation, Ukraine-Russia war, raw material shortage and cost up which caused some slow demand movement. Looking forward to 2022, the supply for Power Supply can be improved to be back in normal supply if IC supply can be back on track and no further lock down in China. |
| PCB | Taiwan, China, Austria, Korea | 2021 Market booming ,PCB vendors utilization rate over 95% ,overall LT extend .PCB key raw material cooper , CCL(Cooper clad laminate) cost increased with supply limited and China electricity crunch in 2021Q4 that make pressure on PCB supply and cost up . Looking forward to 2022, global demand become stable, but Russia-Ukraine upheaval caused raw material cooper ,oil ,Tin, Nickel price raised and supply concerned, 2022 PCB market still have risk . |
| LCD | Taiwan, China, Japan, Korea | Panel prices and supply improved significantly in Q4 2021. The supply of LCD panels will return to the seasonal demand before the epidemic, and the shipments of commercial NB and Desktop will remain flat and increase slightly. Panel prices will have more cost reduction opportunity , meantime it's still necessary to continue to observe whether the supply and cost impact of wafer(PMIC). |

5.2.4 Key Accounts in the Past Two Years

A. Key Suppliers

Unit: NT\$ thousands

| Item | 2020 | | | | | 2021 | | | | 2022 (As of March 31) | | | |
|------|--------------|-------------|---------|----------------------|--|--------------|-------------|---------|----------------------|-----------------------|--------|---------|----------------------|
| | Company Name | Amount | Percent | Relation with Issuer | | Company Name | Amount | Percent | Relation with Issuer | Company Name | Amount | Percent | Relation with Issuer |
| 1 | A Company | 175,836,795 | 23.43 | None | | A Company | 256,533,354 | 31.32 | None | - | - | - | - |
| 2 | C Company | 107,344,631 | 14.30 | None | | Others | 562,475,364 | 68.68 | None | - | - | - | - |
| 3 | Others | 467,395,037 | 62.27 | None | | - | - | - | - | - | - | - | - |
| | Total | 750,576,463 | 100.00 | - | | Total | 819,008,718 | 100.00 | - | - | - | - | - |

Note : Increase and decrease of the amount was due to business demand.

B. Key Buyers

Unit: NT\$ thousands

| Item | 2020 | | | | | 2021 | | | | 2022 (As of March 31) | | | |
|------|--------------|-------------|---------|----------------------|--|--------------|-------------|---------|----------------------|-----------------------|--------|---------|----------------------|
| | Company Name | Amount | Percent | Relation with Issuer | | Company Name | Amount | Percent | Relation with Issuer | Company Name | Amount | Percent | Relation with Issuer |
| 1 | Buyer H | 216,470,510 | 26 | - | | Buyer H | 320,428,555 | 37 | - | - | - | - | - |
| 2 | Buyer I | 104,151,084 | 12 | - | | Buyer I | 96,202,158 | 11 | - | - | - | - | - |
| 3 | Buyer B | 62,821,954 | 8 | - | | Buyer B | 83,726,180 | 10 | - | - | - | - | - |
| 4 | Buyer G | 121,108,235 | 14 | - | | Buyer G | 49,904,780 | 6 | - | - | - | - | - |
| 5 | Others | 340,460,061 | 40 | - | | Others | 311,821,175 | 36 | - | - | - | - | - |
| | Total | 845,011,844 | 100 | - | | Total | 862,082,848 | 100 | - | - | - | - | - |

5.2.5 Production Value in the Most Recent Two Years

Unit: KPCS; NT\$ thousands

| Year Production Value Major Product | 2020 | | | 2021 | | |
|--|----------|----------|-------------|----------|----------|-------------|
| | Capacity | Quantity | Value | Capacity | Quantity | Value |
| Computer, Communication & Consumer electronics | 145,617 | 103,440 | 787,683,906 | 148,002 | 103,066 | 838,159,043 |
| Others | 144,284 | 74,673 | 111,811,274 | 144,057 | 50,798 | 64,561,538 |
| Total | 289,901 | 178,113 | 899,495,180 | 292,059 | 153,864 | 902,720,581 |

Note: Company shall prepare consolidated financial reports of 2020 & 2021 in accordance with IFRSs regulation.

5.2.6 The Sales Value in the Most Recent Two Years

Unit: KPCS; NT\$ thousands

| Year Sales Value Major Product | 2020 | | | | 2021 | | | |
|--|----------|-----------|----------|-------------|----------|-----------|----------|-------------|
| | Domestic | | Export | | Domestic | | Export | |
| | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| Computer, Communication & Consumer electronics | 717 | 5,221,526 | 88,669 | 749,736,902 | 942 | 7,726,678 | 99,088 | 797,695,981 |
| Others | 143 | 206,365 | 71,260 | 89,847,051 | 717 | 803,491 | 42,769 | 55,856,698 |
| Total | 860 | 5,427,891 | 159,929 | 839,583,953 | 1,659 | 8,530,169 | 141,857 | 853,552,679 |

Note: Company shall prepare consolidated financial reports of 2020 & 2021 in accordance with IFRSs regulation.

5.3 Taiwan Employee Data during the Past Two Years

| Year | 2020 | 2021 | As at Mar. 31 st , 2022 | |
|---------------------------|-------------------|-------|------------------------------------|--------|
| Employee Number | Sales | 1,346 | 1,417 | 1,461 |
| | Engineers | 5,253 | 6,081 | 6,197 |
| | Administration | 1,365 | 1,215 | 1,255 |
| | Direct Labor | 1,807 | 2,069 | 2,179 |
| | Total | 9,771 | 10,782 | 11,092 |
| Average Age | 36.34 | 36.12 | 36.26 | |
| Average Seniority | 6.55 | 5.83 | 5.72 | |
| Distribution of Education | Doctor | 50 | 63 | 64 |
| | Master | 3,619 | 3,969 | 3,997 |
| | Bachelor | 4,247 | 4,727 | 4,874 |
| | Diploma | 1,130 | 1,095 | 1,075 |
| | High School | 669 | 827 | 922 |
| | High School Below | 56 | 101 | 160 |

5.4 Environmental Protection Expenditure**5.4.1 Total Losses and Penalties**

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report: None.

5.4.2 Countermeasures and possible disbursements to be made in the future : None.**5.4.3 Environmental Protection Measures**

The Company's current compliance with RoHS directive 2011/65/EU and other environmental protection requirements may be explained through the following aspects:

(1) Product Research and Development

All products developed by Wistron focus on 3 subjects- hazardous free, energy saving, and resources reduction as well as have fully conformed to the European Union's RoHS directive 2011/65/EU , (EU) 2015/863 and WEEE requirements. Furthermore, we are actively paying close attention to other environmental protection trends, such as Green House Gas, Product Carbon Footprint & Water Footprint, Halogen-free, REACH, PAHs, PFOS, Energy Star, ErP and the US EPEAT (Electronic Product Environmental Assessment Tool), and we also used LCA(Life Cycle Assessment) method to find the hot spot of environmental impact within full product life cycle. Implement the Eco-design from product development; we strive to contribute for the betterment of the global environment.

(2) Production/Manufacturing

All Wistron manufacturing bases of operation have the capacity to produce environmental friendly products; the Material Management System, Manufacturing Process Control, and Lead-free production equipment are all established. Our Taiwan, Philippines, China and Czech operation bases have been certified ISO 14001 and IECQ QC80000 (Hazardous Substance Process Management). To ensure product compliance with relevant requirements through a comprehensive environmental quality management system. We also inventory greenhouse gas emission from production and verified by 3rd party for ISO 14064 as well as refer to the methodology of Science based target (SBT) to setup a medium and long term reduction goals, we aim to reach Carbon Neutral in 2030. Moreover, the electricity consumption is the major contribution of greenhouse gases emission. To reduce the power consumption can reduce the greenhouse gases emission; therefore, Wistron improved the energy efficiency for major equipment and use the energy saving equipment to reduce the greenhouse gases emission and energy usage cost. We have used the renewable energy in production and have established solar power generation in our Zhongshan, Kunshan, Kunshan OPT site and Neihu Headquarters since 2017. Furthermore, Wistron has started purchasing international renewable energy certificate (I-REC) from 2020. The goal is to increase the percentage of using the renewable energy over 80% in W.W. manufacturing sites by 2025, and 100% by 2030. In order to analysis the efficiency of energy utilization and find out the opportunity of energy saving as well as providing framework of sustaining performance improvement of energy efficiency, Wistron started to implement the ISO 50001 energy management system in Taiwan and China Plants since 2014.

(3) Quality Control

Wistron has established hazardous substance analysis laboratories in Taiwan, China, Czech, Mexico and Vietnam. The deployment of a global hazardous substance testing network will be enhanced. The testing capability include the RoHS ten restricted substances and the other substances e.g. Bromine, Chlorine, Arsine and Antimony, etc. We implemented the regular sampling test mechanism to ensure that components and products don't contain the hazardous substances. In addition, there are several automation projects implemented to improve the operating efficiency of laboratories.

(4) Supply Chain Management

Wistron conducts regular audit and checks on suppliers to ensure that materials and components comply with environmental protection requirements; we change unqualified suppliers as well as hold annual vendor conference to introduce green product trend and Wistron's environmental requirements to reinforce suppliers' awareness on environmental protection. Our philosophy is to implement source management programs to minimize risks. To improve global warming is important issue to environment, Wistron has required suppliers to provide the data of greenhouse gases emission and encourage supplier to reduce the emission since every year. Furthermore, Wistron start to inventory the scope 3 of greenhouse gases emission for Taiwan office and factory since 2015. Collect the emission which is generated by employee travelling and transportation for product and materials. More manufacturing sites located in China were included in the inventory scope in 2016. In 2021, the inventory scope was expanded to 14 categories, and the use of sold product and the purchased goods and services are the top two most relevant sources of scope 3 emissions.

(5) Personnel

Wistron has established a dedicated material analysis laboratories and green component engineering department, in charge of hazardous substance analysis and component qualification through chemical analysis. Furthermore, continuously monitor green product trend as well as provide proposal and solution. In addition, the reinforcement of employees' environmental protection knowledge and skills through actual training courses and e-learning ensures the employees in the Company shall perform relevant environmental protection tasks well.

(6) Information System

Wistron has established a Green Product Management GPM system ; suppliers may directly upload related environmental protection information into Wistron's GPM database through the internet so as to simplify procedures, minimize human error, and enhance task efficiency. The flexibility of the interface allows it to cope with future environmental protection requirements. Moreover, GPM could generate customized format report to declare the green product information to customers. We have implemented the GPM2.0 to enhance the system function and efficiency in 2014. We have implemented a new function to directly link the database of testing report from the 3rd party labs to reduce the human effort and error as well as improve the operations in 2019. In order to efficiently address the increased requirement of controlled hazardous substances, e.g. REACH-SVHC, Wistron has developed and implemented the Full

Material Disclosure (FMD) information system to know well the composition of materials used in the products. Therefore, we can quickly verify whether the hazardous substances be used in product as well as reduce the operation cost due to the repeated investigation. In addition, Wistron is developing a Product Carbon Footprint (PCF) system which is based on LCA method and can do the product carbon footprint evaluation automatically.

5.5 Labor Relations

5.5.1 Detailed descriptions of employee benefits, training and development, retirement plan and each of the implementations, as well as the labor management agreement and employee rights preservation policies are listed in the following

A. Employee benefits

The Company always cares and values employees by implementing a series of programs in accordance with the law to help employees develop a higher quality of working life, which, in turn, enhances productivity. These programs include allocating welfare funds, establishing an employee welfare committee, and electing employee committee members to plan for annual benefit activities. In addition, Wistron also provides employees free commuting transportation, Employee Assistance Programs (EAPs), family party, fitness center, group insurance plans.

B. Employees training and development

Pursuing business growth and profitability, Wistron focuses on long-term talent development plan. Consistently improve the capability of "Leadership Management", "Digital Transformation", "Globalization View" and "Sustainability" factors to be included in talent management program. The program provides diversified learning methods and training program, such as in class sessions, online courses, and action learning. During the time of epidemic, we promoted multiple micro-learning and live courses. Besides, cloud learning systems and Wistron learning APP were implemented to level up employee learning channel, avoid being restricted by time and environment.

Managers are the core talent of enterprise operation, to enhance the readiness of succession plan. Wistron access Leadership Assessment and Potential Plus online evaluation to help selecting high potential talent, whereas analyzed the gap of management ability as reference of talent development plan.

Comply with digital transformation strategy, Wistron set up the "Digital Academy" to continuously expand "Technical Competency Model program", "Digital Transformation Courses", and implement a series of digital transformation workshops to improve workflow and work efficiency. The result of program to build up employee common language, reshape organization culture to digital mindset.

Wistron established the "Sustainable Development Committee" to expend global deployment, achieve sustainability, and strengthen employee language ability. Wistron hold the cross-cultural training courses, a series of industry trends workshop, as well as ESG program. Through

dedication to the environment and society. Wistron accomplishes the ESG spirit to present an “ecological beauty” environment”, “social goodness” and “the truth of governance” to construct a sustainable development scheme.

Human capital is the key factor of differentiated competitive advantage of organization. It is also a foundation of sustainable operation in the enterprise, Wistron uses “competency” as a core to develop managing level training program. In accordance with organization strategy, Wistron develops various talent development program to enhance human capital and sustainable development capability.

C. Retirement plan

To develop a stable retirement plan for the employees and therefore enhance employees’ engagement to the Company, Wistron establishes rules for the employee retirement plan in accordance with the Labor Standard Law and Labor Pension Act. Wistron contributes six percent of applicable employee's monthly wage to the labor pension per month according to Labor Pension Act. Besides, Wistron establishes Supervisory Committee of Workers’ Retirement Fund to allocate employee retirement reserve fund each month in accordance with “Rules for the Allocation and Management of the Workers’ Retirement Fund” and deposits the fund into the dedicated account in the name of Supervisory Committee in the legally established banks.

D. Labor Relations

The company has always attached great importance to employee communication and is committed to harmonious labor-management relations. It has never suffered any huge losses due to labor disputes, and it is expected that no such losses will occur in the future.

5.5.2 At the time of printing this publication, loss incurred by labor dispute and the amounts of anticipated losses and countermeasures:

None.

5.6 Information Security Management

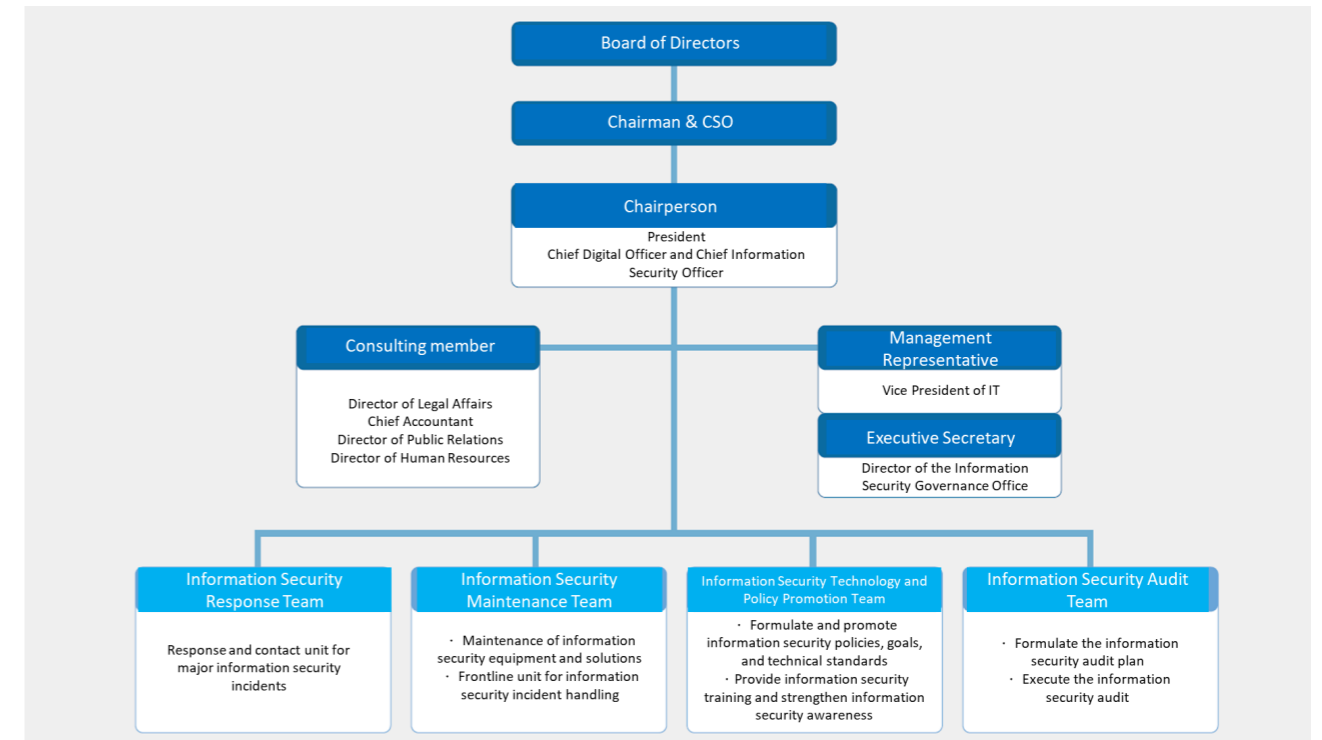
5.6.1 Information Security Risk Management Framework

Wistron established the Information Security Committee in 2021 to supervise the Company’s information security management system, technical standards, and maintenance operations. Two Presidents and a Chief Digital Officer & Chief Information Security Officer act as co-chairpersons and are responsible for fulfilling the Company's commitment to information security. The Vice President of IT acts as the management representative. The Information Security Governance Office was established and a supervisor is appointed as the executive secretary to organize information security matters. The Company established the "Information Security Policy" to protect the IT asset security of employees, customers, suppliers, and operations, ensuring corporate sustainable management.

The Information Security Committee convenes once per quarter. Extraordinary meetings may be convened when necessary and members of the teams must attend. The agenda of the meeting

includes information security incident reports, the report of each team on the implementation of the team’s affairs, issues that require the cooperation of different units, other related suggestions, or extemporary motions.

Wistron Information Security Committee Organization Chart :



5.6.2 Information Security Policy and management Strategy

5.6.2.1 Information Security Policy

In order to protect the information of Wistron Corporation. products and services, avoid unauthorized access, modification, use and disclosure, as well as losses caused by natural disasters, and provide complete and available information in a timely manner. The Company is committed to information security management to ensure the confidentiality, integrity and availability of the company’s important information property, and comply with the requirements of relevant laws and regulations, thereby gaining the trust of customers, meeting the commitments to shareholders, and ensuring the company’s important business continuous operation.

5.6.2.2 Information Security Management Strategy

In implementing ISO/IEC 27001 information security management, Wistron focuses on regulation compliance, standardize processes, employees training and deploy security technology. It strengthens the security on data, information systems, and network. Moreover, it can protect critical business processes and systems from human-induced risks such as theft, improper use, leakage, alteration or destruction which caused by negligence, deliberate or natural disasters. With this, we can ensure the commitment to shareholders/customers and company's business continuity.

After Wistron obtained ISO/IEC 27001: 2013 certification in August 2017, we implemented the “Plan-Do-Check-Act” (PDCA) cycle according to the standards and conduct at least one internal self-audit and one audit by an impartial third party every year. To ensure the Company's implementation of ISO 27001 management mechanisms, the Company executes re-certifications every three years to maintain the validity of the ISO 27001 certification.

Wistron also uses the Cybersecurity Framework (CSF) formulated by the National Institute of Standards and Technology (NIST) to evaluate the overall security maturity, plan the development blueprint for security, determine priorities and allocate resources, to implement a continuous improvement plan. NIST CSF has five key functions: identification, protection, detection, response and recovery, mainly for the various stages of an enterprise attack, that is, before (identification and defense), during (detection), and after the event (response and recovery)., and the measures that need to be taken to control it.

In 2022, the scope of information security protection will include cloud security (including public and private clouds) and smart manufacturing technology (or OT, operating technology). Related information security standards will be introduced (e.g. IEC 62443) to strengthen overall information protection.

5.6.3 Information Security Operation Specific Measures

- (1) Identify stakeholder groups associated with the information security management system and regularly verify the needs of stakeholder groups for the information security management system (including customers' demands for information security).
- (2) Execute social engineering drills and information security training for employees to fully increase employees' information security awareness.
- (3) Establish comprehensive and clear operating procedures to institutionalize the operations of the information security management system.
- (4) Perform regular risk assessments to identify high risk items and invest appropriate resources to reduce or transfer risks.
- (5) Use tools and technologies to achieve timely and effective identification, protection, detection, response, and recovery
- (6) Establish operating procedures for response and recovery in the event of information security anomalies with the aim of rapid isolation of information security incidents, elimination of threats, and reduction of the scope and extent of impact.
- (7) Perform regular disaster recovery exercises for key applications to ensure their effectiveness.
- (8) Perform regular annual internal and external audits each year to review the entire management system and ensure normal operation and continuous improvement.
- (9) Continuously pay attention to new information security development and technologies and update defense or management practices to effectively block new forms of information security threats and reduce risks for operations.

5.6.4 To Invest in information security management resources

5.6.4.1 Information Security Management and Audit Mechanisms

Wistron headquarter offices (Neihu and Xizhi Offices), Hsinchu Plant, Zhongshan Plant, Kunshan Plant, Kunshan Opt Plant, Taizhou Plant and Chengdu Plant have been certified with ISO/IEC 27001: 2013 information security international management standard certification. The certification scope will be expanded to include other manufacturing plants around the world in 2022. The expected coverage will reach 100%.

The information security audit team training program was conducted in 2021. All 18 members of the team successfully obtained ISO 27001: 2013 Lead Auditor certification. These Lead Auditors form an information security audit team that not only faces audits from customers and external impartial third parties, but also conducts internal audits to ensure the implementation of the information security management mechanism.

5.6.4.2 Strengthen information security awareness among employees

To implement information security in its employees, the Company provides eLearning resources and executes social engineering drills every six months to enhance the information security awareness and vigilance of each employee. If an employee commits a violation of the Information Security Policy, the Company imposes penalties in accordance with the "Implementation Guidelines for Employee Rewards and Penalties" and includes the results as the basis for performance management to reduce information security risks and the impact on the Company's operations.

The email click rates for social engineering drills conducted in the last 3 years on all company employees are as follows :

| Measures | Objectives | 2019 Outcome | 2020 Outcome | 2021Outcome |
|--|---|--------------------------|--------------------------|--------------------------|
| Execute social engineering drills every six months | Employee clicks mail on social engineering drills, click rate < 15% | H1 : 14.5% H2 : 12.9% | H1 : 10.6% H2 : 10.5% | H1 : 10.8% H2 : 10.7% |

The training conducted for general employees through online or in-person lessons in 2021 mainly consisted of information security awareness training, information security lessons, and phishing email awareness and prevention. The Company completed 20,314.42 hours of employee information security training for 75,219 participants.

In 2021, 1,066.4 hours of information security related seminars and training were completed by 114 information security employees. The course content mainly consisted of the annual Wistron information security seminar, ISO 27001 information security management system lead auditor training, EC-Council CEH (Certificated Ethical Hacker) certification course, Trend Micro TCSE (Trend Certified Security Expert) certification course, and information security information and related technologies seminars organized by Gartner, Microsoft, and information security suppliers.

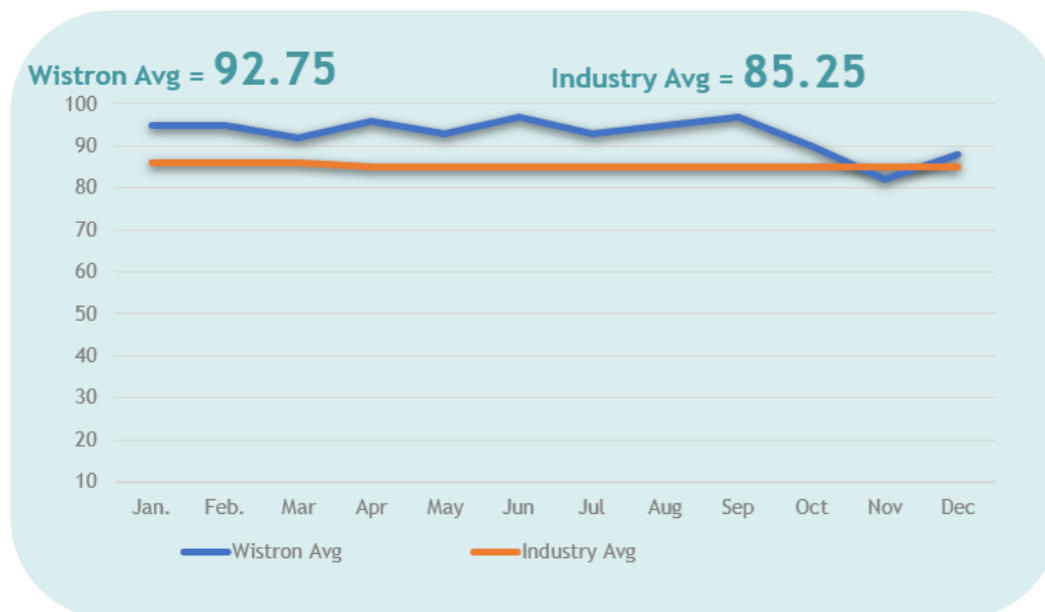
5.6.4.3 Vulnerability detection for networks and systems

Apart from monthly internal vulnerability scans, Wistron entrusts a third party professional service to conduct network and system penetration tests each year to protect the corporate and personal information and prevent losses caused by leaks, theft, destruction, other human factors, or natural disasters. These tests reduce the impact of human factors or natural factors on the Company's operations. The purpose of the tests is to understand and evaluate the status of the company network environment and system security and verify the current information security protection safety rating and effectiveness to resolve vulnerabilities, improve operations, and strengthen system security.

In 2021, the headquarter introduced red team drill. Combined with penetration testing, the company's services were comprehensively reviewed with the direct attack methods of external information security experts, and the Company's network was examined for vulnerabilities. Moreover, we checked if the protection, detection, and response mechanisms of the information security maintenance and response team were functioning smoothly.

In 2021, Wistron's average information security review score by third party evaluations was 92.75, which was higher than the international industry average.

Wistron's third-party security assessment results in 2021



5.6.4.4 Information security alerts and incident management

According to the information security incident management regulations, we can ensure the institutionalization and systemization of information security incident reporting, sorting, classification, handling, recording, and tracking. When an information security incident occurs, Wistron can quickly report and handle the situation. We are able to respond in the shortest possible time to ensure normal operations. Wistron has introduced Advanced Persistent Threat (APT) monitoring and Security Operation Center (SOC) operations. Together with the resources of external information security experts, the information security operations and response teams can quickly grasp the information security alerts and incidents, strengthening and accelerating detection and response mechanisms.

5.6.4.5 Disaster recovery drills

In order to ensure the sustainable execution of operations and important matters, we conduct annual disaster recovery drills to prevent the loss of service of important information systems during major disasters. We aim to utilize our disaster response capabilities and disaster recovery mechanisms to quickly restore our operations to normal or acceptable levels during key moments, in order to maintain key applications and systems and prevent operation interruption of the Company. Furthermore, the backup personnel of the data center conducts recovery testing for selected backup storage mediums or recovery equipment at least once a year, in order to confirm the readability of the backup data, the usability of the storage medium, and the possibility of important asset recovery. We aim to create effective backups and recovery procedures that can be completed within the allocated time.

In 2021, the data center personnel also chose 25 backup storage mediums for 6 major functions and systems. Recovery testing was successfully completed for the backup data. And yearly disaster recovery drills revealed that the maximum tolerable data loss time during disasters (RPO: Recovery Point Objective) is 0.8 hours. After a disaster occurs, the maximum tolerable information service recovery time (RTO: Recovery Time Objective) is 22 hours. The results of the drills in the past three years have all achieved the goals set by the company. The details are as follows:

| Measures | Objectives | 2019 Outcome | 2020 Outcome | 2021 Outcome |
|--|---|---------------------------------|--------------------------------|--------------------------------|
| Perform critical application system disasters recovery drills annually to ensure uninterrupted business operations | RPO of SC2 Services ≤ 4 hours RTO of SC2 Services ≤ 24 hours | RPO=0.9 hour RTO=19.95 hours | RPO=0.5 hour RTO=21.0 hours | RPO=0.8 hour RTO=22.0 hours |

5.6.5 Information Security Risk and countermeasures

Wistron has established comprehensive network and computer-related information security protection measures, and continuously reviews and evaluates information security regulations and procedures to ensure the appropriateness and effectiveness, but there is no guarantee that companies are immune to emerging risks and attacks amid the ever-changing information security threats.

Because of the ever-changing threats and attack techniques, we will pay attention on security information technology and apply proper, timely defense or solution, to ensure management with a consistently effective approach to dealing with information security weaknesses and events, ensure the resilience of information services, and eliminate the business impact.

In 2021, Wistron purchased global information security insurance policies as a group. Apart from mitigating risks, we also hope to further receive the help and resources of external information security experts through the international insurance market. To provide preventative solutions to strengthen existing information security measures, in order to respond to growing information security threats and achieve the goals of corporate sustainable management.

5.6.6 Information security incidents in the most recent 4 years

No major information security incidents occurred between 2018 to 2021. There is also no confidential information leaks affected the personal information of customers and employees, and no fines or penalties were issued. For details, please refer to the following statistics on the number of violations of information security incidents and fines:

| Number of information security violations and fines | 2018 | 2019 | 2020 | 2021 |
|--|------|------|------|------|
| Number of information security or network security violations | 0 | 0 | 0 | 0 |
| Data leak incidents (number of cases) | 0 | 0 | 0 | 0 |
| Number of information security violations that involve customer information | 0 | 0 | 0 | 0 |
| Number of customers and employees affected by the data leak (number of people) | 0 | 0 | 0 | 0 |
| Amount of fines for information security or network security related incidents (NTD) | 0 | 0 | 0 | 0 |

5.7 Important contracts

| Contract Type | Contracting Party | Term of Agreement | Main contents | Restrictive clauses |
|--|--------------------------------|-------------------|---|---------------------|
| Purchase Agreement | Foreign and Domestic Companies | Valid | Purchase of computer products and components | None |
| Maintenance Agreement | Foreign and Domestic Companies | Valid | Maintenance for the hardware and software | None |
| License Agreement | Foreign and Domestic Companies | Valid | License of certain software and patents | None |
| Product Development And Supply Agreement | Foreign and Domestic Customers | Valid | The customers will purchase computer products developed and manufactured by Wistron | None |

6. Financial Standing

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Most Recent 5-Year Concise Consolidated Balance Sheet and Consolidated Statement of Comprehensive income

Concise Consolidated Balance Sheet

Unit: NT\$ thousands

| Item | Period | Most recent 5-Year Financial Information(Note1) | | | | | 2022 (As of March 31) |
|--|---------------------|---|-------------|-------------|-------------|-------------|-----------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Current assets | | 270,205,662 | 275,427,144 | 278,747,752 | 361,960,347 | 421,786,551 | - |
| Net property, plant and equipment | | 36,653,350 | 42,868,387 | 40,673,093 | 36,572,342 | 42,209,556 | - |
| Intangible assets | | 1,057,624 | 1,077,197 | 957,532 | 1,104,234 | 1,730,173 | - |
| Other assets | | 18,736,746 | 19,729,847 | 23,797,958 | 29,185,522 | 31,571,526 | - |
| Total assets | | 326,653,382 | 339,102,575 | 344,176,335 | 428,822,445 | 497,297,806 | - |
| Current Liabilities | Before Distribution | 254,191,674 | 239,878,889 | 238,928,971 | 313,699,489 | 365,583,359 | - |
| | After Distribution | 257,399,873 | 244,105,529 | 244,610,195 | 319,958,144 | (Note2) | - |
| Non-current liabilities | | 6,040,646 | 25,692,104 | 21,346,290 | 31,196,877 | 39,229,668 | - |
| Total Liabilities | Before Distribution | 260,232,320 | 265,570,993 | 260,275,261 | 344,896,366 | 404,813,027 | - |
| | After Distribution | 263,440,519 | 269,797,633 | 265,956,485 | 351,155,021 | (Note2) | - |
| Equity attributable to owners of the Company | | 65,126,374 | 68,945,197 | 73,950,584 | 71,565,777 | 77,916,938 | - |
| Common stock | | 27,486,880 | 28,421,220 | 28,406,121 | 28,406,121 | 29,032,521 | - |
| Capital surplus | | 22,076,225 | 22,863,619 | 24,681,872 | 25,760,011 | 28,834,524 | - |
| Retained Earnings | Before Distribution | 21,326,529 | 22,321,828 | 24,398,715 | 26,853,167 | 31,098,687 | - |
| | After Distribution | 17,316,280 | 18,095,188 | 18,717,491 | 20,594,512 | (Note2) | - |
| Other equity | | (4,010,255) | (4,128,234) | (3,536,124) | (7,846,263) | (9,441,535) | - |
| Treasury stock | | (1,753,005) | (533,236) | - | (1,607,259) | (1,607,259) | - |
| Non-controlling interests | | 1,294,688 | 4,586,385 | 9,950,490 | 12,360,302 | 14,567,841 | - |
| Stockholders' Equity | Before Distribution | 66,421,062 | 73,531,582 | 83,901,074 | 83,926,079 | 92,484,779 | - |
| | After Distribution | 63,212,863 | 69,304,942 | 78,219,850 | 77,667,424 | (Note2) | - |

Note1: The above financial information audited by CPA.

Note2: Pending shareholders' approval.

Concise Consolidated Statement of Comprehensive income

Unit: NT\$ thousands

| Item | Period | Most Recent 5-Year Financial Information(Note1) | | | | | 2022(As of March 31) |
|--|--------|---|-------------|-------------|-------------|-------------|----------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Operating revenue | | 836,081,023 | 889,536,347 | 878,255,078 | 845,011,844 | 862,082,848 | - |
| Gross profit | | 31,639,403 | 37,559,256 | 42,158,550 | 46,053,180 | 51,134,716 | - |
| Operating income | | 5,913,811 | 10,766,016 | 13,299,845 | 14,471,062 | 16,374,638 | - |
| Non-operating income and expenses | | 244,600 | (1,107,178) | (523,779) | 2,374,313 | 2,859,639 | - |
| Profit before tax | | 6,158,411 | 9,658,838 | 12,776,066 | 16,845,375 | 19,234,277 | - |
| Net income for continuing operations | | 4,361,491 | 7,285,189 | 9,726,243 | 12,907,896 | 14,727,811 | - |
| Income from discontinued operations, net of income tax effect | | - | - | - | - | - | - |
| Net income | | 4,361,491 | 7,285,189 | 9,726,243 | 12,907,896 | 14,727,811 | - |
| Other comprehensive income for the year, net of tax | | (4,821,073) | 518,936 | 253,372 | (4,006,611) | (2,018,306) | - |
| Total comprehensive income for the year | | (459,582) | 7,804,125 | 9,979,615 | 8,901,285 | 12,709,505 | - |
| Profit attributable to owners of the Company | | 3,885,516 | 4,908,472 | 6,800,768 | 8,681,762 | 10,468,030 | - |
| Profit attributable to non-controlling interests | | 475,975 | 2,376,717 | 2,925,475 | 4,226,134 | 4,259,781 | - |
| Total comprehensive income attributable to owners of the Company | | (932,172) | 5,350,283 | 7,111,916 | 4,822,894 | 8,548,311 | - |
| Total comprehensive income attributable to non-controlling interests | | 472,590 | 2,453,842 | 2,867,699 | 4,078,391 | 4,161,194 | - |
| EPS | | 1.44 | 1.76 | 2.40 | 3.10 | 3.76 | - |

Note1: The above financial information audited by CPA.

6.1.2 Most Recent 5-Year Concise Balance Sheet and Statement of Comprehensive income

Concise Balance Sheet

Unit: NT\$ thousands

| Item | Period | Most recent 5-Year Financial Information(Note1) | | | | | 2022(As of March 31) |
|-----------------------------------|---------------------|---|-------------|-------------|-------------|-------------|----------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Current assets | | 307,517,887 | 272,726,574 | 248,501,869 | 230,953,283 | 269,815,506 | - |
| Net property, plant and equipment | | 4,821,377 | 4,747,740 | 5,039,467 | 6,184,970 | 6,495,454 | - |
| Intangible assets | | 897,455 | 941,498 | 770,210 | 813,574 | 882,987 | - |
| Other assets | | 73,254,431 | 85,934,997 | 92,740,696 | 91,009,826 | 104,218,206 | - |
| Total assets | | 386,491,150 | 364,350,809 | 347,052,242 | 328,961,653 | 381,412,153 | - |
| Current Liabilities | Before Distribution | 315,525,888 | 275,431,812 | 252,691,831 | 232,420,701 | 274,859,012 | - |
| | After Distribution | 318,734,087 | 279,658,452 | 258,373,055 | 238,679,356 | (Note2) | - |
| Non-current liabilities | | 5,838,888 | 19,973,800 | 20,409,827 | 24,975,175 | 28,636,203 | - |
| Total Liabilities | Before Distribution | 321,364,776 | 295,405,612 | 273,101,658 | 257,395,876 | 303,495,215 | - |
| | After Distribution | 324,572,975 | 299,632,252 | 278,782,882 | 263,654,531 | (Note2) | - |
| Common stock | | 27,486,880 | 28,421,220 | 28,406,121 | 28,406,121 | 29,032,521 | - |
| Capital surplus | | 22,076,225 | 22,863,619 | 24,681,872 | 25,760,011 | 28,834,524 | - |
| Retained Earnings | Before Distribution | 21,326,529 | 22,321,828 | 24,398,715 | 26,853,167 | 31,098,687 | - |
| | After Distribution | 17,316,280 | 18,095,188 | 18,717,491 | 20,594,512 | (Note2) | - |
| Other equity | | (4,010,255) | (4,128,234) | (3,536,124) | (7,846,263) | (9,441,535) | - |
| Treasury stock | | (1,753,005) | (533,236) | - | (1,607,259) | (1,607,259) | - |
| Stockholders' Equity | Before Distribution | 65,126,374 | 68,945,197 | 73,950,584 | 71,565,777 | 77,916,938 | - |
| | After Distribution | 61,918,175 | 64,718,557 | 68,269,360 | 65,307,122 | (Note2) | - |

Note1: The above financial information audited by CPA.

Note2: Pending shareholders' approval.

Concise Statement of Comprehensive income

Unit : NT\$ thousands

| Item | Period | Most Recent 5-Year Financial Information(Note1) | | | | | 2022(As of March 31) |
|---|--------|---|-------------|-------------|-------------|-------------|----------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Operating revenue | | 765,438,943 | 750,900,387 | 735,742,458 | 687,686,152 | 670,440,580 | - |
| Gross profit | | 19,835,867 | 15,923,674 | 20,346,611 | 20,821,366 | 19,463,851 | - |
| Operating income | | 3,397,264 | (261,813) | 2,390,152 | 1,667,656 | (1,771,129) | - |
| Non-operating income and expenses | | 586,534 | 4,183,144 | 4,133,229 | 6,994,556 | 12,534,210 | - |
| Profit before tax | | 3,983,798 | 3,921,331 | 6,523,381 | 8,662,212 | 10,763,081 | - |
| Net income for continuing operations | | 3,885,516 | 4,908,472 | 6,800,768 | 8,681,762 | 10,468,030 | - |
| Income from discontinued operations, net of income tax effect | | - | - | - | - | - | - |
| Net income | | 3,885,516 | 4,908,472 | 6,800,768 | 8,681,762 | 10,468,030 | - |
| Other comprehensive income for the year, net of tax | | (4,817,688) | 441,811 | 311,148 | (3,858,868) | (1,919,719) | - |
| Total comprehensive income for the year | | (932,172) | 5,350,283 | 7,111,916 | 4,822,894 | 8,548,311 | - |
| EPS | | 1.44 | 1.76 | 2.40 | 3.10 | 3.76 | - |

Note1: The above financial information audited by CPA.

6.1.3 CPAs and Their Opinions for Most Recent 5-Year

| Year | Name of CPA | Auditor's Opinion |
|------|---------------------------------|---------------------|
| 2017 | Li- Li, Lu, Chia-Hsin, Chang | Unqualified opinion |
| 2018 | Li- Li, Lu, Chia-Hsin, Chang | Unqualified opinion |
| 2019 | Ya-Ling, Chen, Chia-Chien, Tang | Unqualified opinion |
| 2020 | Ya-Ling, Chen, Chia-Chien, Tang | Unqualified opinion |
| 2021 | Ya-Ling, Chen, Chia-Chien, Tang | Unqualified opinion |

6.2 Most Recent 5-Year Financial Analysis

6.2.1 Financial Analysis-For Consolidated Report

| Item | Period(Note1) | Most recent 5-Year Financial Information | | | | | 2022(As of March 31) |
|----------------------------|---|--|--------|--------|----------|----------|----------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Financial ratio (%) | Total liabilities to total assets | 79.67 | 78.32 | 75.62 | 80.43 | 81.40 | - |
| | Long-term debts to net property, plant and equipment | 197.69 | 231.46 | 258.76 | 314.78 | 312.05 | - |
| Ability to payoff debt (%) | Current ratio | 106.30 | 114.82 | 116.67 | 115.38 | 115.37 | - |
| | Quick Ratio | 69.13 | 75.88 | 79.61 | 84.18 | 69.99 | - |
| | Interest protection | 3.23 | 3.03 | 3.66 | 8.17 | 11.23 | - |
| Ability to operate | A/R turnover (times) | 9.07 | 8.35 | 7.02 | 6.51 | 5.97 | - |
| | A/R turnover days | 40.24 | 43.71 | 51.99 | 56.06 | 61.13 | - |
| | Inventory turnover (times) | 10.22 | 9.37 | 9.55 | 8.85 | 6.32 | - |
| | Account payable turnover (times) | 6.25 | 6.25 | 6.02 | 6.31 | 5.73 | - |
| | Days sales outstanding | 35.71 | 38.95 | 38.21 | 41.24 | 57.75 | - |
| | Fixed assets turnover (times) | 22.87 | 22.37 | 21.03 | 21.88 | 21.89 | - |
| | Total assets turnover (times) | 2.74 | 2.67 | 2.57 | 2.19 | 1.86 | - |
| Earning ability | Return on assets (%) | 2.11 | 3.26 | 3.90 | 3.80 | 3.49 | - |
| | Return on equity attributable to shareholders of the parent (%) | 5.87 | 7.32 | 9.52 | 11.93 | 14.01 | - |
| | PBT to pay-in capital(%) | 22.40 | 33.98 | 44.98 | 59.30 | 66.25 | - |
| | Net income ratio (%) | 0.52 | 0.82 | 1.11 | 1.53 | 1.71 | - |
| | EPS (NTD) | 1.44 | 1.76 | 2.40 | 3.10 | 3.76 | - |
| Cash flow (%) | Cash flow ratio | (Note 2) | 1.73 | 7.78 | (Note 2) | (Note 2) | - |
| | Cash flow adequacy ratio | 50.22 | 44.73 | 88.37 | 36.45 | (Note 2) | - |
| | Cash reinvestment ratio | (Note 2) | 0.66 | 9.29 | (Note 2) | (Note 2) | - |
| Leverage | Operating leverage | 3.97 | 2.63 | 2.47 | 2.57 | 2.54 | - |
| | Financial leverage | 1.87 | 1.79 | 1.57 | 1.19 | 1.13 | - |

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

Interest protection: The increase is mainly caused by the decrease of interest expense.

Inventory turnover (times): The decrease is mainly caused by the increase of average inventory.

Days sales outstanding: The increase is mainly by the decrease of inventory turnover (times).

EPS: The increase is mainly caused by the increase of net income.

Note:1 The above financial information audited by CPA.

Note 2: The analysis of negative cash flow from operating activities is meaningless.

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4. Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 – effective tax rate)] / the average of total assets

(2) Return on Equity Attributable to Shareholders of the Parent = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent

(3) Net income ratio = PAT / Net sales

(4) EPS = (Profit attributable to owners of the Company – Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities – cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

(1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income

(2) Financial leverage = Operating income / (Operating income – interest expenses)

6.2.2 Financial Analysis-For Parent-company-only

| Item | Period(Note1) | Most recent 5-Year Financial Information | | | | | 2022(As of March 31) |
|----------------------------|--|--|---------|---------|---------|---------|----------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Financial ratio (%) | Total liabilities to total assets | 83.15 | 81.08 | 78.69 | 78.24 | 79.57 | - |
| | Long-term debts to Net property, plant and equipment | 1471.89 | 1872.87 | 1872.43 | 1560.90 | 1640.43 | - |
| Ability to payoff debt (%) | Current ratio | 97.46 | 99.02 | 98.34 | 99.37 | 98.17 | - |
| | Quick Ratio | 91.78 | 94.29 | 91.55 | 88.48 | 86.19 | - |
| | Interest protection | 3.37 | 2.29 | 3.19 | 7.82 | 12.09 | - |
| Ability to operate | A/R turnover (times) | 3.59 | 3.15 | 3.25 | 3.40 | 3.30 | - |
| | A/R turnover days | 101.61 | 115.97 | 112.42 | 107.32 | 110.60 | - |
| | Inventory turnover (times) | 53.24 | 49.73 | 49.66 | 32.24 | 22.75 | - |
| | Account payable turnover (times) | 3.40 | 3.30 | 3.48 | 4.01 | 4.55 | - |
| | Days sales outstanding | 6.86 | 7.34 | 7.35 | 11.32 | 16.05 | - |
| | Fixed assets turnover (times) | 147.91 | 156.94 | 150.35 | 122.53 | 105.74 | - |
| | Total assets turnover (times) | 2.16 | 2.00 | 2.07 | 2.03 | 1.89 | - |
| Earning ability | Return on assets (%) | 1.49 | 1.96 | 2.58 | 2.87 | 3.17 | - |
| | Return on equity (%) | 5.87 | 7.32 | 9.52 | 11.93 | 14.01 | - |
| | PBT to pay-in capital | 14.49 | 13.80 | 22.96 | 30.49 | 37.07 | - |
| | Net income ratio (%) | 0.51 | 0.65 | 0.92 | 1.26 | 1.56 | - |
| | EPS (NTD) | 1.48 | 1.76 | 2.40 | 3.10 | 3.76 | - |
| Cash flow (%) | Cash flow ratio | (Note2) | 0.37 | 0.91 | (Note2) | (Note2) | - |
| | Cash flow adequacy ratio | 160.99 | 151.32 | 167.25 | (Note2) | (Note2) | - |
| | Cash reinvestment ratio | (Note2) | (Note2) | (Note2) | (Note2) | (Note2) | - |
| Leverage | Operating leverage | 5.08 | (Note2) | 7.25 | 10.74 | (Note2) | - |
| | Financial leverage | 1.98 | (Note3) | (Note2) | 4.20 | (Note3) | - |

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

Interest protection: The increase is mainly caused by the decrease of interest expense.

Inventory turnover (times):The decrease is mainly by the increase of average inventory.

Days sales outstanding: The increase is mainly by the decrease of inventory turnover (times).

PBT to pay-in capital: The increase is mainly caused by the increase of profit before tax.

Net income ratio: The increase is mainly caused by the increase of net income .

EPS: The increase is mainly caused by the increase of net income

Note 1: The above financial information audited by CPA.

Note 2: The negative ratio lacks significance of analysis .

Note 3: The operating income is loss and hence not being calculated.

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation)turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4. Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 – effective tax rate)] / the average of total assets

(2) Return on equity = PAT / the average of net equity

(3) Net income ratio = PAT / Net sales

(4) EPS = (PAT – Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities – cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

(1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income

(2) Financial leverage = Operating income / (Operating income – interest expenses)

6.3 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron Corporation

Convener of the Audit Committee :



March 16, 2022

6.4 Financial statements of the latest year

Representation Letter

The entities that are required to be included in the combined financial statements of Wistron Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wistron Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Wistron Corporation
Chairman: Simon Lin
Date: March 16, 2022





安侯建業聯合會計師事務所
KPMG

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4

Independent Auditors' Report

To the Board of Directors of Wistron Corporation:

Opinion

We have audited the consolidated financial statements of Wistron Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Income recognition

Please refer to Note 4(r) "Revenue from contracts with customers" for accounting policy, and Note 6(z) for the relevant disclosures for revenue recognition to the financial statements.



4-1

Description of key audit matter

The Group is a listed company influencing the public interest, and its financial performance is highly expected by the investors. Therefore, the revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included testing the Group's controls surrounding the revenue recognition and cash collection for key manual and system based controls, tracing general ledger to sales systems and reconciling the differences; understanding the types of revenue, contract provisions and transaction terms to evaluate the accuracy of the timing of revenue recognition; and assessing the appropriateness in applying accounting policies to revenue recognition process.

2. Inventory valuation

Please refer to Note 4(h) "Inventory" for accounting policy, Note 5 for accounting assumption and estimation uncertainty of inventory and Note 6(g) for the disclosure of the valuation of inventory to the consolidated financial statements.

Description of key audit matter

Inventories are stated at the lower of cost or realizable value. The rapid development of technology and the advance of new electronic products can have a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

In relation to the key audit matter above, our audit procedures included the examining the inventory aging report, analyzing the variation in inventories, and evaluating the selling price used for the Company's inventory valuation and the changes on fair values of the inventories subsequently; selecting samples to assess the reasonableness of the net realizable values by comparing them to the original documents; as well as considering the adequacy of the Company's disclosure in this area.

Other Matter

Wistron Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



4-2

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



4-3

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Chia-Chien Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | December 31, 2021 | | December 31, 2020 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| Assets | | | | |
| Current assets: | | | | |
| 1100 Cash and cash equivalents (note 6(a)) | \$ 70,154,241 | 14 | 66,203,801 | 15 |
| 1110 Current financial assets at fair value through profit or loss (note 6(b)) | 12,085,449 | 3 | 14,063,636 | 3 |
| 1136 Current financial assets at amortized cost, net (note 6(c)) | 1,404,046 | - | - | - |
| 1170 Note and trade receivables, net (notes 6(e)(2) and 7) | 161,012,134 | 32 | 127,226,803 | 30 |
| 1180 Trade receivables-related parties (notes 6(e)(2) and 7) | 153,371 | - | 306,155 | 2180 |
| 1210 Other receivables-related parties (notes 6(f) and 7) | 13,689 | - | 14,657 | 2220 |
| 1220 Current tax assets | 754,750 | - | 1,440,522 | 2260 |
| 130X Inventories (note 6(g)) | 161,378,122 | 33 | 95,053,647 | 22 |
| 1460 Non-current assets classified as held for sale, net (note 6(k)) | - | - | 45,681,090 | 11 |
| 1470 Other current assets (notes 6(l)(p) and 8) | 14,830,749 | 3 | 11,970,036 | 3 |
| Total current assets | 421,786,551 | 85 | 361,960,347 | 84 |
| Non-current assets: | | | | |
| 1510 Non-current financial assets at fair value through profit or loss (note 6(b)) | 584,803 | - | 74,754 | - |
| 1517 Non-current financial assets at fair value through other comprehensive income (note 6(d)) | 6,613,497 | 1 | 5,776,132 | 1 |
| 1550 Equity-accounted investees (note 6(h)) | 7,107,549 | 2 | 7,024,318 | 2 |
| 1600 Property, plant and equipment (notes 6(i)(m) and 7) | 42,209,556 | 9 | 36,572,342 | 9 |
| 1755 Right-of-use assets (notes 6(i)(n) and 7) | 6,858,206 | 1 | 5,608,766 | 1 |
| 1780 Intangible assets (note 6(i)(o)) | 1,730,173 | - | 1,104,234 | - |
| 1840 Deferred tax assets (note 6(v)) | 6,181,969 | 1 | 6,120,998 | 2 |
| 1900 Other non-current assets (notes 6(i)(p)(3) and 8) | 4,225,502 | 1 | 4,580,534 | 1 |
| Total non-current assets | 75,511,255 | 15 | 66,862,098 | 16 |
| Total assets | \$ 497,297,806 | 100 | \$ 428,822,445 | 100 |
| Liabilities and Equity | | | | |
| Current liabilities: | | | | |
| Short-term loans (notes 6(j)(af)) | \$ 140,899,659 | 29 | 102,040,205 | 24 |
| Current financial liabilities at fair value through profit or loss (note 6(b)) | 28,954 | - | 23,007 | - |
| Current contract liabilities (note 6(z)) | 5,656,399 | 1 | 4,040,436 | 1 |
| Notes and trade payables | 167,293,973 | 34 | 113,854,541 | 27 |
| Trade payables-related parties (note 7) | 1,010,591 | - | 836,331 | - |
| Other payables-related parties (note 7) | 79,504 | - | 30,734 | - |
| Liabilities related to non-current assets classified as held for sale (note 6(k)) | - | - | 33,662,861 | 8 |
| Current lease liabilities (notes 6(s)(af) and 7) | 1,684,637 | - | 1,674,394 | - |
| Current portion of long-term loans (notes 6(j)(af) and 7) | 1,218,360 | - | - | - |
| Current refund liability (note 6(z)) | 10,918,128 | 2 | 9,560,522 | 2 |
| Other current liabilities (note 6(ab)) | 36,793,154 | 8 | 47,976,458 | 11 |
| Total current liabilities | 365,583,359 | 74 | 313,692,489 | 73 |
| Non-current liabilities: | | | | |
| Bonds payable (notes 6(c)(af)) | 9,436,448 | 2 | 4,991,783 | 1 |
| Long-term loans (notes 6(j)(af)) | 23,237,238 | 5 | 20,332,308 | 5 |
| Deferred tax liabilities (note 6(v)) | 3,053,770 | - | 2,965,661 | 1 |
| Non-current lease liabilities (notes 6(s)(af) and 7) | 1,991,385 | - | 1,122,922 | - |
| Other non-current liabilities (notes 6(u)(af)) | 1,510,827 | - | 1,786,203 | - |
| Total non-current liabilities | 39,229,668 | 7 | 31,196,877 | 7 |
| Total liabilities | 404,813,027 | 81 | 344,889,366 | 80 |
| Equity attributable to owners of parent (notes 6(i)(w)(x)): | | | | |
| Ordinary shares | 29,032,521 | 6 | 28,406,121 | 7 |
| Capital surplus | 28,834,524 | 6 | 25,760,011 | 6 |
| Retained earnings | 31,098,687 | 6 | 26,855,167 | 6 |
| Other equity | (9,441,535) | (2) | (7,846,263) | (2) |
| Treasury shares | (1,607,252) | - | (1,607,252) | - |
| Total equity attributable to owners of parent | 77,916,938 | 16 | 71,565,777 | 17 |
| Non-controlling interests (notes 6(i)(w)) | 14,567,841 | 3 | 12,360,302 | 3 |
| Total equity | 92,484,779 | 19 | 83,926,079 | 20 |
| Total liabilities and equity | \$ 497,297,806 | 100 | \$ 428,822,445 | 100 |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

| | 2021 | | 2020 | |
|---|----------------------|------------|----------------------|----------|
| | Amount | % | Amount | % |
| 4000 Net revenues (notes 6(z) and 7) | \$ 862,082,848 | 100 | \$ 845,011,844 | 100 |
| 5000 Cost of sales (notes 6(g)(m)(n)(o)(s)(u)(x)(ab), 7 and 12) | 810,948,132 | 94 | 798,958,664 | 95 |
| 5900 Gross profit | 51,134,716 | 6 | 46,053,180 | 5 |
| Operating expenses (notes 6(e)(f)(m)(n)(o)(s)(u)(x)(ab), 7 and 12): | | | | |
| 6100 Selling | 9,467,427 | 1 | 8,866,295 | 1 |
| 6200 Administrative | 4,531,156 | 1 | 3,666,552 | - |
| 6300 Research and development | 20,761,495 | 2 | 19,049,271 | 2 |
| Total operating expenses | 34,760,078 | 4 | 31,582,118 | 3 |
| 6900 Operating income | 16,374,638 | 2 | 14,471,062 | 2 |
| 7000 Non-operating income and expenses (notes 6(h)(k)(r)(s)(t)(aa) and 7): | | | | |
| 7100 Interest income | 1,306,757 | - | 1,888,042 | - |
| 7010 Other income | 499,624 | - | 210,312 | - |
| 7020 Other gains and losses | 2,816,161 | - | 2,177,004 | - |
| 7050 Finance costs | (1,880,091) | - | (2,348,171) | - |
| 7060 Shares of associates and joint ventures accounted for equity method | 117,188 | - | 447,126 | - |
| Total non-operating income and expenses | 2,859,639 | - | 2,374,313 | - |
| 7900 Profit before tax | 19,234,277 | 2 | 16,845,375 | 2 |
| 7950 Less: Income tax expenses (note 6(v)) | 4,506,466 | - | 3,937,479 | - |
| 8200 Net profit | 14,727,811 | 2 | 12,907,896 | 2 |
| 8300 Other comprehensive income (notes 6(h)(u)(v)) | | | | |
| 8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss: | | | | |
| 8311 Losses on remeasurements of defined benefit plans | (92,369) | - | (260,057) | - |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 414,501 | - | (48,126) | - |
| 8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (11,071) | - | (2,664) | - |
| 8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 19,225 | - | (8,282) | - |
| | 291,836 | - | (302,565) | - |
| 8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss: | | | | |
| 8361 Exchange differences on translation of foreign financial statements | (2,241,595) | (1) | (3,698,533) | - |
| 8370 Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | (68,547) | - | (5,513) | - |
| 8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - |
| | (2,310,142) | (1) | (3,704,046) | - |
| Total other comprehensive income, net of tax | (2,018,306) | (1) | (4,006,611) | - |
| 8500 Total comprehensive income | \$ 12,709,505 | 1 | \$ 8,901,285 | 2 |
| Net profit attributable to (notes 6(l)(w)): | | | | |
| 8610 Owners of parent | \$ 10,468,030 | 1 | \$ 8,681,762 | 1 |
| 8620 Non-controlling interests | 4,259,781 | 1 | 4,226,134 | 1 |
| | \$ 14,727,811 | 2 | \$ 12,907,896 | 2 |
| Comprehensive income attributable to (notes 6(l)(w)): | | | | |
| 8710 Owners of parent | \$ 8,548,311 | 1 | \$ 4,822,894 | 1 |
| 8720 Non-controlling interests | 4,161,194 | - | 4,078,391 | 1 |
| | \$ 12,709,505 | 1 | \$ 8,901,285 | 2 |
| Earnings per share (in dollars)(note 6(y)) | | | | |
| 9750 Basic earnings per share | \$ 3.76 | | \$ 3.10 | |
| 9850 Diluted earnings per share | \$ 3.64 | | \$ 3.03 | |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | Other equity | | Total equity attributable to owners of parent |
|---|---|-------------------|---|--|---|
| | Share capital | Retained earnings | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Deferred compensation arising from issuance of restricted shares | |
| Balance at January 1, 2020 | 28,406,121 | 24,681,872 | 24,398,715 | (583,943) | 83,901,074 |
| Net profit | - | 8,681,762 | 8,681,762 | - | 17,363,524 |
| Other comprehensive income | - | (208,765) | (208,765) | - | (417,530) |
| Total comprehensive income | - | 8,472,997 | 8,472,997 | - | 16,945,994 |
| Appropriation and distribution of retained earnings: | | | | | |
| Legal reserve | - | 680,077 | - | - | 680,077 |
| Special reserve | - | (592,110) | - | - | (592,110) |
| Cash dividends | - | - | - | - | - |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | - | - |
| Purchase of treasury shares | - | (27,576) | - | - | (27,576) |
| Changes in ownership interests in subsidiaries | - | (15,028) | - | - | (15,028) |
| Share-based payment transactions | - | 1,118,242 | - | - | 1,118,242 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - |
| Others | - | 2,501 | (339,706) | - | (337,205) |
| Changes in non-controlling interests | - | - | 339,706 | - | 339,706 |
| Balance at December 31, 2020 | 28,406,121 | 25,760,011 | 26,853,167 | (320,738) | 81,638,551 |
| Net profit | - | 14,166,442 | 14,166,442 | - | 28,332,884 |
| Other comprehensive income | - | 10,468,030 | 10,468,030 | - | 20,936,060 |
| Total comprehensive income | - | 24,634,472 | 24,634,472 | - | 49,268,944 |
| Appropriation and distribution of retained earnings: | | | | | |
| Legal reserve | - | 813,568 | - | - | 813,568 |
| Special reserve | - | 3,310,397 | - | - | 3,310,397 |
| Cash dividends | - | - | - | - | - |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | - | - |
| Changes in ownership interests in subsidiaries | - | - | - | - | - |
| Disposal of part of the equity of the subsidiary company | - | (13,657) | - | - | (13,657) |
| Share-based payment transactions | - | 3,354,164 | - | - | 3,354,164 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | (626,400) | - | - | (626,400) |
| Others | - | 11,016 | - | - | 11,016 |
| Changes in non-controlling interests | - | - | - | - | - |
| Balance at December 31, 2021 | 28,406,121 | 34,287,997 | 31,098,687 | (650,887) | 93,031,928 |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATION AND SUBSIDIARIES
Consolidated Statement of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Cash flows used in operating activities: | | |
| Profit before tax | \$ 19,234,277 | 16,845,375 |
| Adjustments: | | |
| Adjustments to reconcile profit | | |
| Depreciation expense | 8,866,390 | 9,736,831 |
| Amortization expense | 358,719 | 323,032 |
| Expected credit losses (gains of reversal) | (22,057) | 6,610 |
| Net losses (gains) on financial assets or liabilities at fair value through profit or loss | 1,322,249 | (815,798) |
| Interest expenses | 1,880,091 | 2,348,171 |
| Interest income | (1,306,757) | (1,888,042) |
| Dividend income | (253,965) | (127,355) |
| Compensation cost arising from share-based payments | 353,496 | 118,726 |
| Shares of profit of associates and joint ventures accounted for using equity method | (117,188) | (447,126) |
| Gains on disposal of property, plant and equipment | (661,743) | (40,266) |
| Property, plant and equipment reclassified as expenses | 70,191 | 19,317 |
| Other non-current assets reclassified as expenses | 7,374 | 13,107 |
| Gains on disposal of investments | (2,294,821) | (4,652) |
| Impairment loss on non-financial assets | 760,735 | - |
| Other investment losses | 89,411 | 391 |
| Lease modification gains | (2,741) | (4,577) |
| Other income | (229) | (2,755) |
| Amortization of bank arrangement fees | 16,937 | 16,425 |
| Total adjustments to reconcile profit | 9,066,092 | 9,252,039 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Decrease (increase) in note and trade receivables | (34,916,877) | 1,704,598 |
| Decrease in trade receivables-related parties | 152,733 | 116,518 |
| Decrease (increase) in other receivables-related parties | 609 | (10,871) |
| Increase in inventories | (68,003,436) | (32,799,201) |
| Increase in other current assets | (3,028,196) | (960,157) |
| Total changes in operating assets | (105,795,167) | (31,949,113) |
| Changes in operating liabilities: | | |
| Increase in current contract liabilities | 1,615,963 | 1,611,302 |
| Increase (decrease) in note and trade payables | 54,692,305 | (12,369,107) |
| Increase (decrease) in trade payables-related parties | 195,092 | (37,676) |
| Increase in other payables-related parties | 48,949 | 5,853 |
| Increase in current refund liability | 1,357,606 | 3,382,943 |
| Increase in other current liabilities | 2,586,424 | 7,034,095 |
| Decrease in other non-current liabilities | (142,452) | (180,021) |
| Total changes in operating liabilities | 60,353,887 | (552,611) |
| Net changes in operating assets and liabilities | (45,441,280) | (32,501,724) |
| Total adjustments | (36,375,188) | (23,249,685) |
| Cash used in operations | (17,140,911) | (6,404,310) |
| Interest received | 1,644,851 | 2,082,619 |
| Dividends received | 652,654 | 474,400 |
| Interest paid | (2,049,224) | (2,708,726) |
| Income taxes paid | (4,643,279) | (4,126,630) |
| Net cash used in operating activities | (21,535,909) | (10,682,647) |
| Cash flows used in investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (935,663) | (343,133) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 450,432 | 12,772 |
| Return of financial assets at fair value through other comprehensive income | 57,890 | 16,701 |
| Acquisition of financial assets at amortized cost | (1,404,046) | - |
| Acquisition of financial assets at fair value through profit or loss | (18,409,564) | (32,190,666) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 18,457,904 | 18,645,590 |
| Proceeds from capital reduction of investments accounted for using equity method | - | 30,789 |
| Addition to equity-accounted investees | (313,743) | (487,849) |
| Proceeds from disposal of equity-accounted investees | 15,508 | - |
| Net cash flow from acquisition of subsidiaries | (2,108,639) | (37,248) |
| Proceeds from disposal of subsidiaries | 1,505,919 | - |
| Acquisition of property, plant and equipment | (10,496,324) | (9,838,227) |
| Proceeds from disposal of property, plant and equipment | 674,881 | 1,223,765 |
| Increase in receipts in advance due to disposal of assets | - | 12,899,819 |
| Increase in refundable deposits | (332,538) | (57,984) |
| Increase in intangible assets | (683,971) | (470,795) |
| Net cash inflows from business combination | 181,351 | 567,013 |
| Decrease in other financial assets | 63,538 | - |
| Increase in other non-current assets | (3,320,335) | (6,236,523) |
| Net cash flows used in investing activities | (16,597,400) | (16,265,976) |
| Cash flows generated from financing activities: | | |
| Increase in short-term loans | 645,122,074 | 870,314,450 |
| Repayments of short-term loans | (603,585,094) | (813,924,974) |
| Proceeds from issuing bonds | 4,442,325 | 4,991,500 |
| Increase in long-term loans | 28,208,148 | 28,658,993 |
| Repayments of long-term loans | (23,501,491) | (25,781,843) |
| Decrease in guarantee deposits received | (289,750) | (327,383) |
| Repayments of lease liabilities | (1,111,490) | (1,687,779) |
| Cash dividends paid | (6,258,127) | (5,681,224) |
| Payments to acquire treasury shares | - | (1,607,259) |
| Disposal of ownership interests in subsidiaries (without losing control) | 4,028,293 | - |
| Change in non-controlling interests | (2,473,198) | (1,934,175) |
| Others | 11,016 | 2,501 |
| Net cash flows generated from financing activities | 44,592,706 | 51,022,807 |
| Effect of exchange rate changes on cash and cash equivalents | (2,508,957) | (1,940,057) |
| Net decrease (increase) in cash and cash equivalents | 3,950,440 | 22,134,127 |
| Cash and cash equivalents at beginning of year | 66,203,801 | 47,411,947 |
| Cash and cash equivalents at end of year | \$ 70,154,241 | \$ 69,546,074 |
| Components of cash and cash equivalents: | | |
| Cash and cash equivalents reported in the statement of financial position | \$ 70,154,241 | 66,203,801 |
| Non-current assets or disposal groups classified as held for sale | - | 3,342,273 |
| Cash and cash equivalents at end of year | \$ 70,154,241 | \$ 69,546,074 |

See accompanying notes to financial statements.

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

WISTRON CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars Except for Earnings Per Share Information and Unless Otherwise Specified)

(1) Company history

Wistron Corporation (the “Company”) was incorporated on May 30, 2001, as a company limited by shares under the laws of the Republic of China (ROC). In pursuant to a restructuring plan of Acer Inc. (AI) to improve its business performance and competitiveness, the Company was formed to acquire the net assets spun off from AI’s DMS (Design, Manufacturing, and Service products) business.

The Company and its subsidiaries (hereinafter, jointly referred to as the “Group”), are currently engaged in the research, development, design, manufacturing, testing and sales of the following products and semi-finished products, and their peripheral equipment, parts and components:

- (i) desktop computers, notebook computers, motherboards, servers, system platforms, high-speed and multi-function multiple-CPU computer systems, multi-media computers, network computers, consumer-type computers and special computers, micro-processors, CD-ROMs, PDAs, panel PCs, pocket computers and interface cards;
- (ii) video and internet telephones, video conferencing equipment and telecommunication equipment;
- (iii) digital satellite TV receivers, set-top boxes, digital video decoders and multi-media appliance products;
- (iv) digital cameras, CD-ROM drives and DVD-ROM drives;
- (v) wireless receiver products (mobile phones, wireless LAN cards, and Bluetooth communication modules);
- (vi) LCD TVs and other electronic audio & visual products;
- (vii) design and merchandising of computer software and programs;
- (viii) import and export trade relevant to the business of this company;
- (ix) maintenance and cleaning of electronics products;
- (x) recycling of electronic waste;
- (xi) in vitro diagnostic device, therapeutic equipment, intelligent assistive device, diagnostic x-ray unit, physiological signal diagnostic device and medical data system;
- (xii) manufacturing, processing and selling of electronic products for automobile.

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

The consolidated financial statements for the years ended December 31, 2021 and 2020 were authorized for issuance by the Board of Directors on March 16, 2022.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(3) New standards and interpretations not yet adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1 or April 1, 2021.

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- 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”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- 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 CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

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

(b) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

- 1) Subsidiaries which are engaged in research, design, testing, manufacturing and sales of computers, servers, multi-media appliance products, automobile parts, telecommunication products, network systems, and medical devices:

| Investor | Name of subsidiary | Shareholding | | Notes |
|---------------------|---|-------------------|-------------------|----------|
| | | December 31, 2021 | December 31, 2020 | |
| the Company | International Standards Laboratory Corp. (“ISL”, Taiwan) | 100.00 | 100.00 | |
| the Company | Wistron Mexico, S.A. de C.V. (“WMX”, Mexico) | 100.00 | 100.00 | |
| the Company | Wistron Technology (Malaysia) Sdn. Bhd. (“WMMY”, Malaysia) | 100.00 | 100.00 | |
| the Company | Wistron Mobile Solutions Corporation (“WCH”, U.S.A.) | 100.00 | 100.00 | |
| the Company | Wistron InfoComm (Czech), s.r.o. (“WCCZ”, Czech Republic) | 100.00 | 100.00 | |
| the Company | Wistron Technology Service (America) Corporation (“WTS”, U.S.A.) | 100.00 | 100.00 | |
| the Company | Wistron InfoComm (Vietnam) Co., Ltd (“WVN”, Vietnam) | 100.00 | 100.00 | |
| the Company/WLB/WCL | Wiwynn Corporation (“WYHQ”, Taiwan) | 48.08 | 50.78 | (Note 1) |
| WAKS | XTRONICS (Kunshan) Electronics Technology Co., Ltd (“XTRKS”, China) | 100.00 | 100.00 | |
| Cowin/AIHH | Wistron InfoComm (Zhongshan) Corporation (“WZS”, China) | 100.00 | 100.00 | |
| Win Smart | Wistron InfoComm (Kunshan) Co., Ltd. (“WAKS”, China) | 100.00 | 100.00 | |
| Win Smart/WJC | Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. (“WEKS”, China) | - | 100.00 | (Note 2) |
| Win Smart | Wistron InfoComm (Taizhou) Co., Ltd. (“WTZ”, China) | 100.00 | 100.00 | |
| Win Smart | Wistron InfoComm (CHONGQING) Co., Ltd. (“WCQ”, China) | 100.00 | 100.00 | |
| Win Smart | Wistron InfoComm Technology Service (Kunshan) Co., Ltd. (“WRKS”, China) | 100.00 | 100.00 | |
| WSC | Wistron InfoComm (Chengdu) Co., Ltd. (“WCD”, China) | 100.00 | 100.00 | |
| AIHH | Wistron Optronics (Kunshan) Co., Ltd. (“WOOK”, China) | 100.00 | 100.00 | |
| WVS | Wistron InfoComm Technology (Zhongshan) Co., Ltd. (“WTZS”, China) | 100.00 | 100.00 | |
| WCL | Creator Technology B.V. (“WCT”, Holland) | 100.00 | 100.00 | |
| WCL | Abilliant Corporation (“WAC”, Taiwan) | 100.00 | 100.00 | |
| WYHQ | Wiwynn Technology Service Japan, Inc. (“WYJP”, Japan) | 100.00 | 100.00 | |
| WYHQ | Wiwynn International Corporation (“WYUS”, U.S.A.) | 100.00 | 100.00 | |
| WYHQ | Wiwynn Korea Ltd. (“WYKR”, South Korea) | 100.00 | 100.00 | |
| WYHQ | Wiwynn Mexico, S.A. de C.V. (“WYMX”, Mexico) | 100.00 | 100.00 | |
| WYHQ | WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD. (“WYMY”, Malaysia) | 100.00 | 100.00 | |
| WYHK | Wiwynn Technology Service Kunshan, Ltd. (“WYKS”, China) | 100.00 | 100.00 | |
| WMH/WLB/WCL | Wistron Medical Technology Corporation (“WMT”, Taiwan) | 91.76 | 91.61 | (Note 3) |
| WMH | B-Temia Asia Pte Ltd. (“BTA”, Singapore) | 70.00 | 70.00 | |
| WMT | Wistron Medical Tech (Chongqing) Co., Ltd. (“WMCQ”, China) | 100.00 | 100.00 | |
| WSSG/WHK | Wistron InfoComm Manufacturing (India) Private Limited (“WMMF”, India) | 100.00 | 100.00 | |
| BTA | Keecogo Japan K.K. (“KJP”, Japan) | 100.00 | 100.00 | |
| the Company/WLB | WiBASE Industrial Solutions (“WIS”, Taiwan) | 52.92 | 52.92 | (Note 4) |
| WSC | Wistron InfoComm Computer (Chengdu) Co., Ltd (“WCCD”, China) | 100.00 | - | (Note 5) |
| BTA | KEEEOGO MALAYSIA SDN. BHD (“KMY”, Malaysia) | 60.00 | - | (Note 6) |
| WCL | KAOHSIUNG OPTO-ELECTRONICS INC. (“KOE”, Taiwan) | 100.00 | - | (Note 7) |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 2) Subsidiaries which are engaged in sale and maintenance of computer products and related parts and components, data storage equipment, and digital monitoring systems:

| Investor | Name of subsidiary | Shareholding | | Notes |
|---------------------|--|-------------------|-------------------|-----------|
| | | December 31, 2021 | December 31, 2020 | |
| the Company | SMS InfoComm Corporation ("WTX", U.S.A.) | 100.00 | 100.00 | |
| the Company/WDH/WCL | WiAdvance Technology Corporation ("AGI", Taiwan) | 79.66 | - | (Note 8) |
| the Company/WDH | WiAdvance Technology Corporation ("AGI", Taiwan) | - | 99.99 | (Note 9) |
| the Company | Anwith Technology Corporation ("WCHQ", Taiwan) | 100.00 | 100.00 | |
| the Company | SMS InfoComm (Singapore) Pte. Ltd. ("WSSG", Singapore) | 100.00 | 100.00 | |
| the Company | Service Management Solutions Colombia S.A.S. ("WSCO", Colombia) | - | 100.00 | (Note 10) |
| the Company | Service Management Solutions Mexico SA de C.V. ("WSMX", Mexico) | 100.00 | 100.00 | |
| the Company | Wistron InfoComm (Philippines) Corporation ("WSPH", Philippines) | 100.00 | 100.00 | |
| the Company | Anwith Corporation ("ANC", U.S.A.) | - | 100.00 | (Note 10) |
| the Company | SMS InfoComm Global Service (CQ) ("WSCQ", China) | 100.00 | 100.00 | |
| the Company | SMS InfoComm Chile Servicios Limitada ("WSCL", Chile) | - | 100.00 | (Note 11) |
| the Company/AIIH | SMS InfoComm Technology Services and Management Solutions Ltd. ("WBR", Brazil) | 100.00 | 100.00 | |
| the Company/WCL | SMS InfoComm Technology Services Limited Company ("WTR", Turkey) | 100.00 | 100.00 | |
| WLLC | Wistron InfoComm Technology (America) Corporation ("WITX", U.S.A.) | 100.00 | 100.00 | |
| WLLC | Wistron InfoComm Technology (Texas) Corporation ("WITT", U.S.A.) | 100.00 | 100.00 | |
| Win Smart | Wistron Service (Kunshan) Corp. ("WSKS", China) | 100.00 | 100.00 | |
| Win Smart | Wistron Hong Kong Limited ("WHK", Hong Kong) | 100.00 | 100.00 | |
| Win Smart | SMS (Kunshan) Co., Ltd. ("WMKS", China) | 100.00 | 100.00 | |
| AIIH | Wistron Optronics (Shanghai) Co., Ltd. ("WOSH", China) | 100.00 | 100.00 | |
| AIIH | Wistron K.K. ("WJP", Japan) | 100.00 | 100.00 | |
| WSSG/WHK | ICT Service Management Solutions (India) Private Limited ("WIN", India) | 100.00 | 100.00 | |
| WSSG | SMS INFOCOMM (MALAYSIA) SDN. BHD. ("WSMY", Malaysia) | - | 100.00 | (Note 12) |
| the Company | SMS InfoComm (Czech) s.r.o. ("WSCZ", Czech Republic) | 100.00 | 100.00 | (Note 13) |

- 3) Subsidiary which is engaged in software research, development, design, trading and consultation:

| Investor | Name of subsidiary | Shareholding | | Notes |
|----------|--|-------------------|-------------------|-----------|
| | | December 31, 2021 | December 31, 2020 | |
| AIIH | Wistron InfoComm (Shanghai) Corporation ("WSH", China) | 100.00 | 100.00 | |
| WEDH | WIEDU SDN. BHD. ("WEMY", Malaysia) | - | 100.00 | (Note 12) |

- 4) Subsidiaries engaged in recycling of electronic products:

| Investor | Name of subsidiary | Shareholding | | Notes |
|-------------|--|-------------------|-------------------|-------|
| | | December 31, 2021 | December 31, 2020 | |
| the Company | Wistron GreenTech (Texas) Corporation ("WGTX", U.S.A.) | 100.00 | 100.00 | |
| WGHK | Wistron Advanced Materials (Kunshan) Co., Ltd. ("WGKS", China) | 100.00 | 100.00 | |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 5) Subsidiaries which engaged in internet platform development, providing and selling application services and consultation.

| Investor | Name of subsidiary | Shareholding | | Notes |
|-------------|---|-------------------|-------------------|-----------|
| | | December 31, 2021 | December 31, 2020 | |
| the Company | WiEdu Hong Kong Limited ("WEHK", Hong Kong) | 100.00 | 100.00 | |
| WLB/WDH | WIEDU CORPORATION ("WETW", Taiwan) | 88.12 | - | (Note 14) |
| WEHK | WIEDU CORPORATION ("WETW", Taiwan) | - | 100.00 | (Note 14) |
| WEHK | Weshtek Information Technology Services Co., Ltd., Shanghai ("WESH", China) | 100.00 | 100.00 | |
| WDH | Wistron AiEDGE Corporation ("WAUS", U.S.A.) | 100.00 | - | (Note 15) |
| WCH | Wistron AiEDGE Corporation ("WAUS", U.S.A.) | - | 100.00 | (Note 15) |
| WMMI | Smartiply India Private Limited ("STI", India) | 99.99 | 99.99 | (Note 16) |

- 6) Investment and holding companies:

| Investor | Name of subsidiary | Shareholding | | Notes |
|------------------|--|-------------------|-------------------|-----------|
| | | December 31, 2021 | December 31, 2020 | |
| the Company | Cowin Worldwide Corporation ("Cowin", British Virgin Islands) | 100.00 | 100.00 | (Note 17) |
| the Company | Wise Cap Limited Company ("WCL", Taiwan) | 100.00 | 100.00 | |
| the Company | Win Smart Co., Ltd. ("Win Smart", British Virgin Islands) | 100.00 | 100.00 | |
| the Company | Wistron LLC ("WLLC", U.S.A.) | 100.00 | 100.00 | |
| the Company | WisVision Corporation ("WVS", British Virgin Islands) | 100.00 | 100.00 | |
| the Company | Wistron Advanced Materials (Hong Kong) Limited ("WGHK", Hong Kong) | 100.00 | 100.00 | |
| the Company | WiEDU Holding Co., Ltd ("WEDH", Seychelles) | 100.00 | 100.00 | |
| the Company | WiseCap (Hong Kong) Limited ("WCHK", Hong Kong) | 100.00 | 100.00 | |
| WCL | LE BEN Investment Ltd ("WLB", Taiwan) | 100.00 | 100.00 | |
| the Company/AIIH | Wistron Europe Holding Cooperatie U.A. ("WEH", Netherlands) | 100.00 | 100.00 | |
| Win Smart | Wistron Hong Kong Holding Limited ("WHHK", Hong Kong) | 100.00 | 100.00 | |
| Win Smart | Wistron Investment (Jiangsu) Co., Ltd. ("WJC", China) | - | 100.00 | (Note 2) |
| WHHK | Wistron Investment (Sichuan) Co., Ltd. ("WSC", China) | 100.00 | 100.00 | |
| WYHQ | Wiwynn Technology Service Hong Kong Limited ("WYHK", Hong Kong) | 100.00 | 100.00 | |
| the Company | Wistron Medical Tech Holding Company ("WMH", Taiwan) | 100.00 | 100.00 | |
| the Company | Wistron Digital Technology Holding Company ("WDH", Taiwan) | 100.00 | 100.00 | |
| the Company | AII Holding Corporation ("AIIH", British Virgin Islands) | 100.00 | 100.00 | (Note 18) |

- 7) Lease companies:

| Investor | Name of subsidiary | Shareholding | | Notes |
|-------------|--|-------------------|-------------------|-----------|
| | | December 31, 2021 | December 31, 2020 | |
| the Company | Wistron InfoComm Mexico S.A. de C.V. ("WIMX", Mexico) | 100.00 | 100.00 | |
| the Company | WiSuccess Asset Management Corporation ("WCA", Taiwan) | 100.00 | - | (Note 19) |

(Note 1): Please refer to Note 6(j).

(Note 2): Win Smart, a subsidiary of the Group, sold 100% shareholding of WEKS and WJC to Luxshare Precision Industry, Co. Ltd. in the 1st quarter of 2021.

(Note 3): WMT, a subsidiary of the Group, issued new ordinary shares for cash in the 4th quarter of 2020, wherein WLB and WCL, also subsidiaries of the Group, newly invested; and a portion of new ordinary shares was reserved to be transferred as the employee stock option, and afterwards, WLB repurchased the shares from former employees. The aforementioned transactions resulted in the shareholdings of the Group in WMT to increase within the same period.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Note 4): WLB, a subsidiary of the Group, acquired the shares of WIS in the 4th quarter of 2020, wherein the Group held more than half of WIS's ownership interests with voting rights, in which it was considered to have a de facto control over the main operating policies of WIS. As a result, WIS was accounted for as a subsidiary of the Group.

(Note 5): The capital was injected in the 2nd quarter of 2021.

(Note 6): The capital was injected in the 3rd quarter of 2021, wherein the Group held more than half of KMY's ownership interests with voting rights, in which it was considered to have a de facto control over the main operating policies of KMY. As a result, KMY was accounted for as a subsidiary of the Group.

(Note 7): WCL, a subsidiary of the Group, acquired 100% shareholding of KOE in the 4th quarter of 2021, in which it was considered to have a de facto control over the main operating policies of KOE. As a result, KOE was accounted for as a subsidiary of the Group.

(Note 8): WiAdvance, a subsidiary of the Group, issued ordinary shares for cash in the 1st quarter of 2021. The shareholding in WiAdvance was decreased while part of the new shares was reserved to strategic investor.

(Note 9): The Company transferred 99% shareholding of AGI to WDH in the 3rd quarter of 2020.

(Note 10): The liquidation process is completed in the 4th quarter of 2021.

(Note 11): The liquidation process is completed in the 3rd quarter of 2021.

(Note 12): The subsidiary remitted the earnings in the 4th quarter of 2021. The liquidation process is still in progress.

(Note 13): WEH transferred the equity of WSCZ to the Company in the 3rd quarter of 2020.

(Note 14): The Company transferred the equity of WETW to WDH in the 2nd quarter of 2021. Thereafter, WETW issued new ordinary shares for cash, wherein a portion of them was reserved to be transferred as the employee stock option, resulting in the shareholdings of WDH in WETW to decrease within the same period. The Company transferred the equity of WETW to WDH in the 2nd quarter of 2021. Thereafter, WETW issued new ordinary shares for cash, wherein a portion of them was reserved to be transferred as the employee stock option, resulting in the shareholdings of WDH in WETW to decrease within the same period. Afterwards WLB, one of the subsidiaries, repurchased the shares from former employees in the 4th quarter of 2021.

(Note 15): The capital of WAUS was injected by WCH in the 1st quarter of 2020. WCH transferred 100% shareholding of WAUS to WDH in the 1st quarter of 2021.

(Note 16): The Group acquired 99.99% of STI's shares in the 4th quarter of 2020.

(Note 17): Cowin has been engaged in investment business since the 4th quarter of 2020.

(Note 18): AIHH has been engaged in investment business since the 3rd quarter of 2021.

(Note 19): The capital was injected in the 3rd quarter of 2021.

(iii) Subsidiaries excluded from consolidated: None.

(c) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at present value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Foreign currency

(i) Foreign currency transaction

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

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

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

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

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period;
- (iv) The asset is cash or a cash equivalent, but excluding the asset 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.

An entity shall classify a liability as current when:

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

(f) Cash and cash equivalents

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

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade 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, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

1) Classification of 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; fair value through other comprehensive income – equity investment; or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

a) 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, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the “trade receivables” line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, note and trade receivables, other receivables and guarantee deposits), trade receivables measured at FVOCI.

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WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group measures loss allowance at an amount equal to lifetime ECL. The Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed; both qualitative and quantitative information and also basing on the Group’s historical experiences and informed credit assessment as well as forward-looking information. For the financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

3) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) 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).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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.

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity.

(i) Non-current assets or disposal groups held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

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WISTRON CORPORATION AND SUBSIDIARIES
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The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings and improvements: 7 to 50 years
- 2) Machinery and equipment: 1 to 10 years
- 3) Molding equipment: 1 to 3 years
- 4) Research and development equipment: 1 to 5 years
- 5) Furniture, fixtures and other equipment: 1 to 10 years

The Group reviews depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(l) Lease

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

(i) As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount 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 or penalties for purchase or termination options that are reasonably certain to be exercised.

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the Group's evaluation of purchase options; or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modification to the assets, scope and other terms of the lease.

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

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases with less than 12 month and leases of low-value assets. The Group recognizes the lease

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WISTRON CORPORATION AND SUBSIDIARIES
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payments associated with these leases as an expense on a straight-line basis over the lease term.

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

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

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

(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Intangible assets

(i) Recognition and measurement

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

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

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WISTRON CORPORATION AND SUBSIDIARIES
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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as occurred.

(iii) Amortization

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

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

- 1) Patents: 10 years
- 2) Software: 1 to 10 years
- 3) Customer relationships: 5 to 14 years
- 4) Professional technology: 20 years

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

(n) Concession (Intangible assets on account)

The Group signed a “Build-Operate-Transfer” (BOT) agreement with Taipei City Government to obtain the operating rights of Taipei Digi-Creative Center. The government owns the buildings and facilities which the Group invested in the construction, that is as a consideration provided in the service concession arrangement. The above-mentioned agreement is accounted for under the intangible assets of IFRIC 12 “Service Concession Arrangements”. The construction costs are amortized on a straight-line basis from the beginning of the BOT agreement to the agreement expiry date.

(o) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories 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. Goodwill is tested annually for impairment.

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

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WISTRON CORPORATION AND SUBSIDIARIES
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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probably 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.

(q) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly attributable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average by different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

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WISTRON CORPORATION AND SUBSIDIARIES
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When the treasury stock is cancelled, the “Capital Reserve – Stock Issuance Premium” and “Share Capital” shall be debited in proportion to the equity.

If the book value is higher than the total amount of the face value and the stock issue premium, the difference will be offset against the same type of treasury stock.

If the capital reserve generated is insufficient, it will be offset against the retained surplus;

The total amount shall be credited to the capital reserve generated by the stock exchange of the same type of treasury.

(r) Revenue from contracts with customers

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

(i) Sale of goods

The Group manufactures and sells electronic products to international brand customers. The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the related risk and rewards of ownership are transferred, and there is no continuing management involvement with the goods. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Group provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers. The Group recognizes revenue for the service-type warranty on a straight-line basis over the extended warranty period.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Service revenue

The Group provide maintenance service. The Group will recognize the revenue when the performance obligation completed.

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WISTRON CORPORATION AND SUBSIDIARIES
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(iii) Financing components

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

(s) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable.

The government grants are recognized as there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(t) 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 expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

The grant date of share-based payment is the date that the subscription price and shares are authorized by the Board of Directors.

(u) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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WISTRON CORPORATION AND SUBSIDIARIES
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(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(v) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or 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.

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WISTRON CORPORATION AND SUBSIDIARIES
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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 are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(w) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

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WISTRON CORPORATION AND SUBSIDIARIES
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For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(x) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders 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 accrued employees' remuneration.

(y) Operating segments

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

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

In preparing these consolidated financial statements, 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 next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

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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 and have been updated to reflect the impact of COVID-19 pandemic are as follows:

(a) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventory is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(g) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| Cash on hand | \$ 27,941 | 28,602 |
| Demand and check deposits | 57,108,389 | 48,237,989 |
| Time deposits | 13,017,911 | 17,937,210 |
| Cash and cash equivalents in consolidated statement of cash flows | \$ 70,154,241 | 66,203,801 |

(b) Financial assets and liabilities at fair value through profit or loss

(i) Current financial assets at fair value through profit or loss:

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Mandatorily measured at fair value through profit or loss: | | |
| Derivative instruments not used for hedging | | |
| Foreign currency swap contracts | \$ 206 | 186,360 |
| Foreign currency forward contracts | 21,162 | 30,535 |
| Non-derivative financial assets | | |
| Money market fund | - | 20,017 |
| Listed stocks | 12,064,081 | 13,826,724 |
| Total | \$ 12,085,449 | 14,063,636 |

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(ii) Current financial liabilities at fair value through profit or loss:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|------------------------------|------------------------------|
| Held-for-trading financial liabilities: | | |
| Derivative instruments not used for hedging | | |
| Foreign currency swap contracts | \$ 9,224 | 2,133 |
| Foreign currency forward contracts | <u>19,730</u> | <u>20,874</u> |
| Total | <u>\$ 28,954</u> | <u>23,007</u> |

The Group used derivative financial instruments to hedge the certain foreign exchange risk the Group was exposed to, arising from its operating, financing and investing activities. As of December 31, 2021 and 2020, derivative financial instruments not qualified for hedge accounting were as follows:

1) Foreign currency swap contracts:

| <u>December 31, 2021</u> | | |
|----------------------------------|--------------------|--------------------|
| <u>Amount (in thousands)</u> | <u>Currency</u> | <u>Expiration</u> |
| <u>USD 145,000</u> | TWD Put / USD Call | 2022/1/7~2022/1/28 |
| <u>December 31, 2020</u> | | |
| <u>Amount (in thousands)</u> | <u>Currency</u> | <u>Expiration</u> |
| <u>USD 25,000</u> | USD Put / TWD Call | 2021/1/4 |
| <u>USD 640,000</u> | TWD Put / USD Call | 2021/1/4~2021/1/29 |

2) Foreign currency forward contracts:

| <u>December 31, 2021</u> | | |
|----------------------------------|--------------------|---------------------|
| <u>Amount (in thousands)</u> | <u>Currency</u> | <u>Expiration</u> |
| <u>USD 160,000</u> | USD Put / CNY Call | 2022/1/5~2022/3/31 |
| <u>USD 495,000</u> | TWD Put / USD Call | 2022/1/5~2022/2/7 |
| <u>USD 20,000</u> | CNY Put / USD Call | 2022/1/7 |
| <u>December 31, 2020</u> | | |
| <u>Amount (in thousands)</u> | <u>Currency</u> | <u>Expiration</u> |
| <u>USD 51,000</u> | USD Put / CNY Call | 2021/1/5~2021/1/29 |
| <u>USD 341,000</u> | TWD Put / USD Call | 2021/1/4~2021/2/4 |
| <u>USD 10,537</u> | BRL Put / USD Call | 2021/1/15~2021/3/26 |

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(iii) Non-current financial assets at fair value through profit or loss:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|------------------------------|------------------------------|
| Mandatorily measured at fair value through profit or loss: | | |
| Non-derivative financial assets | | |
| Convertible bonds | \$ 70,680 | 70,189 |
| Simple Agreement for Future Equity (SAFE) | - | 4,565 |
| Listed companies | <u>514,123</u> | <u>-</u> |
| | <u>\$ 584,803</u> | <u>74,754</u> |

Please refer to Note 6(aa) for the measurement of fair value recognized in profit or loss.

(c) Current financial asset at amortized cost

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---------------------|------------------------------|------------------------------|
| Restricted deposits | <u>\$ 1,404,046</u> | <u>-</u> |

According to “Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds”, the Group had submitted an investment proposal and was approved by National Taxation Bureau, Ministry of Finance. Based on the regulation, the deposits are restricted only to the approved investment plan, and shall not be used for other purposes.

(d) Non-current financial asset at fair value through other comprehensive income

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income: | | |
| Listed companies | \$ 4,245,492 | 4,005,685 |
| Unlisted companies | 604,548 | 668,997 |
| Unlisted fund | <u>1,763,457</u> | <u>1,101,470</u> |
| Total | <u>\$ 6,613,497</u> | <u>5,776,152</u> |

(i) Equity investment at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represented those investments that the Group intended to hold for long-term for strategic purposes.

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The Group sold portion of its shares in Alpha Networks Inc., AOpen Inc., Airdog, Inc. Hiroia Communications Pte. Ltd., Dell Technologies Inc., and U.S. Bionics with a fair value of \$450,116 during 2021, as well as disposed portion of its shares in Applied BioCode Corporation, IP Cathay II, L.P., AOpen Inc., DDD Group PLC, Audio Design Expert, Inc., and B-Temia Inc. with a fair value of \$12,058 during 2020, resulting in the Group to recognize the net gains (losses) of \$117,225 and \$(339,706), respectively, which were accounted for as under other comprehensive income; then later on, were reclassified to retained earnings.

(ii) For the disclosure of market risk, please refer to Note 6(ac).

(iii) The aforementioned financial assets were not pledged.

(e) Note and trade receivables

| | December 31, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| Notes receivables from operating activities | \$ 6,252 | 57,194 |
| Trade receivables-measured at amortized cost | 158,453,371 | 115,531,286 |
| Trade receivables-measured at FVOCI | 3,187,532 | 12,267,101 |
| Trade receivables-related parties-measured at amortized cost | 153,371 | 306,155 |
| Less: loss allowance | (635,021) | (628,778) |
| | \$ 161,165,505 | 127,532,958 |

The Group had managed a portion of its trade receivables that was held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group applied the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, note and trade receivables had been grouped basing on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance was determined as follows:

| | December 31, 2021 | | |
|-----------------------------|--|---|-------------------------|
| | Gross carrying amount of note and trade receivables | Weighted - average expected credit loss rate | Expected credit loss |
| Current | \$ 159,860,932 | 0.001%~0.036% | 18,898 |
| 1 to 60 days past due | 1,189,691 | 5.109%~11.646% | 76,706 |
| 61 to 180 days past due | 224,402 | 5.888%~36.250% | 17,507 |
| 181 to 300 days past due | 4,048 | 15.832%~68.339% | 1,123 |
| More than 301 days past due | 521,453 | 44.003%~100% | 519,476 |
| Total | \$ 161,800,526 | | 633,710 |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | December 31, 2020 | | |
|-----------------------------|--|---|-------------------------|
| | Gross carrying amount of note and trade receivables | Weighted - average expected credit loss rate | Expected credit loss |
| Current | \$ 127,131,034 | 0.001%~0.102% | 40,835 |
| 1 to 60 days past due | 387,032 | 5.683%~9.199% | 26,507 |
| 61 to 180 days past due | 82,817 | 8.510%~24.444% | 8,986 |
| 181 to 300 days past due | 19,099 | 24.269%~54.407% | 5,477 |
| More than 301 days past due | 541,754 | 53.961%~100% | 541,741 |
| Total | \$ 128,161,736 | | 623,546 |

The movements in the loss allowance for note and trade receivables were as follows:

| | For the years ended December 31, | |
|---|-------------------------------------|----------------|
| | 2021 | 2020 |
| Balance on January 1 | \$ 628,778 | 709,930 |
| Impairment losses reversed | (1,213) | (78,825) |
| Amounts written off | (4,044) | (2,734) |
| Effect of changes in consolidated entities | 11,957 | 1,208 |
| Effect of changes in foreign exchange rates | (457) | (801) |
| Balance on December 31 | \$ 635,021 | 628,778 |

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group did not have the responsibility to assume the default risk of the transferred trade receivables but was liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it had transferred substantially all of the risks and rewards of their ownership and it did not have any continuing involvement in them.

As of December 31, 2021 and 2020, the relevant information on trade receivables factored but unsettled was as follows:

Unit: USD in thousands

| | December 31, 2021 | | | | | |
|------------------------|------------------------|---------------------------|-----------------|---------|-------------------------|------------|
| Purchaser | Amount derecognized | Factoring credit limit | Amount advanced | | Interest rate collar | Collateral |
| | Paid | Unpaid | | | | |
| Financial institutions | \$ 3,014,990 | 3,466,372 (Note) | 3,014,990 | 451,382 | 0.45%~1.26% | - |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Purchaser | December 31, 2020 | | | | | |
|------------------------|---------------------|-------------------------|------------------|------------------|----------------------|----------------|
| | Amount derecognized | Factoring credit limit | Amount advanced | | Interest rate collar | Collateral |
| | | | Paid | Unpaid | | |
| Financial institutions | \$ <u>1,739,115</u> | <u>2,826,669</u> (Note) | <u>1,739,115</u> | <u>1,087,554</u> | 0.54%~3.65% | <u>621,000</u> |

(Note): For vendor financing transactions, the factoring credit limit was the credit line that the financial institution provided to the Group's customer.

As of December 31, 2021 and 2020, the note and trade receivables were not pledged.

(f) Other receivables

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Other current assets-other receivables | \$ 5,720,760 | 5,286,580 |
| Other receivables-related parties | 13,689 | 14,657 |
| Less: loss allowance | <u>(413,717)</u> | <u>(480,898)</u> |
| | <u>\$ 5,320,732</u> | <u>4,820,339</u> |

As of December 31, 2021 and 2020, there were no significant changes in credit quality and risk of the other receivables, and the overdue amounts were impaired.

The movements in the loss allowance for other receivables were as follows:

| | 2021 | 2020 |
|---|-------------------|----------------|
| Balance on January 1 | \$ 480,898 | 395,463 |
| Impairment losses recognized (reversed) | (20,844) | 85,435 |
| Amounts written off | (46,337) | - |
| Balance on December 31 | <u>\$ 413,717</u> | <u>480,898</u> |

(g) Inventories

| | December 31, 2021 | December 31, 2020 |
|----------------------|-----------------------|----------------------|
| Raw materials | \$ 95,422,476 | 49,191,331 |
| Work in progress | 9,061,760 | 7,679,751 |
| Finished goods | 36,442,860 | 25,327,640 |
| Inventory in transit | <u>20,451,026</u> | <u>12,854,925</u> |
| | <u>\$ 161,378,122</u> | <u>95,053,647</u> |

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WISTRON CORPORATION AND SUBSIDIARIES
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For the years ended December 31, 2021 and 2020, the details of cost of sales were as follows:

| | For the years ended December 31 | |
|------------------------------------|------------------------------------|--------------------|
| | 2021 | 2020 |
| Cost of goods sold | \$ 808,456,618 | 796,324,116 |
| Loss on valuation of inventories | 2,061,349 | 2,814,186 |
| Loss on inventory physical count | 12,876 | 2,631 |
| Income from sale of scraps | (216,851) | (215,660) |
| Unallocated manufacturing overhead | <u>634,140</u> | <u>33,391</u> |
| | <u>\$ 810,948,132</u> | <u>798,958,664</u> |

As of December 31, 2021 and 2020, the inventories were not pledged.

(h) Equity-accounted investees

The components of investments accounted for using the equity method were as follows:

| | December 31, 2021 | December 31, 2020 |
|------------|----------------------|----------------------|
| Associates | <u>\$ 7,107,549</u> | <u>7,024,318</u> |

(i) The fair value of investments in associates of the Group for which there were public price quotations were as follows:

| | December 31, 2021 | | December 31, 2020 | |
|--|---------------------|-------------------|-------------------|------------------|
| | Book value | Fair value | Book value | Fair value |
| WNC | \$ 3,861,857 | 7,011,401 | 3,802,596 | 6,984,434 |
| WITS | 647,131 | 1,488,567 | 618,449 | 1,642,323 |
| Formosa Prosonic Industries Berhad (FPI) | 553,100 | 1,720,315 | 512,968 | 1,114,660 |
| T-Conn Precision Corporation (TPE) | <u>173,110</u> | <u>1,036,002</u> | <u>131,909</u> | <u>-</u> |
| | <u>\$ 5,235,198</u> | <u>11,256,285</u> | <u>5,065,922</u> | <u>9,741,417</u> |

(ii) For the years ended December 31, 2021 and 2020, the recognized share of profits and other comprehensive income of associates were as follows:

| | For the years ended December 31 | |
|----------------------------|------------------------------------|----------------|
| | 2021 | 2020 |
| Attributable to the Group: | | |
| Net profit | \$ 117,188 | 447,126 |
| Other comprehensive income | <u>(79,618)</u> | <u>(8,177)</u> |
| Comprehensive income | <u>\$ 37,570</u> | <u>438,949</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) The financial information on associates was as follows (before being adjusted to the Group's proportionate share):

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Total assets | \$ 67,165,918 | 60,574,352 |
| Total liabilities | \$ 39,068,928 | 34,047,452 |
| For the years ended December 31 | | |
| | 2021 | 2020 |
| Revenue | \$ 90,078,697 | 84,744,069 |
| Profit | \$ 1,310,640 | 1,868,952 |

- (iv) Collateral

As of December 31, 2021 and 2020, the investments in aforementioned equity-accounted investees were not pledged.

- (v) Judgement of whether the Group has substantive control over its investees

Although the Group was the first major shareholder of some of its associates, the Group failed to obtain more than half of the total number of their directors. It also failed to reach any contractual agreement with the other investors to align and exercise other voting rights. Therefore, the Group only has significant influence, but not control, over its associates.

- (i) Business combination

Wise Cap Limited Company (WCL), one of the subsidiaries, acquired 100% of shares of Kaohsiung Opto-Electronics Inc. (KOE) from JDI Taiwan Inc. for \$2,108,639 on December 1, 2021, and had a de facto control over the main operating policies of KOE. Therefore, KOE was accounted for as a subsidiary of the Group. KOE is mainly engaged in LCD business in the products of TFT LCD module for automobile electronics, industrial control, and medical device.

The acquisition is expected to provide the Group with an increased share of the market through access to the acquiree's customer base and reducing the costs through economies of scale.

The main category of transfer consideration, and all of the assets acquired, the liabilities assumed and goodwill on the acquisition date are as follows:

- (i) The fair value of the major category of transfer consideration on the acquisition date:

| | |
|------|--------------|
| Cash | \$ 2,108,639 |
|------|--------------|

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) Identifiable assets acquired and liabilities assumed

The fair value of identifiable assets acquired and liabilities assumed on the acquisition date was detailed as follows:

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 181,351 |
| Trade receivables | 1,183,764 |
| Other receivables (including related parties) | 111,983 |
| Inventories | 1,421,134 |
| Other current assets | 25,429 |
| Property, plant and equipment (Note 6(m)) | 871,758 |
| Right-of-use assets (Note 6(n)) | 33,017 |
| Intangible assets (Note 6(o)) | 138,751 |
| Other non-current assets | 73,722 |
| Short-term loans | (332,028) |
| Note and trade payables | (1,430,951) |
| Other payables and other current liabilities | (298,045) |
| Other non-current liabilities | (95,298) |
| | \$ 1,884,587 |

- (iii) The goodwill is attributable mainly to the skills and technical talent of KOE's work force and the synergies expected to be achieved from integrating the company into the Group's existing LCD module business.

Goodwill arising from the acquisition has been recognized as follows:

| | |
|---|-------------------|
| Transfer consideration | \$ 2,108,639 |
| Less: fair value of identifiable net assets | (1,884,587) |
| Goodwill | \$ 224,052 |

- (j) Disposal of part of equity ownership of subsidiaries without losing control

The Group disposed 2.70% of WYHQ's equity ownership in the fourth quarter of 2021, with the proceeds of \$4,072,537 which decreased its ownership from 50.78% to 48.08%. Since it had no effect on the control of the subsidiary, the equity change was regarded as an equity transaction.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following summarizes the effect of changes in equity of the parent due to changes in the ownership interest of subsidiaries:

| | <u>2021</u> |
|---|---------------------|
| Book value of the non-controlling interest | \$ (707,034) |
| Consideration transferred from the non-controlling interest | 4,072,537 |
| Other equity | <u>(11,339)</u> |
| Capital surplus – difference between consideration and carrying amount of subsidiaries acquired or disposed | <u>\$ 3,354,164</u> |

(k) Loss of control over a subsidiary

The Group intended to dispose its entire shareholdings in WEKS and WJC to Luxshare Precision Industry Co. Ltd. based on the resolution approved during the Board meeting held in July 2020. The above disposals had been reclassified as held-for-sale based on their book value in the consolidated balance, because the expected fair value minus the cost of sale exceeded the book value of the above disposal.

The Group, disposed the aforesaid subsidiaries in January 2021, with a fair value of CNY 3.35 billion, resulting in the disposal gain of CNY 512 million, which was accounted for as under non-operating income and expense. The proceeds were fully collected as of December 31, 2021.

The carrying amount of assets and liabilities of WEKS and WJC on the date of disposal was as follow:

| | <u>January 1, 2021</u> |
|-----------------------------------|----------------------------|
| Cash and cash equivalents | \$ 3,342,273 |
| Trade receivables-related parties | 16,841,737 |
| Other receivables-related parties | 284,385 |
| Inventories | 18,734,536 |
| Other current assets | 2,042,543 |
| Property, plant and equipment | 4,005,374 |
| Right-of-use assets | 197,493 |
| Other non-current assets | 316,412 |
| Short-term loans | (5,281,195) |
| Note and trade payables | (7,052,863) |
| Trade payables-related parties | (17,759,847) |
| Other payables-related parties | (507,796) |
| Other current liabilities | (3,054,935) |
| Other non-current liabilities | <u>(6,225)</u> |
| Carrying value of net assets | <u>\$ 12,101,892</u> |

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Notes to the Consolidated Financial Statements

(l) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiary was as follows:

| | | <u>Percentage of non-controlling interests</u> | |
|-------------------|--------------------------------|--|------------------------------|
| | | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
| <u>Subsidiary</u> | <u>Main operation location</u> | | |
| WYHQ | Taiwan | 51.92 % | 49.22 % |

The following information of the aforementioned subsidiary was not adjusted with the Group's percentage of controlling interest:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-------------------|--|------------------------------|
| Total assets | <u>\$ 84,737,458</u> | <u>54,724,165</u> |
| Total liabilities | <u>\$ 57,367,432</u> | <u>30,210,242</u> |
| | <u>For the years ended December 31</u> | |
| | <u>2021</u> | <u>2020</u> |
| Revenue | <u>\$ 192,625,942</u> | <u>186,927,647</u> |
| Profit | <u>\$ 8,648,012</u> | <u>8,609,657</u> |

(m) Property, plant and equipment

| | <u>Land</u> | <u>Building and improvements</u> | <u>Machinery and equipment</u> | <u>Molding equipment</u> | <u>Research and development equipment</u> | <u>Office equipment</u> | <u>Other equipment</u> | <u>Total</u> |
|--|---------------------|--------------------------------------|------------------------------------|------------------------------|---|-----------------------------|----------------------------|-------------------|
| Cost or deemed cost: | | | | | | | | |
| Balance at January 1, 2021 | \$ 3,551,250 | 27,181,335 | 28,241,211 | 15,389,051 | 2,331,818 | 2,467,641 | 8,679,066 | 87,841,372 |
| Effect of change in consolidated entities | - | 706,922 | 2,657,549 | - | - | 53,259 | 8,208 | 3,425,938 |
| Additions | 612,364 | 691,971 | 3,621,364 | 619,138 | 257,274 | 343,964 | 4,350,249 | 10,496,324 |
| Reclassification (Note) | 23,363 | 532,565 | 2,698,590 | 1,006,717 | 54,501 | 24,321 | 29,066 | 4,369,123 |
| Reclassified as expenses | - | - | (74) | - | - | (190) | (69,927) | (70,191) |
| Disposals | - | (358,152) | (3,111,052) | (4,472,343) | (41,385) | (160,170) | (742,653) | (8,885,755) |
| Effect of changes in foreign exchange rates | (59,525) | (774,616) | (762,629) | (160,090) | (1,538) | (54,567) | (268,546) | (2,081,511) |
| Balance at December 31, 2021 | <u>\$ 4,127,452</u> | <u>27,980,025</u> | <u>33,344,959</u> | <u>12,382,473</u> | <u>2,600,670</u> | <u>2,674,258</u> | <u>11,985,463</u> | <u>95,095,300</u> |
| Balance at January 1, 2020 | \$ 3,498,447 | 30,039,416 | 31,631,710 | 15,957,683 | 2,522,626 | 2,543,471 | 9,696,563 | 95,889,916 |
| Effect of change in consolidated entities | - | - | 272 | 10,919 | 3,636 | 7,318 | 20,009 | 42,154 |
| Additions | 77,069 | 1,095,257 | 5,092,218 | 674,172 | 228,392 | 520,856 | 2,150,263 | 9,838,227 |
| Reclassification (Note) | - | 1,883,226 | 849,210 | 695,057 | 24,092 | 21,153 | (1,712,231) | 1,760,507 |
| Reclassified from expenses (as expenses) | - | (1,280) | 659 | - | (2,959) | (12) | (15,725) | (19,317) |
| Disposals | - | (1,872,346) | (2,677,171) | (1,690,893) | (436,813) | (272,245) | (567,227) | (7,516,695) |
| Effect of changes in foreign exchange rates | (24,266) | (1,389,990) | (1,429,928) | (257,887) | (7,156) | (88,564) | (389,188) | (3,586,979) |
| Reclassified to non-current assets or disposal group classified as held for sale | - | (2,572,948) | (5,225,759) | - | - | (264,336) | (503,398) | (8,566,441) |
| Balance at December 31, 2020 | <u>\$ 3,551,250</u> | <u>27,181,335</u> | <u>28,241,211</u> | <u>15,389,051</u> | <u>2,331,818</u> | <u>2,467,641</u> | <u>8,679,066</u> | <u>87,841,372</u> |

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| | Land | Building and improvements | Machinery and equipment | Molding equipment | Research and development equipment | Office equipment | Other equipment | Total |
|--|---------------------|---------------------------|-------------------------|-------------------|------------------------------------|------------------|------------------|-------------------|
| Accumulated depreciation and impairment loss: | | | | | | | | |
| Balance at January 1, 2021 | \$ - | 11,978,092 | 15,297,258 | 14,637,831 | 1,928,895 | 1,822,152 | 5,604,802 | 51,269,030 |
| Effect of change in consolidated entities | - | 450,542 | 2,046,471 | - | - | 50,421 | 6,746 | 2,554,180 |
| Depreciation | - | 1,481,506 | 3,598,818 | 1,317,262 | 187,452 | 248,251 | 1,168,875 | 8,002,164 |
| Impairment loss | - | 373,811 | - | - | - | - | 41,720 | 415,531 |
| Disposals | - | (330,737) | (2,576,227) | (4,472,343) | (41,323) | (145,123) | (654,156) | (8,219,909) |
| Effect of changes in foreign exchange rates | - | (356,367) | (432,320) | (139,875) | (1,505) | (37,989) | (167,196) | (1,135,252) |
| Balance at December 31, 2021 | \$ - | 13,596,847 | 17,934,000 | 11,342,875 | 2,073,519 | 1,937,712 | 6,000,791 | 52,885,744 |
| Balance at January 1, 2020 | \$ - | 13,199,748 | 17,301,047 | 14,982,366 | 2,201,133 | 2,125,229 | 5,407,300 | 55,216,823 |
| Effect of change in consolidated entities | - | - | 272 | 10,160 | 890 | 4,697 | 18,874 | 34,893 |
| Depreciation | - | 1,866,662 | 3,966,889 | 1,552,083 | 138,544 | 219,880 | 1,138,415 | 8,882,473 |
| Disposals | - | (1,310,498) | (2,235,442) | (1,690,893) | (405,028) | (237,956) | (446,270) | (6,326,087) |
| Effect of changes in foreign exchange rates | - | (622,588) | (825,641) | (215,885) | (6,644) | (63,613) | (246,164) | (1,980,535) |
| Reclassified to non-current assets or disposal group classified as held for sale | - | (1,155,232) | (2,909,867) | - | - | (226,085) | (267,353) | (4,558,537) |
| Balance at December 31, 2020 | \$ - | 11,978,092 | 15,297,258 | 14,637,831 | 1,928,895 | 1,822,152 | 5,604,802 | 51,269,030 |
| Carrying value: | | | | | | | | |
| Balance at December 31, 2021 | \$ 4,127,452 | 14,383,178 | 15,410,959 | 1,039,598 | 527,151 | 736,546 | 5,984,672 | 42,209,556 |
| Balance at January 1, 2020 | \$ 3,498,447 | 16,839,668 | 14,330,663 | 975,317 | 321,493 | 418,242 | 4,289,263 | 40,673,093 |
| Balance at December 31, 2020 | \$ 3,551,250 | 15,203,243 | 12,943,953 | 751,220 | 402,923 | 645,489 | 3,074,264 | 36,572,342 |

(Note): Reclassifications are mainly transferring from other non-current assets-advance payment for equipment and transferring from others-construction in process to building and improvements; as well as due to the assets of WAKS acquired from WEKS.

As of December 31, 2021 and 2020, the property, plant and equipment were not pledged.

(n) Right-of-use assets

The Group leased many assets including land, building and improvements, machinery and equipment, office equipment and other equipment. Information about leases for which the Group as a lessee was as below:

| | Land | Building and improvements | Machinery and equipment | Other equipment | Total |
|--|---------------------|---------------------------|-------------------------|-----------------|-------------------|
| Cost: | | | | | |
| Balance at January 1, 2021 | \$ 3,451,042 | 5,137,882 | 29,006 | 72,597 | 8,690,527 |
| Effect of changes in consolidated entities | 33,210 | 10,057 | - | 2,994 | 46,261 |
| Addition | 1,277,928 | 984,321 | 17,844 | 45,280 | 2,325,373 |
| Decrease | - | (283,464) | - | (9,868) | (293,332) |
| Effect of changes in foreign exchange rates | (97,348) | (162,639) | (56) | (479) | (260,522) |
| Balance at December 31, 2021 | \$ 4,664,832 | 5,686,157 | 46,794 | 110,524 | 10,508,307 |
| Balance at January 1, 2020 | \$ 3,106,691 | 3,678,790 | 26,219 | 69,009 | 6,880,709 |
| Effect of changes in consolidated entities | - | 75,962 | - | - | 75,962 |
| Addition | 1,309,317 | 2,165,886 | 2,897 | 23,831 | 3,501,931 |
| Decrease | (663,194) | (583,605) | - | (19,643) | (1,266,442) |
| Effect of changes in foreign exchange rates | (177,341) | (199,151) | (110) | (600) | (377,202) |
| Reclassified to non-current assets or disposal group classified as held for sale | (124,431) | - | - | - | (124,431) |
| Balance at December 31, 2020 | \$ 3,451,042 | 5,137,882 | 29,006 | 72,597 | 8,690,527 |

(Continued)

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| | Land | Building and improvements | Machinery and equipment | Other equipment | Total |
|--|---------------------|---------------------------|-------------------------|-----------------|------------------|
| Accumulated depreciation: | | | | | |
| Balance at January 1, 2021 | \$ 535,213 | 2,504,770 | 11,401 | 30,377 | 3,081,761 |
| Effect of changes in consolidated entities | 4,574 | 7,450 | - | 1,220 | 13,244 |
| Depreciation | 85,187 | 742,149 | 8,387 | 28,503 | 864,226 |
| Decrease | - | (221,665) | - | (6,633) | (228,298) |
| Effect of changes in foreign exchange rates | (14,813) | (65,800) | (35) | (184) | (80,832) |
| Balance at December 31, 2021 | \$ 610,161 | 2,966,904 | 19,753 | 53,283 | 3,650,101 |
| Balance at January 1, 2020 | \$ 582,273 | 2,249,982 | 4,864 | 26,951 | 2,864,070 |
| Effect of changes in consolidated entities | - | 19,895 | - | - | 19,895 |
| Depreciation | 59,720 | 767,390 | 6,590 | 20,658 | 854,358 |
| Decrease | (67,010) | (434,812) | - | (16,926) | (518,748) |
| Effect of changes in foreign exchange rates | (26,639) | (97,685) | (53) | (306) | (124,683) |
| Reclassified to non-current assets or disposal group classified as held for sale | (13,131) | - | - | - | (13,131) |
| Balance at December 31, 2020 | \$ 535,213 | 2,504,770 | 11,401 | 30,377 | 3,081,761 |
| Carrying value: | | | | | |
| Balance at December 31, 2021 | \$ 4,054,671 | 2,719,253 | 27,041 | 57,241 | 6,858,206 |
| Balance at January 1, 2020 | \$ 2,524,418 | 1,428,808 | 21,355 | 42,058 | 4,016,639 |
| Balance at December 31, 2020 | \$ 2,915,829 | 2,633,112 | 17,605 | 42,220 | 5,608,766 |

(o) Intangible assets

| | Patent | Goodwill | Software | Professional technology | Customer relationships | Operating concession | Total |
|---|-------------------|----------------|----------------|-------------------------|------------------------|----------------------|------------------|
| Costs: | | | | | | | |
| Balance at January 1, 2021 | \$ 387,318 | 583,139 | 874,454 | 126,028 | - | - | 1,970,939 |
| Effect of changes in consolidated entities | - | 224,052 | - | - | 138,751 | - | 362,803 |
| Additions | - | - | 393,612 | 943 | - | - | 688,166 |
| Decrease | (212,459) | - | (371,707) | - | - | - | (584,166) |
| Effect of changes in foreign exchange rates | (3,730) | - | (5,795) | (3,628) | - | - | (13,153) |
| Balance at December 31, 2021 | \$ 171,129 | 807,191 | 890,564 | 123,343 | 138,751 | 289,416 | 2,420,394 |
| Balance at January 1, 2020 | \$ 385,433 | 561,485 | 674,546 | 133,094 | - | - | 1,754,558 |
| Effect of changes in consolidated entities | - | 21,654 | 21,815 | - | - | - | 43,469 |
| Additions | - | - | 449,141 | - | - | - | 449,141 |
| Decrease | - | - | (255,425) | - | - | - | (255,425) |
| Effect of changes in foreign exchange rates | 1,885 | - | (15,623) | (7,066) | - | - | (20,804) |
| Balance at December 31, 2020 | \$ 387,318 | 583,139 | 874,454 | 126,028 | - | - | 1,970,939 |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | Patent | Goodwill | Software | Professional technology | Customer relationships | Operating concession | Total |
|---|-------------------|----------------|----------------|-------------------------|------------------------|----------------------|------------------|
| Accumulated amortization: | | | | | | | |
| Balance at January 1, 2021 | \$ 314,689 | - | 484,649 | 67,367 | - | - | 866,705 |
| Amortization | 22,501 | - | 331,814 | 3,578 | 826 | - | 358,719 |
| Impairment loss | - | - | 60,425 | - | - | - | 60,425 |
| Decrease | (212,459) | - | (371,707) | - | - | - | (584,166) |
| Effect of changes in foreign exchange rates | (3,222) | - | (6,266) | (1,974) | - | - | (11,462) |
| Balance at December 31, 2021 | <u>\$ 121,509</u> | <u>-</u> | <u>498,915</u> | <u>68,971</u> | <u>826</u> | <u>-</u> | <u>690,221</u> |
| Balance at January 1, 2020 | \$ 283,706 | - | 475,725 | 37,595 | - | - | 797,026 |
| Effect of changes in consolidated entities | - | - | 17,550 | - | - | - | 17,550 |
| Amortization | 30,888 | - | 259,220 | 32,924 | - | - | 323,032 |
| Decrease | - | - | (255,425) | - | - | - | (255,425) |
| Effect of changes in foreign exchange rates | 95 | - | (12,421) | (3,152) | - | - | (15,478) |
| Balance at December 31, 2020 | <u>\$ 314,689</u> | <u>-</u> | <u>484,649</u> | <u>67,367</u> | <u>-</u> | <u>-</u> | <u>866,705</u> |
| Carrying value: | | | | | | | |
| Balance at December 31, 2021 | <u>\$ 49,620</u> | <u>807,191</u> | <u>391,649</u> | <u>54,372</u> | <u>137,925</u> | <u>289,416</u> | <u>1,730,173</u> |
| Balance at January 1, 2020 | <u>\$ 101,727</u> | <u>561,485</u> | <u>198,821</u> | <u>95,499</u> | <u>-</u> | <u>-</u> | <u>957,532</u> |
| Balance at December 31, 2020 | <u>\$ 72,629</u> | <u>583,139</u> | <u>389,805</u> | <u>58,661</u> | <u>-</u> | <u>-</u> | <u>1,104,234</u> |

(i) The Group signed a “Build-Operate-Transfer of Taipei Digi-Creative Center” agreement with Taipei City Government to obtain the operating right. As of December 31, 2021, the Group had paid development concession premium amounting to \$289,416.

(ii) Impairment testing for goodwill

- 1) For the Group’s impairment testing purpose, goodwill had been allocated to the operating units testing purpose. The units were the minimum level for the Group to goodwill, and its level was not higher than Group’s operating segments.

The carrying amounts of goodwill were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| Developing and manufacturing services cash-generating units | \$ 561,485 | 561,485 |
| Other segment cash-generating units | 245,706 | 21,654 |
| | <u>\$ 807,191</u> | <u>583,139</u> |

- 2) The recoverable amount of developing and manufacturing services cash-generating units (CGU) and other department cash-generating units was based on its value-in-use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of the value in use were as follows:

| | December 31, 2021 | December 31, 2020 |
|-------------------------|----------------------|----------------------|
| Revenue growth rate | 6.01 % | 6.78 % |
| After-tax discount rate | 2.74 % | 4.30 % |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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The key assumptions represented the management’s evaluation of the future industry trends, and of which the external, internal and also historical information were considered. There was no impairment occurred as of December 31, 2021 and 2020.

(iii) Collateral

As of December 31, 2021 and 2020, the intangible assets were not pledged.

(p) Other current assets and non-current assets

| | December 31, 2021 | December 31, 2020 |
|--------------------------------|----------------------|----------------------|
| (i) Other current assets: | | |
| Other receivables, net | \$ 5,307,043 | 4,805,682 |
| Tax refundable | 3,827,017 | 3,518,561 |
| Prepaid royalties | 228,032 | 283,301 |
| Other prepayments | 4,298,796 | 2,556,733 |
| Other financial assets (Note) | 568,964 | 730,902 |
| Others | 600,897 | 74,857 |
| | <u>\$ 14,830,749</u> | <u>11,970,036</u> |
| (ii) Other non-current assets: | | |
| Advance payments for equipment | \$ 2,435,900 | 3,917,154 |
| Refundable deposits | 938,540 | 613,020 |
| Others | 851,062 | 50,360 |
| | <u>\$ 4,225,502</u> | <u>4,580,534</u> |

(Note): Other financial assets were time deposits which did not qualify as cash equivalents.

(q) Bank loans

(i) Short-term loans

| | December 31, 2021 | | | Amount |
|----------------------|-------------------|----------------------|---------------------|-----------------------|
| | Currency | Interest rate collar | Expiration | |
| Unsecured bank loans | USD | 0.51%~1.9% | 2022/1/1~2022/12/29 | \$ 117,478,556 |
| Unsecured bank loans | TWD | 0.55%~1.33% | 2022/1/3~2022/6/25 | 21,912,800 |
| Unsecured bank loans | CZK | 4.7% | 2022/1/1 | 463,729 |
| Unsecured bank loans | EUR | 0.63%~0.95% | 2022/1/1~2022/1/25 | 367,009 |
| Unsecured bank loans | JPY | 0.37%~0.38% | 2022/1/31 | 337,400 |
| Unsecured bank loans | CNY | 3.3%~3.9% | 2022/1/6~2022/9/23 | 280,031 |
| Unsecured bank loans | AUD | 0.8% | 2022/1/14 | 60,134 |
| Total | | | | <u>\$ 140,899,659</u> |
| Unused credit line | | | | <u>\$ 118,701,768</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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| December 31, 2020 | | | | |
|----------------------|----------|----------------------|----------------------|-----------------------|
| | Currency | Interest rate collar | Expiration | Amount |
| Unsecured bank loans | USD | 0.58%~2.7% | 2021/1/1~2021/12/28 | \$ 86,016,796 |
| Unsecured bank loans | TWD | 0.55%~1.33% | 2021/1/3~2021/6/21 | 12,717,500 |
| Unsecured bank loans | CNY | 3.25%~3.85% | 2021/1/22~2021/12/20 | 1,349,862 |
| Unsecured bank loans | CZK | 1.2% | 2021/1/1 | 829,901 |
| Unsecured bank loans | JPY | 0.35%~0.36% | 2021/1/31 | 414,150 |
| Unsecured bank loans | EUR | 0.65%~0.95% | 2021/1/1~2021/1/13 | 390,884 |
| Unsecured bank loans | INR | 3% | 2021/2/13 | 321,112 |
| Total | | | | <u>\$ 102,040,205</u> |
| Unused credit line | | | | <u>\$ 135,524,599</u> |

(ii) Long-term loans

| December 31, 2021 | | | | |
|-----------------------|----------|----------------------|--------------------|----------------------|
| | Currency | Interest rate collar | Expiration | Amount |
| Unsecured bank loans | USD | 0.7%~1.17% | 2022/3/7~2024/3/10 | \$ 24,455,598 |
| Less: current portion | | | | (1,218,360) |
| Total | | | | <u>\$ 23,237,238</u> |
| Unused credit line | | | | <u>\$ 2,396,840</u> |

| December 31, 2020 | | | | |
|----------------------|----------|----------------------|--------------------|----------------------|
| | Currency | Interest rate collar | Expiration | Amount |
| Unsecured bank loans | USD | 0.75%~1.25% | 2022/3/7~2023/5/23 | \$ 18,352,308 |
| Unsecured bank loans | TWD | 0.6%~0.78% | 2022/7/23 | 1,980,000 |
| Total | | | | <u>\$ 20,332,308</u> |
| Unused credit line | | | | <u>\$ 446,288</u> |

(iii) Breach of covenant

- 1) On May 23, 2018, the Company entered into a 3-year loan agreement with Mega Bank (the lead bank) and 21 other participating banks, and which was extended on December 25, 2020, with significant terms as follows:

Total credit facility: USD 450,000,000

Maturity date: The date 3 years after the first drawdown date, which should be within 6 months from the date the agreement was signed.

Availability period: Since the facility is revolving, each availability period should be more than 2 months and less than 6 months.

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WISTRON CORPORATION AND SUBSIDIARIES
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- 2) On December 31, 2020, the Company entered into a 3-year loan with Mega Bank (the lead bank) and 8 other participating banks, with significant terms as follows:

Total credit facility: USD 360,000,000

Maturity date: The date 3 years after the first drawdown date, which should be within 6 months from the date the agreement was signed.

Availability period: Since the facility is revolving, each availability period should be more than 2 months and less than 6 months.

According to the loan agreement, during the loan repayment periods, the Company must comply with certain financial covenants, such as current ratio, debt ratio, interest coverage ratio and tangible net assets, based on its audited annual consolidated financial statements and reviewed semi-annual consolidated financial statements. If a breach of contract occurs, the Company's credit facility will immediately be restricted and will no longer be available for use without the approval of the majority of banks involved.

According to the Company's credit loan facility agreement with the banks, during the credit term, the Company is committed to maintain the financial ratios. If a breach of covenant occurs, the Company's credit facility is immediately restricted, and without the consent of authorized banks, the credit facility is no longer available for the Company.

- (iv) The interest expenses for short-term and long-term loans for the year ended December 31, 2021 and 2020 were disclosed in Note 6(aa).

(r) Bonds payable

Wiwynn, a subsidiary of the Group, issued 4,450 unsecured 5-years ordinary corporate bonds in Taiwan, and paid interest annually at a fixed interest rate of 0.63% on August 6, 2021. It is agreed that half of the principal will be repaid in the fourth and fifth years. Wiwynn also issued 5,000 unsecured 5-years ordinary corporate bonds, and paid interest annually at a fixed interest rate of 0.83% in Taiwan on October 20, 2020. It is agreed that half of the principal will be repaid in the fourth and fifth years.

The details of unsecured convertible bonds were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Total convertible corporate bonds issued | \$ 9,450,000 | 5,000,000 |
| Unamortized discounted corporate bonds payable | (13,552) | (8,217) |
| Corporate bonds issued balance at year-end | <u>\$ 9,436,448</u> | <u>4,991,783</u> |
| | <u>2021</u> | <u>2020</u> |
| Interest expense | <u>\$ 55,130</u> | <u>8,583</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Lease liabilities

| | December 31, 2021 | December 31, 2020 |
|-------------|----------------------|----------------------|
| Current | <u>\$ 1,684,637</u> | <u>1,674,394</u> |
| Non-current | <u>\$ 1,991,385</u> | <u>1,122,922</u> |

For the disclosure of maturity analysis, please refer to Note 6(ac).

The amounts recognized in profit or loss were as follows:

| | For the years ended December 31, | |
|--|-------------------------------------|----------------|
| | 2021 | 2020 |
| Interests on lease liabilities | <u>\$ 73,521</u> | <u>51,818</u> |
| Variable lease payments not included in the measurement of lease liabilities | <u>\$ 207,537</u> | <u>153,314</u> |
| Expenses relating to short-term leases | <u>\$ 298,335</u> | <u>204,311</u> |
| Expenses relating to leases of low-value assets | <u>\$ 32,759</u> | <u>992</u> |
| COVID-19-related rent concessions (recognized as other income) | <u>\$ 229</u> | <u>2,755</u> |

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

| | For the years ended December 31, | |
|-------------------------------|-------------------------------------|------------------|
| | 2021 | 2020 |
| Total cash outflow for leases | <u>\$ 1,723,642</u> | <u>2,098,214</u> |

(i) Leases of land, buildings and improvement

As of December 31, 2021 the Group leased land, building and improvements for its office spaces, factories, warehouses and staff dormitories. The leases of land ran for a period of 14~40 years, and of buildings typically for 1 to 10 years. Furthermore, the Group leased office equipment, transportation equipment and other equipment, with lease terms typically of 1 to 5 years. Some leases contained extension options. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period will not be included within lease liabilities.

As of December 31, 2021, there was not the occurrence of either a significant event or a significant change in circumstances and the reassessment of the lease required.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other leases

In some cases, the Group also leased buildings, office equipment and transportation equipment with contract terms less than one year. These leases were short-term or leases of low-value items. The Group had elected not to recognize right-of-use assets and lease liabilities for these leases.

(t) Operating leases

The Group leased a number of offices, staff dormitories, factories and facilities under operating leases. The Group had classified these leases as operating leases, because it did not transfer substantially all of the risks and rewards incidental to the ownership of the assets. For the years ended December 31, 2021 and 2020, rental income recognized in profit or loss, were \$245,659 and \$82,957, respectively.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

| | December 31, 2021 | December 31, 2020 |
|--------------------|----------------------|----------------------|
| Less than one year | <u>\$ 11,045</u> | <u>18,931</u> |

(u) Employee benefits

The movements in the present value of the defined benefit obligations and net defined benefit liabilities (assets) were as follows:

| | 2021 | 2020 |
|---|---------------------|------------------|
| Present value of defined benefit obligations | \$ 6,469 | 6,080 |
| Fair value of plan assets | (6,948) | (6,827) |
| Net defined benefit assets (accounted for under "Other non-current assets") | <u>\$ (479)</u> | <u>(747)</u> |
| | 2021 | 2020 |
| Present value of defined benefit obligations | \$ 2,631,070 | 2,306,294 |
| Fair value of plan assets | (1,508,168) | (1,206,250) |
| Net defined benefit liabilities (accounted for under "Other non-current liabilities") | <u>\$ 1,122,902</u> | <u>1,100,044</u> |

The domestic entities of the Group made defined benefit plans contributions to the pension fund account to Bank of Taiwan and Taipei Fubon commercial bank that provided pension for employees upon retirement. Plans (covered by the Labor Standards Law) entitled a retired employee to receive retirement benefits based on years or service and average monthly salary for the six months prior to retirement.

(Continued)

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The foreign entities of the Group, WSPH and WJP, adopted defined benefit plans.

1) Composition of plan assets

The domestic entities of the Group allocated pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds were 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 foreign entities of the Group made defined benefit plans contributions to the pension fund in accordance with the local regulations.

The Group's labor pension reserve account balance amounted to \$1,290,082 and \$1,213,077 as of December 31, 2021 and 2020, respectively. The utilization of the labor pension fund assets of the domestic entities of the Group included the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) The movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations were as follows:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|------------------|
| Balance at January 1 | \$ 2,312,374 | 2,111,942 |
| Current service cost and interests | 36,815 | 37,717 |
| Benefit paid by the plan | (110,464) | (74,303) |
| Benefit paid by the Group | (58,569) | (50,168) |
| Net remeasurements of defined benefit liabilities (assets) | | |
| — Actuarial losses arising from changes in financial assumptions | (5,105) | 230,560 |
| — Experience adjustments | 47,568 | 54,828 |
| — Losses arising from changes in demographic assumptions | 65,144 | - |
| Effect of change in foreign exchange rates | (2,213) | 1,798 |
| Liabilities arising from business combination | 351,989 | - |
| Balance at December 31 | <u>\$ 2,637,539</u> | <u>2,312,374</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) The movements in the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|------------------|
| Fair value of plan assets at January 1 | \$ 1,213,077 | 1,063,200 |
| Contribution paid by the Group | 101,869 | 187,602 |
| Benefit paid by the plan | (110,464) | (74,303) |
| Expected return on plan assets | 8,454 | 11,247 |
| Net remeasurements of defined benefit liabilities (assets) | | |
| — Return on plan assets | 15,238 | 25,331 |
| Assets acquired by business combination | 286,942 | - |
| Balance at December 31 | <u>\$ 1,515,116</u> | <u>1,213,077</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2021 and 2020, were as follow:

| | <u>2021</u> | <u>2020</u> |
|--|------------------|---------------|
| Current service cost | \$ 19,947 | 13,239 |
| Net interest on the net defined benefit liabilities | 16,868 | 24,478 |
| Net remeasurements of defined benefit liabilities (assets) | | |
| — Loss on plan assets | 15,238 | 25,331 |
| Actual return on plan assets | (23,692) | (36,578) |
| Exchange differences | 26 | 1 |
| | <u>\$ 28,387</u> | <u>26,471</u> |
| | <u>2021</u> | <u>2020</u> |
| Cost of sales | \$ 19,328 | 12,729 |
| Selling expenses | 4,549 | 5,000 |
| Administrative expenses | 3,125 | 4,706 |
| Research and development expenses | 1,385 | 4,036 |
| | <u>\$ 28,387</u> | <u>26,471</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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- 5) The remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

As of December 31, 2021 and 2020, the Group's remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

| | <u>2021</u> | <u>2020</u> |
|----------------------------|-------------------|----------------|
| Balance as of January 1 | \$ 906,396 | 646,339 |
| Recognized during the year | 92,369 | 260,057 |
| Balance as of December 31 | <u>\$ 998,765</u> | <u>906,396</u> |

- 6) Actuarial assumptions

The Group's principal actuarial assumptions at the reporting dates were as follows:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-------------------------|------------------------------|------------------------------|
| Discount rate | 0.500%~5.2% | 0.625%~3.9% |
| Future salary increases | 1.31%~4.0% | 1.31%~3.5% |

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after December 31, 2021 was \$58,320.

The weighted average lifetime of the defined benefits plans was 13.02~19.49 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

| | <u>Effects to the defined benefit obligation</u> | |
|-------------------------|--|-----------------------|
| | <u>Increase 0.25%</u> | <u>Decrease 0.25%</u> |
| December 31, 2021 | | |
| Discount rate | \$ (71,740) | 74,600 |
| Future salary increases | 71,236 | (68,929) |
| December 31, 2020 | | |
| Discount rate | (63,435) | 66,036 |
| Future salary increases | 61,461 | (59,408) |

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

The method and assumptions used on current sensitivity analysis was the same as those of the prior year.

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WISTRON CORPORATION AND SUBSIDIARIES
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- (i) Defined contribution plans

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

The foreign entities of the Group were in accordance with local regulations.

The Group set aside \$828,466 and \$664,931 of the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2021 and 2020, respectively.

- (v) Income Taxes

- (i) Income tax expense

- 1) The components of income tax expense for the years ended December 31, 2021 and 2020, were as follows:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|------------------|
| Current tax expense | | |
| Current period | \$ 4,302,338 | 3,556,289 |
| Prior period adjustments | 194,215 | 300,916 |
| | <u>4,496,553</u> | <u>3,857,205</u> |
| Deferred tax expense | | |
| Origination and reversal of temporary difference | 9,913 | 80,274 |
| Income tax expense | <u>\$ 4,506,466</u> | <u>3,937,479</u> |

- 2) The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

| | <u>2021</u> | <u>2020</u> |
|--|------------------|----------------|
| Items that will not be reclassified subsequently to profit or loss: | | |
| Remeasurements of the net defined benefit plans | \$ (20,038) | (51,546) |
| Unrealized gains (losses) on equity instruments as fair value through other comprehensive income | 39,263 | 43,264 |
| | <u>\$ 19,225</u> | <u>(8,282)</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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- 3) The reconciliation of income tax expense and profit before tax for the years ended December 31, 2021 and 2020 were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|-------------------|
| Profit before tax | \$ <u>19,234,277</u> | <u>16,845,375</u> |
| Estimated income tax calculated based on the Company's statutory tax rate | \$ 3,846,855 | 3,369,075 |
| Tax effects of different tax rates applicable in foreign jurisdiction | 1,268,577 | 2,160,247 |
| Surtax on undistributed earnings | 91,347 | 65,909 |
| Tax-exempt income | (1,048,233) | (1,076,442) |
| Change in unrecognized temporary differences | (172,700) | (544,174) |
| Prior-period tax adjustments | 194,215 | 300,916 |
| Others | <u>326,405</u> | <u>(338,052)</u> |
| | <u>\$ 4,506,466</u> | <u>3,937,479</u> |

- (ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

- a) Deferred tax assets have not been recognized in respect of the following items.

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|----------------------------------|--------------------------|--------------------------|
| Unused tax losses carryforwards | \$ 2,124,671 | 1,444,638 |
| Deductible temporary differences | <u>2,995,907</u> | <u>2,015,847</u> |
| | <u>\$ 5,120,578</u> | <u>3,460,485</u> |

According to the Income Tax Act, the operating loss as examined and assessed by the local tax authorities could be carried forward for use as a deduction from taxable income over a period of prior years. As of December 31, 2021, the Group's recognized and unrecognized deferred tax assets resulted from loss carryforwards and the expiry year were as follows:

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| <u>Expiry year</u> | <u>Recognized deferred tax assets</u> | <u>Unrecognized deferred tax assets</u> | <u>Total</u> |
|--------------------|---------------------------------------|---|------------------|
| 2022 | \$ 5,372 | 254,514 | 259,886 |
| 2023 | - | 230,237 | 230,237 |
| 2024 | - | 191,573 | 191,573 |
| 2025 | - | 63,589 | 63,589 |
| 2026 | 2,241 | 231,807 | 234,048 |
| 2027 | - | 331,787 | 331,787 |
| 2028 | - | 11,918 | 11,918 |
| 2029 | - | 13,470 | 13,470 |
| 2030 | 2,454 | 17,494 | 19,948 |
| 2031 | - | 778,157 | 778,157 |
| After 2032 | <u>209,718</u> | <u>125</u> | <u>209,843</u> |
| | <u>\$ 219,785</u> | <u>2,124,671</u> | <u>2,344,456</u> |

- b) Unrecognized deferred tax assets and liabilities on investment

As of December 31, 2021 and 2020, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets and liabilities as follows:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|--------------------------|
| The temporary differences associated with investment in subsidiaries (tax amount): | | |
| Unrecognized deferred tax assets | \$ <u>1,571,851</u> | <u>1,142,968</u> |
| Unrecognized deferred tax liabilities | <u>\$ 7,074,468</u> | <u>4,977,640</u> |

- 2) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

| | <u>Recognized share of loss of subsidiaries and associates accounted for equity method</u> | <u>Unrealized exchange loss</u> | <u>Contract liabilities</u> | <u>Current refund liability</u> | <u>Allowance for inventory obsolescence and accrued expenses</u> | <u>Loss carryforwards</u> | <u>Tax difference arising from depreciation of property, plant and equipment</u> | <u>Unearned revenue</u> | <u>Others</u> | <u>Total</u> |
|--|--|---------------------------------|-----------------------------|---------------------------------|--|---------------------------|--|-------------------------|------------------|------------------|
| Deferred tax assets: | | | | | | | | | | |
| Balance at January 1, 2021 | \$ 409,107 | - | - | 2,600,917 | 624,433 | 264,039 | 187,714 | 953,090 | 1,081,698 | 6,120,998 |
| Recognized in profit or loss | (223,720) | - | - | 237,886 | (49,865) | (44,254) | (35,060) | (213,862) | 373,484 | 44,609 |
| Recognized in other comprehensive income | - | - | - | - | - | - | - | - | 16,362 | 16,362 |
| Balance at December 31, 2021 | <u>\$ 185,387</u> | <u>-</u> | <u>-</u> | <u>2,838,803</u> | <u>574,568</u> | <u>219,785</u> | <u>152,654</u> | <u>739,228</u> | <u>1,471,544</u> | <u>6,181,969</u> |
| Balance at January 1, 2020 | \$ 409,107 | 185,442 | 172,301 | 1,704,095 | 531,234 | 413,866 | 449,644 | 910,554 | 1,044,108 | 5,820,351 |
| Recognized in profit or loss | - | (185,442) | (172,301) | 896,822 | 93,199 | (149,827) | (261,930) | 42,536 | 23,951 | 287,008 |
| Recognized in other comprehensive income | - | - | - | - | - | - | - | - | 13,639 | 13,639 |
| Balance at December 31, 2020 | <u>\$ 409,107</u> | <u>-</u> | <u>-</u> | <u>2,600,917</u> | <u>624,433</u> | <u>264,039</u> | <u>187,714</u> | <u>953,090</u> | <u>1,081,698</u> | <u>6,120,998</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | Recognized share of gain of subsidiaries and associates accounted for equity method | Unrealized exchange gain | Others | Total |
|--|--|-----------------------------|----------------|------------------|
| Deferred income tax liabilities: | | | | |
| Balance at January 1, 2021 | \$ 2,322,013 | 271,886 | 369,762 | 2,963,661 |
| Recognized in profit or loss | (70,085) | 243,833 | (119,226) | 54,522 |
| Recognized in other comprehensive income | - | - | 35,587 | 35,587 |
| Balance at December 31, 2021 | <u>\$ 2,251,928</u> | <u>515,719</u> | <u>286,123</u> | <u>3,053,770</u> |
| Balance at January 1, 2020 | \$ 2,483,538 | - | 107,484 | 2,591,022 |
| Recognized in profit or loss | (161,525) | 271,886 | 256,921 | 367,282 |
| Recognized in other comprehensive income | - | - | 5,357 | 5,357 |
| Balance at December 31, 2020 | <u>\$ 2,322,013</u> | <u>271,886</u> | <u>369,762</u> | <u>2,963,661</u> |

(iii) The Company's tax returns for the years through 2019 were examined and approved by the Taiwan National Tax Administration.

(w) Capital and Other Equities

(i) Capital

As of December 31, 2021 and 2020, the Company's authorized ordinary shares consisted of 4,000,000,000 shares, with a par value of \$10 per share, of which 2,903,252,000 and 2,840,612,000 shares, respectively, were issued and outstanding.

The Company issued 63,000,000 new restricted shares, amounting to \$630,000, to its employees based on a resolution decided during the shareholders' meeting held on June 18, 2020, with the record date set on February 18, 2021, upon the Board's approval. The relevant registration procedures had been completed. However, the Company retired 240,000 and 120,000 restricted shares, amounting to \$2,400 and \$1,200 respectively, as resolved at the meeting of the Board of Directors on August 5, 2021 and November 5, 2021, respectively. The relevant registration procedures had been completed as of the reporting date.

(ii) Treasury Shares

1) In order to motivate the employees and improve the operating performance, the Company's Board of Directors approved a resolution to repurchase its own common stock as treasury shares in accordance with the requirements under section 28(2) of the Securities and Exchange Act on March 24, 2020. As of December 31, 2021, the treasury shares the Company repurchased were 58,769,000 shares with the total amounts of \$1,607,259.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within five years from the date of share repurchase. Those that were not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury shares cannot be pledged for debts, and treasury shares does not carry any shareholder rights until it is transferred.

(iii) Capital surplus

Balances of capital surplus at the reporting dates were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| A premium issuance of common stock in exchange for the net assets of the DMS business of AI | \$ 1,800,000 | 1,800,000 |
| A premium issuance of common shares for cash | 20,223,928 | 20,223,928 |
| Surplus arising from equity-accounted investees | 6,174,363 | 2,484,466 |
| Restricted shares to employees | 381,944 | 1,008,344 |
| Employee stock options | 109,898 | 109,898 |
| Transaction of treasury shares | 57,257 | 57,257 |
| Other | 87,134 | 76,118 |
| | <u>\$ 28,834,524</u> | <u>25,760,011</u> |

In accordance with Companies Act, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(iv) Unappropriated earnings

The Company's Articles of Incorporation provide that, when allocating the net profit for each fiscal year, the Company shall first offset its losses in previous years and then set aside the legal reserve at 10% of net profit until the accumulated legal reserve equals the Company's capital; and also set aside special capital reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 10% of the remaining earnings. The appropriations of earnings are approved by the Company's Board of Directors in its meeting and presented for approval by the Company's shareholders in its meeting.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

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

On November 21, 2012, the other unearned remuneration for restricted employee shares was not accounted for as contra account of other shareholders' equity in accordance with Decree No.1010051600 issued by the Securities and Futures Bureau.

3) Dividends

As the Group is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of stock dividend is not lower than ten percent of total distribution of dividends.

4) Earnings Distribution

The appropriations of earnings in 2020 and 2019 have been approved during the shareholders' meeting held on July 20, 2021 and June 18, 2020, respectively. The amounts of dividends distributed to owners were as follows:

| | 2020 | 2019 |
|----------------|----------------------------|-------------------------|
| Cash dividends | <u><u>\$ 6,258,655</u></u> | <u><u>5,681,224</u></u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other equity (net of tax)

| | Exchange differences on translation of foreign financial statements | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | Deferred compensation arising from issuance of restricted shares |
|---|---|-------------------------|---|------------------------|--|
| | Group | Associates | Group | Associates | Group |
| Balance at January 1, 2021 | \$ (6,267,368) | (258,415) | (283,577) | (37,161) | (999,742) |
| Foreign currency translation differences (net of tax) | (2,144,932) | (72,046) | - | - | - |
| Disposal of part of the equity of the subsidiary company | 11,335 | - | 4 | - | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | - | 375,238 | 3,499 | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | (117,225) | - | - |
| Deferred compensation arising from issuance of restricted shares | - | - | - | - | 348,855 |
| Balance at December 31, 2021 | <u><u>\$ (8,400,965)</u></u> | <u><u>(330,461)</u></u> | <u><u>(25,560)</u></u> | <u><u>(33,662)</u></u> | <u><u>(650,887)</u></u> |

| | Exchange differences on translation of foreign financial statements | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | Deferred compensation arising from issuance of restricted shares |
|---|---|-------------------------|---|------------------------|--|
| | Group | Associates | Group | Associates | Group |
| Balance at January 1, 2020 | \$ (2,714,169) | (238,012) | (531,892) | (52,051) | - |
| Foreign currency translation differences (net of tax) | (3,553,199) | (20,403) | - | - | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | - | (91,391) | 14,890 | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | 339,706 | - | - |
| Deferred compensation arising from issuance of restricted shares | - | - | - | - | (999,742) |
| Balance at December 31, 2020 | <u><u>\$ (6,267,368)</u></u> | <u><u>(258,415)</u></u> | <u><u>(283,577)</u></u> | <u><u>(37,161)</u></u> | <u><u>(999,742)</u></u> |

5) Non-controlling interests (net of tax)

| | 2021 | 2020 |
|--|-----------------------------|--------------------------|
| Balance on January 1 | \$ 12,360,302 | 9,950,490 |
| Profit attributable to non-controlling interests | 4,259,781 | 4,226,134 |
| Other comprehensive income attributable to non-controlling interests | | |
| Exchange differences on translation of foreign financial statements | (96,663) | (145,334) |
| Remeasurements of defined benefit plans | (1,924) | (2,409) |
| Changes in non-controlling interests | <u>(1,953,655)</u> | <u>(1,668,579)</u> |
| Balance on December 31 | <u><u>\$ 14,567,841</u></u> | <u><u>12,360,302</u></u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Share-based payment transactions

(i) WHQ-Restricted shares to employees

- 1) A resolution was approved during the shareholders' meeting on June 18, 2020, for a capital increase, wherein the Company issued 63,000,000 new shares of restricted stocks to those fulltime employees who meet the Company's requirements. The above transaction had been registered with, and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. Furthermore, on December 23, 2020, the Board of Directors approved to issue all the restricted stocks, with the issuance date set on February 18, 2021, wherein the fair value on the grant date amounted to \$30 per share. However, the Company retired 240,000 and 120,000 restricted shares, amounting to \$2,400 and \$1,200, respectively, as resolved at the meeting of the Board of Directors on August 5, 2021 and November 5, 2021, respectively. The relevant registration procedures had been completed as of the reporting date.

Those employees who were granted the restricted stock awards are entitled to purchase shares without remuneration, with the condition that these employees continue to provide service to the Company for at least 2 years, 3 years and 4 years (from the grant date), while 34%, 33% and 33% of the restricted stocks are vested respectively depending on the completion of both the Company and their personal performance in each year. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or disposed, by any other means to third parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. In addition, the appropriated dividends are also kept by a trust. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares without compensation and cancel the shares thereafter.

2) Determining the fair value of equity instruments granted

The Company adopted the Black-Scholes model to calculate the fair value of the stock option at grant date, and assumption adopted in this valuation model were as follows:

| | |
|--|-----------------|
| Stock price at grant date (in dollars) | 30 |
| Exercise price (in dollars) | 0 |
| Expected life of the option | 4 years |
| Expected volatility | 28.33%~29.87% |
| Risk-free interest rate | 0.1130%~0.1505% |

- 3) The Company recognized the salary cost of \$348,855 and \$8,602 from the issuance of restricted employee shares for the years ended December 31, 2021 and 2020, respectively.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 4) The Company has recovered the cash dividends of \$528 distributed this year for those employees who did not meet the vesting conditions in August 2021. The relevant registration procedures had been completed.

(ii) WHQ-Treasury shares transfer to employees

- 1) The Company transferred 58,769,000 shares repurchased in 2020 to employees based on the resolution approved during the Board meeting held on November 12, 2020. The treasury shares were granted to the full-time employees of the subsidiary at home and aboard who meet the specific requirement.
- 2) The Company adopted the Black-Sholes model to calculate the fair value of the treasury shares at the grant date. The assumptions adopted in this valuation model were as follows:

| | <u>2020</u> |
|--|-------------|
| Fair value at grant date (in dollars) | 1.87 |
| Stock price at grant date (in dollars) | 29.20 |
| Exercise price (in dollars) | 27.35 |
| Expected life of the option | 0.03 years |
| Expected volatility | 28.224% |
| Risk-free interest rate | 0.2907% |

- 3) The Company recognized the compensation costs of \$109,898 for the stock option plan for the year ended December 31, 2020.

(iii) WYHQ-Employee stock option

As of December 31, 2021 and 2020, the information of WYHQ's employee stock options were as follows:

| | <u>Equity-settled</u> | |
|--------------------|------------------------------------|------------------------------------|
| | <u>2015 employee stock options</u> | <u>2017 employee stock options</u> |
| Grant date | January 26, 2015 | June 20, 2017 |
| Grant quantity | 1,000,000 | 8,000,000 |
| Contract period | 5 years | 3 years |
| Grant to | WYHQ's employees | WYHQ's employees |
| Vesting conditions | (Note 1) | (Note 2) |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(Note 1): The exercise ratio of the employee stock options over the grant period were as follows:

| 2015 employee stock options | |
|------------------------------------|------------------------------------|
| Grant period | Exercise ratio (cumulative) |
| February 15, 2017 | 1/3 |
| February 15, 2018 | 2/3 |
| February 15, 2019 | 3/3 |

(Note 2): The exercise ratio of the employee stock options over the grant period were as follows:

| 2017 employee stock options | |
|------------------------------------|------------------------------------|
| Grant period | Exercise ratio (cumulative) |
| August 1, 2017 | 1/2 |
| February 1, 2019 | 2/2 |

1) Measurable parameters of fair value at grant date

a) Employee stock option plan

WYHQ adopted the Black-Scholes model to evaluate the fair value of the stock options at the grant dates. The assumptions adopted in this valuation model were as follows:

| | 2015 employee stock options | 2017 employee stock options |
|--|------------------------------------|------------------------------------|
| Fair value at grant date (in dollars) | \$ 7.19 | 4.54 / 6.24 |
| Share price at grant date (in dollars) | 25.98 | 25.23 |
| Exercise price (in dollars) | 17.40 | 25.00 |
| Expected volatility | 38.87 % | 34.99 % / 39.93% |
| Expected life of the option | 2 years | 1.56 years / 2.31 years |
| Risk-free interest rate | 0.60 % | 0.5053 % / 0.5936% |

2) Information on employee stock option plan

The shares (in thousands) of the employee stock options were as follows:

| | 2021 | | 2020 | |
|--|---|--|---|--|
| | Weighted-average exercise price (expressed in dollars) | Number of option (in thousands) | Weighted-average exercise price (expressed in dollars) | Number of option (in thousands) |
| Outstanding balance at the beginning of year | \$ - | - | 16.04 | 232 |
| Options granted | - | - | - | - |
| Options forfeited | - | - | - | (28) |
| Options exercised | - | - | 15.87 | (204) |
| Outstanding balance at the end of year | - | - | - | - |
| Exercisable numbers at the end of year | - | - | - | - |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The outstanding employee stock options were as follows:

| | December 31, | |
|---|---------------------|-------------|
| | 2021 | 2020 |
| Range of exercise price (in dollar) | \$ - | 10 ~ 17.3 |
| Weighted-average remaining duration (years) | - | - |

(iv) AGI-Employee stock option

AGI issued 1,400,000 shares of employee stock option according to the resolution approved by the Board of Directors on September 16, 2020. The related information was as follows:

1) Arrangement

| | Equity-settled Employee stock option |
|--------------------|---|
| Grant date | September 16, 2020 |
| Grant quantity | 1,400,000 |
| Contract period | 3 years |
| Grant to | AGI's employees |
| Vesting conditions | (Note) |

(Note): The exercise ratio of the employee stock options over the grant period were as follows:

| Grant period | Exercise ratio (cumulative) |
|---------------------|------------------------------------|
| September 16, 2021 | 1/3 |
| September 16, 2022 | 2/3 |
| September 16, 2023 | 3/3 |

2) Measurable parameter of fair value at grant date

a) AGI adopted the Black-Scholes model to evaluate the fair value of the stock option at the grant date. The assumptions adopted in this valuation model were as follows:

| | 2020 employee stock option |
|--|-----------------------------------|
| Fair value at grant date (in dollars) | \$ 1.06 |
| Stock price at grant date (in dollars) | 8.05 |
| Exercise price (in dollars) | 10 |
| Expected volatility | 25.98 % |
| Expected life of the option | 4 years |
| Risk-free interest rate | 0.2915 % |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Information on employee stock option plan

The shares (in thousands) of the employee stock options were as follows:

| | 2021 | |
|--|---|------------------------------------|
| | Weighted-average exercise price (expressed in dollars) | Number of option (in thousands) |
| Outstanding balance at the beginning of year | \$ 10 | 1,400 |
| Options granted | - | - |
| Options forfeited | - | - |
| Options exercised | 10 | (229) |
| Outstanding balance at the end of year | - | <u>1,171</u> |
| Exercisable numbers at the end of year | | <u>237</u> |

The outstanding employee stock options were as follows:

| | December 31, 2021 |
|---|----------------------|
| Range of exercise price (in dollar) | \$ 10 |
| Weighted-average remaining duration (years) | 1.71 |

AGI recognized the compensation costs of \$642 and \$226 for the stock option plan for the years ended December 31, 2021 and 2020, respectively.

(v) WIS-Employee stock option

WIS issued 2,000,000 shares of employee stock option according to the resolution approved by the Board of Directors on April 27, 2021. The related information was as follows:

1) Arrangement

| | <u>Equity-settled</u> <u>Employee stock option</u> |
|--------------------|---|
| Grant date | May 20, 2021 |
| Grant quantity | 2,000,000 |
| Contract period | 3 years |
| Grant to | WIS's employees |
| Vesting conditions | (Note) |

(Note): The exercise ratio of the employee stock options over the grant period were as follows:

| <u>Grant period</u> | <u>Exercise ratio (cumulative)</u> |
|---------------------|------------------------------------|
| May 19, 2022 | 1/2 |
| May 19, 2023 | 2/2 |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Measurable parameter of fair value at grant date

WIS adopted the Black-Scholes model to evaluate the fair value of the stock option at the grant date. The assumptions adopted in this valuation model were as follows:

| | <u>2021 employee stock option</u> |
|--|-----------------------------------|
| Fair value at grant date (in dollars) | 4.50 / 4.64 |
| Stock price at grant date (in dollars) | 16.59 |
| Exercise price (in dollars) | 13.00 |
| Expected volatility | 27.04 % / 25.93% |
| Expected life of the option | 2 years / 2.5 years |
| Risk-free interest rate | 0.1517 % / 0.1688% |

3) WIS recognized the compensation costs of \$3,999 for the year ended December 31, 2021

(y) Earnings per share

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|------------------|
| Basic earnings per share: | | |
| Net profit belonging to ordinary shareholders | <u>\$ 10,468,030</u> | <u>8,681,762</u> |
| Weighted average ordinary shares outstanding (in thousands) | <u>2,781,843</u> | <u>2,802,027</u> |
| Basic EPS (in dollars) | <u>\$ 3.76</u> | <u>3.10</u> |
| Diluted EPS: | | |
| Net profit belonging to ordinary shareholders | <u>\$ 10,468,030</u> | <u>8,681,762</u> |
| Weighted average ordinary shares outstanding (in thousands) | <u>2,781,843</u> | <u>2,802,027</u> |
| Effect of potentially dilutive ordinary shares (in thousands): | | |
| Employees' remuneration | 75,918 | 63,649 |
| Restricted shares to employees | <u>15,221</u> | <u>-</u> |
| Weighted average ordinary shares outstanding plus the effect of potentially dilutive ordinary shares (in thousands) | <u>2,872,982</u> | <u>2,865,676</u> |
| Diluted EPS (in dollars) | <u>\$ 3.64</u> | <u>3.03</u> |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

| | <u>2021</u> | <u>2020</u> |
|--|------------------------------|---------------------------|
| Primary geographical markets | | |
| United states | \$ 341,837,214 | 337,750,466 |
| China | 156,071,717 | 198,707,568 |
| Europe | 200,642,992 | 174,524,060 |
| Others | <u>163,530,925</u> | <u>134,029,750</u> |
| | <u>\$ 862,082,848</u> | <u>845,011,844</u> |
| Major products | | |
| Computer, Communication & Consumer electronics | \$ 805,422,659 | 754,958,428 |
| Others | <u>56,660,189</u> | <u>90,053,416</u> |
| | <u>\$ 862,082,848</u> | <u>845,011,844</u> |

(ii) Contract balances

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>January 1, 2020</u> |
|---------------------------------------|------------------------------|------------------------------|----------------------------|
| Note receivables | \$ 6,252 | 57,194 | 42,732 |
| Trade receivables | 161,640,903 | 127,798,387 | 132,073,028 |
| Trade receivables-related parties | 153,371 | 306,155 | 479,432 |
| Less: loss allowance | <u>(635,021)</u> | <u>(628,778)</u> | <u>(709,930)</u> |
| Total | <u>\$ 161,165,505</u> | <u>127,532,958</u> | <u>131,885,262</u> |
| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>January 1, 2020</u> |
| Current contract liabilities-warranty | <u>\$ 5,656,399</u> | <u>4,040,436</u> | <u>2,429,134</u> |
| Current refund liability | <u>\$ 10,918,128</u> | <u>9,560,522</u> | <u>6,177,579</u> |

For details on note and trade receivables and loss allowance, please refer to Note 6(e).

The contract liabilities were primarily related to the advance received from customers due to the warranty service. The major change in the balance of contract liabilities was the difference between the time frame of the performance obligation to be satisfied and the payment to be received. The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balances at the beginning of the year were \$2,266,307 and \$1,933,611, respectively.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------|----------------------------|-------------------------|
| Interest income | <u>\$ 1,306,757</u> | <u>1,888,042</u> |

(ii) Other income

The details of other income were as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------|--------------------------|-----------------------|
| Dividend income | \$ 253,965 | 127,355 |
| Rental income | <u>245,659</u> | <u>82,957</u> |
| Total | <u>\$ 499,624</u> | <u>210,312</u> |

(iii) Other gains and losses

The details of other gains and losses were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|-------------------------|
| Foreign exchange gains, net | \$ 1,254,828 | 1,501,119 |
| Gains on disposal of investments, net | 2,294,821 | 4,652 |
| Gains on disposal of property plant and equipment, net | 661,743 | 40,266 |
| Gains (losses) on financial assets or liabilities at fair value through profit or loss, net | <u>(1,036,560)</u> | <u>293,599</u> |
| Other investment loss | (89,411) | (391) |
| Grant income | 511,252 | 514,514 |
| Others | <u>(780,512)</u> | <u>(176,755)</u> |
| Total | <u>\$ 2,816,161</u> | <u>2,177,004</u> |

(iv) Finance costs

The details of interest expense were as follows:

| | <u>2021</u> | <u>2020</u> |
|------------------|------------------------------|---------------------------|
| Interest expense | <u>\$ (1,880,091)</u> | <u>(2,348,171)</u> |

(ab) Remunerations to employees and directors

According to the Company's Article of Incorporation, if the Company incur profit for the year (excluding the amounts of remuneration to employees and directors), the Company shall recognize the remuneration to employees and directors by the following rules. However, if the Company have accumulated deficits, it shall reserve the amount for offsetting deficits.

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WISTRON CORPORATION AND SUBSIDIARIES
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- (i) The Company shall allocate not less than 5% of annual profits as employees' remuneration. The Company may distribute in the ways of shares or cash to the employees, the employees of subsidiaries of the Company, which depends on certain specific requirements determined by the Board of Directors.
- (ii) The Company shall allocate not more than 1% of annual profit as the remuneration to directors in cash.

The Company recognized the remuneration to employees and directors were as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|---------------------|------------------|
| Employees' remuneration | \$ 1,921,750 | 1,546,640 |
| Directors' remuneration | 102,493 | 102,078 |
| | <u>\$ 2,024,243</u> | <u>1,648,718</u> |

The amounts were 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 were accounted for under cost of sales and operating expenses in 2021 and 2020. 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. Shares distributed as employees' remuneration were calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

The amounts, as stated in financial statements, were the same with those of actual distributions for 2021 and 2020. The remuneration to employees 2020 was paid in cash. Related information would be available at the Market Observation Post System website.

(ac) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amounts of financial assets represented the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group's majority customers were in high-tech industries. To reduce concentration of credit risk, the Group evaluated customers' financial positions periodically and requires its customers to provide collateral or promissory notes, if necessary. Besides, the Group periodically, evaluated the recoverability of trade receivables and recognize as loss allowances for doubtful accounts. Furthermore, it bought insurance for the receivables. As of December 31, 2021 and 2020, 65% of the Group's trade receivables were concentrated on 2 and 3 specific customers, respectively. Therefore, the Group was exposed to credit risk.

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(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payments.

| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Within 1 year</u> | <u>1-5 years</u> | <u>More than 5 years</u> |
|---|------------------------|-------------------------------|----------------------|-------------------|--------------------------|
| As of December 31, 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | \$ 140,899,659 | 140,993,959 | 140,993,959 | - | - |
| Note and trade payables (including related parties) | 168,304,564 | 168,304,564 | 168,304,564 | - | - |
| Other payables (including related parties) | 27,653,153 | 27,653,153 | 27,653,153 | - | - |
| Lease liabilities | 3,676,022 | 4,182,600 | 1,731,126 | 952,537 | 1,498,937 |
| Bonds payable | 9,436,448 | 9,701,930 | 69,535 | 9,632,395 | - |
| Long-term loans (including current portion) | 24,455,598 | 24,872,753 | 1,219,936 | 23,652,817 | - |
| Subtotal | <u>374,425,444</u> | <u>375,708,959</u> | <u>339,972,273</u> | <u>34,237,749</u> | <u>1,498,937</u> |
| Derivative financial liabilities | | | | | |
| Foreign currency swap contracts: | | | | | |
| Outflow | 9,224 | 3,608,924 | 3,608,924 | - | - |
| Inflow | - | (3,599,700) | (3,599,700) | - | - |
| Carrying amount | <u>9,224</u> | <u>9,224</u> | <u>9,224</u> | <u>-</u> | <u>-</u> |
| Foreign currency forward contracts: | | | | | |
| Outflow | 19,730 | 573,530 | 573,530 | - | - |
| Inflow | - | (553,800) | (553,800) | - | - |
| Carrying amount | <u>19,730</u> | <u>19,730</u> | <u>19,730</u> | <u>-</u> | <u>-</u> |
| Subtotal | <u>28,954</u> | <u>28,954</u> | <u>28,954</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 374,454,398</u> | <u>375,737,913</u> | <u>340,001,227</u> | <u>34,237,749</u> | <u>1,498,937</u> |
| As of December 31, 2020 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | \$ 102,040,205 | 102,115,072 | 102,115,072 | - | - |
| Note and trade payables (including related parties) | 114,690,872 | 114,690,872 | 114,690,872 | - | - |
| Other payables (including related parties) | 36,462,535 | 36,462,535 | 36,462,535 | - | - |
| Lease liabilities | 2,797,316 | 2,831,943 | 1,689,630 | 831,999 | 310,314 |
| Bonds payable | 4,991,783 | 5,199,200 | 41,500 | 5,157,700 | - |
| Long-term loans (including current portion) | 20,332,308 | 20,869,492 | - | 20,869,492 | - |
| Subtotal | <u>281,315,019</u> | <u>282,169,114</u> | <u>254,999,609</u> | <u>26,859,191</u> | <u>310,314</u> |
| Derivative financial liabilities | | | | | |
| Foreign currency swap contracts: | | | | | |
| Outflow | 2,133 | 2,852,933 | 2,852,933 | - | - |
| Inflow | - | (2,850,800) | (2,850,800) | - | - |
| Carrying amount | <u>2,133</u> | <u>2,133</u> | <u>2,133</u> | <u>-</u> | <u>-</u> |
| Foreign currency forward contracts: | | | | | |
| Outflow | 20,874 | 1,652,920 | 1,652,920 | - | - |
| Inflow | - | (1,632,046) | (1,632,046) | - | - |
| Carrying amount | <u>20,874</u> | <u>20,874</u> | <u>20,874</u> | <u>-</u> | <u>-</u> |
| Subtotal | <u>23,007</u> | <u>23,007</u> | <u>23,007</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 281,338,026</u> | <u>282,192,121</u> | <u>255,022,616</u> | <u>26,859,191</u> | <u>310,314</u> |

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

(iii) Market risk

1) Currency risk

a) Exposure to currency risk

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

| | December 31, 2021 | | |
|------------------------------|------------------------------------|---------------|-------------|
| | Foreign currency (in thousands) | Exchange rate | TWD |
| Financial assets | | | |
| <u>Monetary items</u> | | | |
| USD | 1,926 USD/BRL= | 5.706 | 53,327 |
| | 44,365 USD/CZK= | 22.063 | 1,228,458 |
| | 29 USD/HKD= | 7.799 | 816 |
| | 102 USD/INR= | 74.000 | 2,831 |
| | 16,677 USD/JPY= | 114.900 | 461,803 |
| | 194 USD/MXN= | 20.574 | 5,389 |
| | 14,853,495 USD/TWD= | 27.690 | 411,293,277 |
| | 1,581 USD/CNY= | 6.368 | 43,770 |
| CNY | 357,587 CNY/TWD= | 4.348 | 1,554,897 |
| | 960,653 CNY/USD= | 0.157 | 4,177,210 |
| <u>Non-monetary items</u> | | | |
| USD | 79,285 USD/TWD= | 27.690 | 2,195,393 |
| Financial liabilities | | | |
| <u>Monetary items</u> | | | |
| USD | 34 USD/BRL= | 5.706 | 938 |
| | 17,626 USD/CZK= | 22.063 | 488,085 |
| | 15 USD/HKD= | 7.799 | 396 |
| | 2,371 USD/MXN= | 20.574 | 65,681 |
| | 17,615,839 USD/TWD= | 27.690 | 487,782,582 |
| | 8,141 USD/CNY= | 6.368 | 225,439 |
| CNY | 24,476 CNY/TWD= | 4.348 | 106,430 |
| | 3,583,158 CNY/USD= | 0.157 | 15,580,645 |

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Notes to the Consolidated Financial Statements

| | December 31, 2020 | | |
|------------------------------|------------------------------------|---------------|-------------|
| | Foreign currency (In thousands) | Exchange rate | TWD |
| Financial assets | | | |
| <u>Monetary items</u> | | | |
| USD | 2,088 USD/BRL= | 5.199 | 59,524 |
| | 299 USD/CLP= | 722.220 | 8,529 |
| | 35,249 USD/CZK= | 21.379 | 1,004,867 |
| | 60 USD/HKD= | 7.752 | 1,708 |
| | 70 USD/INR= | 72.800 | 1,995 |
| | 5,421 USD/JPY= | 103.240 | 154,544 |
| | 249 USD/MXN= | 19.872 | 7,080 |
| | 2,146,837 USD/TWD= | 28.508 | 61,202,059 |
| | 6,722 USD/CNY= | 6.525 | 191,644 |
| | 106 USD/TRY= | 7.383 | 3,025 |
| CNY | 37,892 CNY/TWD= | 4.369 | 165,552 |
| | 1,937,080 CNY/USD= | 0.153 | 8,463,297 |
| <u>Non-monetary items</u> | | | |
| USD | 56,384 USD/TWD= | 28.508 | 1,607,395 |
| Financial liabilities | | | |
| <u>Monetary items</u> | | | |
| USD | 4,005 USD/BRL= | 5.199 | 114,173 |
| | 10,781 USD/CZK= | 21.379 | 307,351 |
| | 2 USD/HKD= | 7.752 | 48 |
| | 7,889 USD/INR= | 72.800 | 224,888 |
| | 1,500 USD/MXN= | 19.872 | 42,762 |
| | 4,879,454 USD/TWD= | 28.508 | 139,103,506 |
| | 59,886 USD/CNY= | 6.525 | 1,707,270 |
| | - USD/TRY= | 7.383 | 3 |
| CNY | 8,563 CNY/TWD= | 4.369 | 37,413 |
| | 3,490,436 CNY/USD= | 0.153 | 15,250,069 |

b) Currency risk sensitivity analysis

The Group's exposure to foreign currency risk arose from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables (including related parties), other receivables (including related parties), loans, trade payables (including related parties) and other payables (including related parties) that were denominated in foreign currency.

A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD and the CNY as of December 31, 2021 and 2020, would change the net profit after tax by \$3,417,137 and \$3,420,946, respectively. The analysis assumed that all other variables remain constant.

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2) Interest rate analysis

The interest risk for financial liabilities of the Group would be explained in liquidity risk management stated in this note.

The following sensitivity analysis was based on the risk exposure to interest rates on non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumed the variable rate liabilities were outstanding for the whole year on the reporting date.

If the interest rate change by 25 basis points, the Group's net profit after tax would change by \$131,531 and \$128,735 for the years ended December 31, 2021 and 2020, respectively, with all other variable factors that remained constant. This was mainly due to the Group's borrowings in floating variable rate.

3) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting dates were performed using the same basis for profit or loss as illustrated below:

| Price of securities at reporting date | For the years ended December 31 | | | |
|---------------------------------------|--------------------------------------|------------|--------------------------------------|------------|
| | 2021 | | 2020 | |
| | After-tax other comprehensive income | Net profit | After-tax other comprehensive income | Net profit |
| Increasing 3% | \$ 185,233 | 287,125 | 164,961 | 329,076 |
| Decreasing 3% | \$ (185,233) | (287,125) | (164,961) | (329,076) |

4) Fair value information

a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income was measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount was reasonably close to the fair value, and, disclosure of fair value information was not required:

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| | December 31, 2021 | | | | Total |
|--|-------------------|------------|---------|-----------|------------|
| | Carrying amount | Level 1 | Level 2 | Level 3 | |
| Current financial assets at fair value through profit or loss | | | | | |
| Derivative financial assets | \$ 21,368 | - | 21,368 | - | 21,368 |
| Listed stocks | 12,064,081 | 12,064,081 | - | - | 12,064,081 |
| Subtotal | \$ 12,085,449 | 12,064,081 | 21,368 | - | 12,085,449 |
| Current financial assets at fair value through other comprehensive income | | | | | |
| Trade receivables | \$ 3,187,532 | - | - | - | - |
| Non-current financial assets at fair value through profit or loss | | | | | |
| Listed stocks | \$ 514,123 | 514,123 | - | - | 514,123 |
| Convertible bonds | 70,680 | - | - | 70,680 | 70,680 |
| Subtotal | \$ 584,803 | 514,123 | - | 70,680 | 584,803 |
| Non-current financial assets at fair value through other comprehensive income | | | | | |
| Equity instruments | \$ 6,613,497 | 4,245,492 | - | 2,368,005 | 6,613,497 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | \$ 70,154,241 | - | - | - | - |
| Restricted deposits | 1,961,027 | - | - | - | - |
| Note and trade receivables (including related parties) | 157,977,973 | - | - | - | - |
| Other receivables (including related parties) | 5,320,732 | - | - | - | - |
| Other financial assets | 568,964 | - | - | - | - |
| Subtotal | \$ 235,982,937 | - | - | - | - |
| Refundable deposits | \$ 938,540 | - | - | - | - |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | \$ 28,954 | - | 28,954 | - | 28,954 |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term loans | \$ 140,899,659 | - | - | - | - |
| Note and trade payables (including related parties) | 168,304,564 | - | - | - | - |
| Other payables (including related parties) | 27,653,153 | - | - | - | - |
| Lease liabilities | 3,676,022 | - | - | - | - |
| Bonds payable | 9,436,448 | - | - | - | - |
| Long-term loans (including current portion) | 24,455,598 | - | - | - | - |
| Subtotal | \$ 374,425,444 | - | - | - | - |

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WISTRON CORPORATION AND SUBSIDIARIES
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| | December 31, 2020 | | | | |
|--|-----------------------|-------------------|----------------|------------------|-------------------|
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Current financial assets at fair value through profit or loss | | | | | |
| Derivative financial assets | \$ 216,895 | - | 216,895 | - | 216,895 |
| Money market fund | 20,017 | - | 20,017 | - | 20,017 |
| Listed stocks | 13,826,724 | 13,826,724 | - | - | 13,826,724 |
| Subtotal | <u>\$ 14,063,636</u> | <u>13,826,724</u> | <u>236,912</u> | <u>-</u> | <u>14,063,636</u> |
| Current financial assets at fair value through other comprehensive income | | | | | |
| Trade receivables | <u>\$ 12,267,101</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Non-current financial assets at fair value through profit or loss | | | | | |
| Convertible bonds | \$ 70,189 | - | - | 70,189 | 70,189 |
| SAFE | 4,565 | - | - | 4,565 | 4,565 |
| Subtotal | <u>\$ 74,754</u> | <u>-</u> | <u>-</u> | <u>74,754</u> | <u>74,754</u> |
| Non-current financial assets at fair value through other comprehensive income | | | | | |
| Equity instruments | <u>\$ 5,776,152</u> | <u>4,005,685</u> | <u>-</u> | <u>1,770,467</u> | <u>5,776,152</u> |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | \$ 66,203,801 | - | - | - | - |
| Restricted deposits | 35,358 | - | - | - | - |
| Note and trade receivables (including related parties) | 115,265,857 | - | - | - | - |
| Other receivables (including related parties) | 4,820,339 | - | - | - | - |
| Other financial assets | 730,902 | - | - | - | - |
| Subtotal | <u>\$ 187,056,257</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Refundable deposits | <u>\$ 613,020</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | <u>\$ 23,007</u> | <u>-</u> | <u>23,007</u> | <u>-</u> | <u>23,007</u> |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term loans | \$ 102,040,205 | - | - | - | - |
| Note and trade payables (including related parties) | 114,690,872 | - | - | - | - |
| Other payables (including related parties) | 36,462,535 | - | - | - | - |
| Lease liabilities | 2,797,316 | - | - | - | - |
| Bonds payable | 4,991,783 | - | - | - | - |
| Long-term loans | 20,332,308 | - | - | - | - |
| Subtotal | <u>\$ 281,315,019</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

b) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

The fair value of financial instruments which traded in an active market was based on the quoted market price. The quotation announced by the stock exchange center or exchange center of central government bond, might be regarded as the fair value of the listed equity securities and debt instruments which was traded in an active market.

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A financial instrument was regarded as being quoted in an active market if quoted prices were readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions taking place 'regularly' was a matter of judgment and depended on the facts and circumstances of the market for the instrument.

Quoted market prices might not be indicative of the fair value of an instrument if the activity in the market was infrequent, the market was not well-established, only small volumes were traded, or bid-ask spreads were very wide. Determining whether a market was active involves judgment.

The listed stock was traded in the active market and its fair value was based on the quoted market price accordingly.

Measurements of fair value of financial instruments without an active market were based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that could be extrapolated from either similar financial instruments or discounted cash flow method or the market transaction prices of the similar companies or other valuation techniques, including models, was calculated based on available market data at the reporting date.

The financial instrument of the Group was not traded in an active market, its fair value was determined basing on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value was discounted for its lack of liquidity in the market.

ii) Derivative financial instruments

Measurement of the fair value of derivative instruments was based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

Fair value of forward currency was usually determined by the forward currency exchange rate.

c) Transfer between level 1 and level 3:

The Group held an investment in equity shares of Clientron Corp. and Plexbio Corporation, Ltd., which were classified as fair value through other comprehensive income. In the fourth quarter of 2021, both entities listed their equity shares in emerging stock market, and they were actively traded. Besides, the equity shares of Innovium Inc., the Group held, were swapped to the shares of Marvell Technology, Inc., which were actively traded as well. Additionally, the Group held the investment in equity shares of Dell technologies Inc., which were transferred from class A to class C. As stated above, the fair value measurement was transferred from level 3 to level 1 of the fair value hierarchy in October 2021.

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The Group held an investment in equity shares of Applied BioCode Corporation, which was classified as fair value through other comprehensive income. The fair value of the investment was previously categorized as level 3 as of December 31, 2019. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. In June 2020, Applied BioCode Corporation, listed its equity shares on an exchange and they were currently actively traded in that market. Because the equity shares now had a published price quotation in an active market, the fair value measurement was transferred from level 3 to level 1 of the fair value hierarchy in June 2020.

d) Changes between level 3

The movements in the reconciliation of level 3 fair values during the years ended December 31, 2021 and 2020 were as follows:

| | Fair value through profit or loss | | Fair value through other comprehensive income | Total |
|-----------------------------------|---|---------------|---|------------------|
| | Non-derivative financial assets mandatorily measured at fair value through profit or loss | | Unquoted equity instruments | |
| Balance at January 1, 2021 | \$ | 74,754 | 1,770,467 | 1,845,221 |
| Total gains and losses recognized | | | | |
| in profit or loss | | (4,074) | - | (4,074) |
| in other comprehensive income | | - | 179,372 | 179,372 |
| Purchased | | - | 897,970 | 897,970 |
| Disposal and return of capital | | - | (103,945) | (103,945) |
| Effect of tax | | - | 5,730 | 5,730 |
| Effect of exchange rate changes | | - | (3,048) | (3,048) |
| Transfers out of level 3 | | - | (378,541) | (378,541) |
| Balance at December 31, 2021 | \$ | <u>70,680</u> | <u>2,368,005</u> | <u>2,438,685</u> |
| Balance at January 1, 2020 | \$ | 220,256 | 1,521,391 | 1,741,647 |
| Total gains and losses recognized | | | | |
| in profit or loss | | (146,504) | - | (146,504) |
| in other comprehensive income | | - | 226,138 | 226,138 |
| Purchased | | 10,463,681 | 343,133 | 10,806,814 |
| Disposal and return of capital | | (10,462,679) | (297,063) | (10,759,742) |
| Effect of tax | | - | 43,264 | 43,264 |
| Effect of exchange rate changes | | - | (4,308) | (4,308) |
| Transfers out of level 3 | | - | (62,088) | (62,088) |
| Balance at December 31, 2020 | \$ | <u>74,754</u> | <u>1,770,467</u> | <u>1,845,221</u> |

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For the years ended December 31, 2021 and 2020, the total gains and losses that were included in "other gains and losses" and "unrealized gains and losses from financial assets measured at fair value through other comprehensive income" were as follows:

| | 2021 | 2020 |
|---|-------------------|---------------|
| Total gains and losses recognized: | | |
| in profit or loss, and presented in "other gains and losses" | \$ (4,074) | (146,504) |
| in other comprehensive income, and presented in "unrealized gains (losses) from financial assets measured at fair value through other comprehensive income" | 179,372 | 226,138 |
| | <u>\$ 175,298</u> | <u>79,634</u> |

e) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that used level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – debt investments" and "financial assets measured at fair value through other comprehensive income – equity investments".

Most of the fair value measurements categorized within level 3 used the single and significant unobservable input. Equity investments without an active market contained multiple significant unobservable inputs. The significant unobservable inputs of the equity investments were independent from each other, as a result, there was no relevance between them.

Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---------------------|--|--|
| Financial assets measured at fair value through profit or loss – SAFE and convertible bonds | Binary tree model | <ul style="list-style-type: none"> ·EV/Revenue (as of December 31, 2021, were 0.71~0.87 and December 31, 2020, were 0.8~1.9) ·Volatility (as of December 31, 2021, were 45.81%~61.94% and December 31, 2020, were 49.25%~63.85%) ·Perpetually growing rate (as of December 31, 2021, were 3.1~3.5 and December 31, 2020 were 3.3~3.7) ·Cost of capital rate (as of December 31, 2021 and 2020, were 29%~31%) | <ul style="list-style-type: none"> ·The estimated fair value would increase if the multiplier was higher. ·The estimated fair value would decrease if volatility was higher. ·The estimated fair value would increase if perpetually growing rate was higher. ·The estimated fair value would decrease if cost of capital rate was higher. |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|--|--|---|
| Financial assets measured at fair value through other comprehensive income – equity investments without an active market | Comparable listed company approach – equity method | Price – book ratio (as of December 31, 2021, were 1.28~24.76 and December 31, 2020, were 1.01~21.82) | The estimated fair value would increase if the multiplier was higher. |
| | | Market liquidity discount rate (as of December 31, 2021 and 2020, were 20%) | The estimated fair value would decrease if market liquidity discount rate was higher. |
| | Comparable listed company approach – surplus multiplier method | Price/EPS (as of December 31, 2020, were 11.13~15.11) | The estimated fair value would increase if the multiplier was higher. |
| Market liquidity discount rate (as of December 31, 2020, were 20%) | | The estimated fair value would decrease if market liquidity discount rate was higher. | |
| | Net asset value method | Net asset value | Not applicable |

- f) Fair value measurements in level 3 – sensitivity analysis of reasonably possible alternative assumptions.

The Group's measurement on the fair value of financial instruments was deemed reasonable despite different valuation models or assumptions might lead to different results. For fair value measurements in level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

| | Inputs | Increase or decrease | Profit or loss | | Other comprehensive income | |
|---|--------------------------------|----------------------|----------------|-------------|----------------------------|-------------|
| | | | Favorable | Unfavorable | Favorable | Unfavorable |
| December 31, 2021 | | | | | | |
| Financial assets measured at fair value through profit or loss | EV/ Revenue | 5% | \$ 510 | (510) | - | - |
| Financial assets at fair value through other comprehensive income | Volatility | 5% | 510 | (510) | - | - |
| | Price book ratio | 5% | - | - | 30,227 | (30,227) |
| | Market liquidity discount rate | 5% | - | - | 30,227 | (30,227) |
| | Net asset value method | 5% | - | - | 88,173 | (88,173) |
| December 31, 2020 | | | | | | |
| Financial assets measured at fair value through profit or loss | EV/ Revenue | 5% | 228 | (228) | - | - |
| Financial assets at fair value through other comprehensive income | Volatility | 5% | 228 | (228) | - | - |
| | Price book ratio | 5% | - | - | 33,450 | (33,450) |
| | Market liquidity discount rate | 5% | - | - | 33,450 | (33,450) |
| | Net asset value method | 5% | - | - | 55,074 | (55,074) |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships with another input.

- 5) Offsetting financial assets and financial liabilities

The Group had financial instrument transactions applicable to the Section 42 of International Financial Reporting Standards No. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions were recognized in the net amount of the balance sheets.

The following tables presented the aforesaid offsetting financial assets and financial liabilities.

Unit: Foreign currency in thousands

| | December 31, 2021 | | | | | |
|--------------------------|---|--|---|---|-------------------------|---|
| | Financial assets that were offset based on an enforceable master netting arrangement or similar agreement | | | | | |
| | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet (d) | | |
| | | | Financial instruments | Cash collateral received | Net amounts (e)=(c)-(d) | |
| Other non-current assets | USD | 15,623,850 | 15,623,850 | - | - | - |
| | CNY | 983,280 | 983,280 | - | - | - |

| | December 31, 2021 | | | | | |
|------------------|--|---|--|---|-------------------------|---|
| | Financial liabilities that were offset based on an enforceable master netting arrangement or similar agreement | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet (d) | | |
| | | | Financial instruments | Cash collateral received | Net amounts (e)=(c)-(d) | |
| Short-term loans | USD | 15,623,850 | 15,623,850 | - | - | - |
| | CNY | 983,280 | 983,280 | - | - | - |

| | December 31, 2020 | | | | | |
|--------------------------|---|--|---|---|-------------------------|---|
| | Financial assets that were offset based on an enforceable master netting arrangement or similar agreement | | | | | |
| | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet (d) | | |
| | | | Financial instruments | Cash collateral received | Net amounts (e)=(c)-(d) | |
| Other non-current assets | USD | 16,275,041 | 16,275,041 | - | - | - |
| | CNY | 1,642,780 | 1,642,780 | - | - | - |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| December 31, 2020 | | | | | | |
|--|---|---|--|---|--------------------------|-------------------------|
| Financial liabilities that were offset based on an enforceable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet (d) | | Net amounts (e)=(c)-(d) |
| | | | | Financial instruments | Cash collateral received | |
| Short-term loans | USD 16,275,041 | 16,275,041 | - | - | - | - |
| | CNY 1,642,780 | 1,642,780 | - | - | - | - |

(ad) Financial risk management

(i) By using financial instruments, the Group was exposed to risks as below:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risks was listed below. The Group's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

(ii) Risk management framework

The Group's finance management department provided business services for the overall internal department. It set the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimized the risk exposure through derivative financial instruments. The Shareholder's meeting regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments to which the Group was exposed to. The Group's internal auditors continued with the review of the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. Derivative contracts of the Group with several financial institutions were intended to manage foreign currency exchange and interest rate fluctuation risks.

The chief of finance management department arranged a meeting to review the strategy and performance, then reported the results to Chief Financial Officer and Chairman periodically.

(iii) Credit risk

Credit risk was the risk of financial loss to the Group if a customer or counterparty to financial instruments failed to meet its contractual obligations that arose principally from the Group's note and trade receivables and investments.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Note and trade receivables

The Group's credit policy was transacting with creditworthy customers, and obtained collateral to mitigate risks arising from financial loss due to default. The Group would transact with corporations of credit ratings equivalent to investment grade and such ratings were provided by independent rating agencies. Where it was not possible to obtain such information, the Group would assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continued to monitor the exposure to credit risk and counterparty credit rating, and evaluated the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

2) Investments

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

3) Guarantee

According to the Group's policy, the Group could only provide guarantee to which was listed under the regulation. The Group did not provide guarantees to any non-consolidated subsidiaries as of December 31, 2021 and 2020.

(iv) Liquidity risk

The Group maintained sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervised the bank loan facilities and ensured in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group had unused credit facilities for short-term and long-term loans of \$121,098,608 and \$135,970,887, respectively.

(v) Market risk

Market risk was the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices would affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management was to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Currency risk

The Group was exposed to currency risk on sales, purchases and borrowings that were denominated in a currency other than the respective functional currencies of the Group's entities, the New Taiwan Dollar. The currencies used in these transactions were denominated in TWD, EUR, USD, JPY and CNY.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influenced the Group's future cash flow. The Group entering into forward and swap contracts were intended to manage the exchange rate risk due to the Group's current and future demands for foreign currency. The contract periods were decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group would settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Group's short-term loans, long-term loans and advances from factoring of trade receivables bore floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influenced the Group's future cash flow. The Group reduced the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Group monitored the risk arising from its security instruments, which were held for monitoring cash flow requirements and unused capital. The management of the Group monitored the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio were managed on an individual basis, and all buy-and-sell decisions were approved by the Board of Directors.

(ae) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Group managed its capital structure to ensure it had sufficient financial resources to sustain proper liquidity, to invest in capital expenditures, as well as research and development expenses, to repay debts, and to distribute dividends in accordance with its plan. The management pursued the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Group aimed to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio regularly.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group controlled the capital structure through regularly reviewing debt-to-equity ratio. The debt-to-equity ratio of the Group as of December 31, 2021 and 2020, were as follow:

| | December 31, 2021 | December 31, 2020 |
|-------------------------------------|------------------------------|------------------------------|
| Total liabilities | \$ 404,813,027 | 344,896,366 |
| Less: cash and cash equivalents | <u>(70,154,241)</u> | <u>(66,203,801)</u> |
| Net debt | 334,658,786 | 278,692,565 |
| Total equity | <u>92,484,779</u> | <u>83,926,079</u> |
| Adjusted equity | \$ 427,143,565 | 362,618,644 |
| Debt-to-equity ratio at December 31 | <u>78.35%</u> | <u>76.86%</u> |

(Note): Adjusted equity included total equity and net debt.

As of December 31, 2021, the Group's capital management strategy was consistent with the prior years.

(af) Financing activities not affecting the current cash flow

For the years ended December 31, 2021 and 2020, reconciliations of liabilities arising from financing activities were as follows:

| | January 1, 2021 | Cash flows | Non-cash changes | | December 31, 2021 |
|---|-----------------------|-------------------|---|------------------|----------------------|
| | | | Effect of changes in foreign exchange rates | Others | |
| Short-term loans | \$ 102,040,205 | 41,536,980 | (2,677,526) | - | 140,899,659 |
| Long-term loans (including current portion) | 20,332,308 | 4,706,657 | (600,304) | 16,937 | 24,455,598 |
| Lease liabilities | 2,797,316 | (1,111,490) | (373,940) | 2,364,136 | 3,676,022 |
| Bonds payable | 4,991,783 | 4,442,325 | - | 2,340 | 9,436,448 |
| Guarantee deposits | 681,694 | (289,750) | (3,302) | - | 388,642 |
| Total liabilities from financing activities | \$ 130,843,306 | 49,284,722 | (3,655,072) | 2,383,413 | 178,856,369 |

| | January 1, 2020 | Cash flows | Non-cash changes | | December 31, 2020 |
|---|----------------------|-------------------|---|--------------------|----------------------|
| | | | Effect of changes in foreign exchange rates | Others | |
| Short-term loans | \$ 57,377,794 | 54,389,476 | (4,445,870) | (5,281,195) | 102,040,205 |
| Long-term loans (including current portion) | 18,159,452 | 2,877,150 | (720,719) | 16,425 | 20,332,308 |
| Lease liabilities | 1,568,434 | (1,687,779) | 114,078 | 2,802,583 | 2,797,316 |
| Bonds payable | - | 4,991,500 | - | 283 | 4,991,783 |
| Guarantee deposits | 1,018,562 | (327,383) | (9,485) | - | 681,694 |
| Total liabilities from financing activities | \$ 78,124,242 | 60,242,964 | (5,061,996) | (2,461,904) | 130,843,306 |

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings were entities that had transactions with the Group during the periods covered in the consolidated financial statements.

| Names of the related parties | Relationships |
|---|---------------------------------|
| T-CONN PRECISION(Zhongshan) CORPORATION (TZS) | The Group's associate |
| T-CONN PRECISION CORPORATION (TPE) | The Group's associate |
| HSIEH-YUH TECHNOLOGY CO., LTD. (HYBVI) | The Group's associate |
| HSIEH-YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. (HYZS) | The Group's associate |
| Join-Link International Technology Co. Ltd. (JLH) | The Group's associate |
| Maya International Company, Ltd. (MAYA) | The Group's associate |
| WNC (Kunshan) Corporation (NQJ) | The Group's associate |
| Webcom Communication (Kunshan) Corporation (NYC) | The Group's associate |
| Wistron Neweb (Kunshan) Corporation (NQX) | The Group's associate |
| Wistron NeWeb Corporation (WNC) | The Group's associate |
| NEWEB VIETNAM CO. Ltd. (NVNM) | The Group's associate |
| Fullerton Ltd. (FLT) | The Group's associate |
| FREE Bionics Taiwan Inc. (FBTW) | The Group's associate |
| Wistron Information Technology and Services Corporation (WITS) | The Group's associate |
| XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd (XTRNA) | The Group's associate |
| LIAN-YI PRECISION (ZHONGSHAN) INC. (LYZ) | The Group's associate |
| LIAN-YI (FAR EAST) LTD. (LYF) | The Group's associate |
| B-TEMIA INC. (BTI) | The Group's associate |
| Formosa Prosonic Industries Berhad (FPI) | The Group's associate |
| Wistron Information Technology and Services Limited (WIHK) | The Group's associate |
| WIBASE INDUSTRIAL SOLUTIONS INC. (WIS) (Note 1) | The Group's associate |
| W-Neweb Corporation (NUSA) | The Group's associate |
| Smartiply, Inc (SMTP) (Note 2) | The Group's associate |
| WISTRON HUMANITIES FOUNDATION | The Group's other related party |

(Note 1): WIS was accounted for as a subsidiary of the Group since it had been controlled by the Group in the 4th quarter of 2020.

(Note 2): The liquidation process is completed in the 4th quarter of 2020.

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Related party transactions

(i) Sales

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

| | Sales | |
|--------------|---|---------------------|
| | 2021 | 2020 |
| Associates | | |
| FPI | \$ 543,075 | 634,369 |
| WIS (Note 1) | - | 345,382 |
| Others | 106,028 | 66,842 |
| | <u>\$ 649,103</u> | <u>1,046,593</u> |
| | Receivables from related parties | |
| | December 31, | December 31, |
| | 2021 | 2020 |
| Associates | | |
| FPI | \$ 113,406 | 284,367 |
| LYZ | 31,581 | 16,084 |
| Others | 8,384 | 5,704 |
| | <u>\$ 153,371</u> | <u>306,155</u> |

The selling prices and payment terms of trade receivables from related parties were based on varied economic environment and market forms. The above selling prices and payment terms with related parties were not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

| | Purchases | |
|------------|---------------------|------------------|
| | 2021 | 2020 |
| Associates | | |
| FPI | \$ 1,405,040 | 1,449,543 |
| WNC | 416,514 | 394,625 |
| TPE | 411,619 | 367,261 |
| LYZ | 381,754 | 278,498 |
| Others | 762,490 | 616,498 |
| | <u>\$ 3,377,417</u> | <u>3,106,425</u> |

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | Payables to related parties | |
|------------|------------------------------------|------------------------------|
| | December 31, 2021 | December 31, 2020 |
| Associates | | |
| LYZ | \$ 226,203 | 119,214 |
| TPE | 165,160 | 108,821 |
| HYZS | 156,346 | 113,023 |
| WNC | 146,277 | 143,181 |
| FLT | 109,798 | 25,920 |
| FPI | 104,956 | 213,055 |
| Others | 101,851 | 113,117 |
| | \$ 1,010,591 | 836,331 |

Trading terms of purchase transactions with related parties were not significantly different from those with third-party vendors.

(iii) Rental income and its outstanding balances were as follows:

| | Rental Income | |
|------------|----------------------|--------------|
| | 2021 | 2020 |
| Associates | | |
| NQX | \$ 3,810 | 1,879 |
| NQJ | - | 1,879 |
| Others | - | 58 |
| | \$ 3,810 | 3,816 |

| | Other receivables resulted from rental | |
|------------|---|------------------------------|
| | December 31, 2021 | December 31, 2020 |
| Associates | | |
| NQX | \$ 334 | 168 |
| NQJ | - | 168 |
| | \$ 334 | 336 |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Property transactions, operating expenses and their outstanding balances were as follows:

| | Acquisition price | |
|-----------------------|------------------------------|---------------|
| | 2021 | 2020 |
| Acquisition of assets | | |
| Associates | | |
| LYZ | \$ 53,693 | 44,789 |
| FPI | 12,015 | - |
| SMPT (Note 2) | - | 19,435 |
| Others | 64 | 4,314 |
| | \$ 65,772 | 68,538 |
| | | |
| | Contribution expenses | |
| | 2021 | 2020 |
| Contribution | | |
| Other related party | \$ 29,213 | 21,122 |

| | Other payables | |
|---|------------------------------|------------------------------|
| | December 31, 2021 | December 31, 2020 |
| Payables resulting from acquisition of assets | | |
| Associate | | |
| LYZ | \$ 1,100 | 14,113 |

(v) In January 2019, the Group leased factories from WNC. The leases typically ran for the period of 5 years. The amounts of right-of-use assets and lease liabilities recognized at the beginning were \$180,507, respectively. The amounts of interest expense recognized for the years ended December 31, 2021 and 2020 were \$1,808 and \$2,429, respectively. As of December 31, 2021 and 2020, the balances of lease liabilities were \$70,835 and \$105,204, respectively.

(vi) Advances to related parties

The Group paid certain expenses on behalf of related parties including purchase, repair expense and other disbursements were as follows:

| | Other receivables | |
|------------|------------------------------|------------------------------|
| | December 31, 2021 | December 31, 2020 |
| Associates | | |
| XTRNA | \$ 10,169 | 13,206 |
| WNC | 2,356 | 326 |
| Others | 830 | 789 |
| | \$ 13,355 | 14,321 |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Advances from related parties

Related parties paid certain expenses on behalf of the Group, including, salaries, and repair expenses were as follows:

| | Other payables | |
|------------|----------------------|----------------------|
| | December 31, 2021 | December 31, 2020 |
| Associates | | |
| WNC | \$ 47,732 | 172 |
| WITS | 29,145 | 7,301 |
| LYZ | 1,527 | 7,191 |
| XTRNA | - | 1,957 |
| | <u>\$ 78,404</u> | <u>16,621</u> |

(viii) Receivables from related parties resulting from the above transactions were as follows:

| | December 31, 2021 | December 31, 2020 |
|------------------------------------|----------------------|----------------------|
| Other receivables-related parties: | | |
| Rental receivables | \$ 334 | 336 |
| Other receivables | 13,355 | 14,321 |
| | <u>\$ 13,689</u> | <u>14,657</u> |

(ix) Payables to related parties resulting from the above transactions were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Other payables-related parties: | | |
| Payable resulting from acquisition of assets | \$ 1,100 | 14,113 |
| Other payables | 78,404 | 16,621 |
| | <u>\$ 79,504</u> | <u>30,734</u> |

(c) Transactions with key management personnel

Key management personnel remuneration:

| | 2021 | 2020 |
|------------------------------|------------------|---------------|
| Short-term employee benefits | \$ 94,865 | 82,986 |
| Post-employment benefits | 2,293 | 1,981 |
| Other long-term benefits | 1,230 | 1,020 |
| | <u>\$ 98,388</u> | <u>85,987</u> |

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WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

| Pledged assets | Object | December 31, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|----------------------|
| Other non-current assets-restricted deposits | Performance guarantee | \$ 156,817 | 27,463 |
| Other non-current assets-restricted deposits | Stand by L/C | 7,373 | 1,993 |
| Other current assets/ Other non-current assets -restricted deposits | Custom guarantee | 8,738 | 5,902 |
| | | <u>\$ 172,928</u> | <u>35,358</u> |

(9) Commitments and contingencies:

(a) As of December 31, 2021 and 2020, the unused letters of credit were as follows:

| | December 31, 2021 | December 31, 2020 |
|--------------------------|----------------------|----------------------|
| Unused letters of credit | <u>\$ 41,296</u> | <u>171,170</u> |

(b) Contingencies

(i) In June of 2016, Alacritech filed a lawsuit against the Group to the United States District Court for the Eastern District of Texas. The accused products were servers and network interface devices. Based on the decision of Court of Appeals for the Federal Circuit, some claims were returned to the US Patent Trial and Appeal Board to re-examine the validity of the patent. The Group still could not assess the possible impact on its financial losses.

(ii) In October 2020, Acqis LLC filed a lawsuit against the Company and Wiwynn, a subsidiary of the Group, to the United States District Court for the Western District of Texas, the court allowed the plaintiff to withdraw the Company's lawsuit, wherein Wiwynn had appointed an attorney to deal with the matter. The case was still in progress.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

(a) The appropriation of earnings for 2021 that was approved at the Board of Directors meeting on March 16, 2022, was as follow:

| | 2021 |
|--------------------------|---------------------|
| Ordinary share dividends | |
| Cash dividends | <u>\$ 6,257,863</u> |

The aforesaid appropriation of earnings for 2021 is to be presented for approval in the shareholders' meeting to be held in June 2022.

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(12) Other

(a) Total personnel, depreciation and amortization expenses categorized by function were as follows:

| | For the year ended December 31 2021 | | | For the year ended December 31 2020 | | |
|----------------------------|--|--------------------|------------|--|--------------------|------------|
| | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Personnel expenses | | | | | | |
| Salaries | 19,084,651 | 16,096,472 | 35,181,123 | 20,697,387 | 14,523,920 | 35,221,307 |
| Labor and health insurance | 2,257,287 | 1,307,113 | 3,564,400 | 2,038,324 | 1,101,521 | 3,139,845 |
| Pension | 338,647 | 518,206 | 856,853 | 216,233 | 475,169 | 691,402 |
| Remuneration of directors | - | 128,833 | 128,833 | - | 123,178 | 123,178 |
| Others | 3,274,592 | 604,485 | 3,879,077 | 3,318,922 | 512,787 | 3,831,709 |
| Depreciation | 7,753,836 | 1,112,554 | 8,866,390 | 8,705,452 | 1,031,379 | 9,736,831 |
| Amortization | 20,294 | 338,425 | 358,719 | 16,172 | 306,860 | 323,032 |

(13) Other disclosures:

(a) Information on significant transactions:

The following was the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

- (i) Financings to other parties: Please see Table 1 attached.
- (ii) Guarantee and Endorsement for other parties: Please see Table 2 attached.
- (iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of share capital: Please see Table 4 attached.
- (v) Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital: Please see Table 5 attached.
- (vi) Disposition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital: None.
- (vii) Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital: Please see Table 6 attached.
- (viii) Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of share capital: Please see Table 7 attached.
- (ix) Derivative transactions: Please refer to Note 6(b) for related information.
- (x) Business relationships and significant inter-company transactions: Please see Table 8 attached.

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Notes to the Consolidated Financial Statements

(b) Information on investees (excluded investment in Mainland China):

Information on investees for the year ended December 31, 2021: Please see Table 9 attached.

(c) Information on investment in Mainland China : Please see Table 10 attached.

(d) Major shareholders: No shareholding was more than 5% as of December 31, 2021.

(14) Segment information:

(a) General information

The major activities of the Group are the design, manufacture, and sale of information technology products. The chief operating decision maker of the Group determines each business group as an operating segment. According to the provisions of the accounting standard, only the “Research and Manufacturing Service Department” qualifies under the quantitative threshold criteria as a reportable segment. Other operating departments are deemed immaterial and need not be disclosed as reportable segment including the client service group and the related new business investment. The performance of the department is evaluated based on the operating profit of the Group.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gains or losses because of taxation, extraordinary activity, and foreign exchange gains or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. The reportable amount is similar to that in the report used by the chief operating decision maker.

The Group’s operating segment information and reconciliation were as follows:

| | 2021 | | | |
|----------------------------------|-----------------------|-------------------|--------------------|--------------------|
| | R&D and Manufacturing | Others | Eliminations | Total |
| Revenue: | | | | |
| Revenues from external customers | \$ 805,422,659 | 56,660,189 | - | 862,082,848 |
| Segment revenues | 5,892,427 | 929,633 | (6,822,060) | - |
| Total revenues | \$ 811,315,086 | 57,589,822 | (6,822,060) | 862,082,848 |
| Segment profit | \$ 14,440,858 | 1,933,780 | 2,859,639 | 19,234,277 |
| | 2020 | | | |
| | R&D and Manufacturing | Others | Eliminations | Total |
| Revenue: | | | | |
| Revenues from external customers | \$ 754,958,428 | 90,053,416 | - | 845,011,844 |
| Segment revenues | 3,452,666 | 542,598 | (3,995,264) | - |
| Total revenues | \$ 758,411,094 | 90,596,014 | (3,995,264) | 845,011,844 |
| Segment profit | \$ 14,186,932 | 284,130 | 2,374,313 | 16,845,375 |

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES
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(c) Geographical information

In presenting information on the basis of geography, segment assets were based on the geographical location of the assets.

Non-current assets:

| Geography | December 31, 2021 | December 31, 2020 |
|-----------------|-------------------|-------------------|
| Taiwan | \$ 12,220,166 | 8,854,915 |
| Asia | 36,399,062 | 33,531,756 |
| Other countries | 5,597,018 | 4,896,066 |
| Total | \$ 54,216,246 | 47,282,737 |

The above non-current assets included property, plant and equipment, right-of-use assets, intangible assets, and other non-current assets, but excluding Goodwill.

(d) Information about revenue from major customers

For the years ended December 31, 2021 and 2020, the amounts of sales to customers representing greater than 10% of net revenue were as follows:

| Customer | 2021 | | 2020 | |
|------------|----------------|-----------------------------|-------------|-----------------------------|
| | Net revenue | Percentage of net revenue % | Net revenue | Percentage of net revenue % |
| Customer H | \$ 320,428,555 | 37 | 216,470,510 | 26 |
| Customer I | 96,202,158 | 11 | 104,151,084 | 12 |
| Customer B | 83,726,180 | 10 | 62,821,954 | 8 |
| Customer G | 49,904,780 | 6 | 121,108,235 | 14 |

WISTRON CORPORATION AND SUBSIDIARIES
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Table 1 Financing to other parties
(December 31, 2021)

| No. | Creditor | Borrower | Financial statement account | Related party | Maximum outstanding balance for the period | Ending balance | Actual amount drawn down | Interest Rate | Nature of financing (Note 2) | Amount of transaction | Reasons for short-term financing | Allowance for doubtful accounts | Collateral | | Limit on financing granted to each borrower | Ceiling on total financing granted | Notes |
|-----|-------------|----------|-----------------------------|---------------|--|----------------|--------------------------|---------------|------------------------------|-----------------------|----------------------------------|---------------------------------|------------|-------|---|------------------------------------|--------------------------------------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | The company | WAMI | Other receivables | Yes | 1,283,895 | - | - | 1.50% | 1 | 1,609,728 | N/A | - | - | - | 7,791,693 | 38,958,469 | (Note 1, Note 3, Note 4 and Note 17) |
| 0 | The company | WAMY | Other receivables | Yes | 1,278,540 | - | - | 2.50%-5.00% | 2 | 4,926,418 | Operating Capital | - | - | - | 7,791,693 | 38,958,469 | (Note 1, Note 3, Note 4 and Note 17) |
| 0 | The company | WAMY | Other receivables | Yes | 1,283,895 | 1,246,050 | - | 2.50%-2.00% | 1 | 738,350 | N/A | - | - | - | 7,791,693 | 38,958,469 | (Note 1, Note 3, Note 4 and Note 17) |
| 0 | The company | WSPH | Other receivables | Yes | 570,620 | 553,800 | 359,970 | 1.50% | 1 | 9,697,311 | N/A | - | - | - | 7,791,693 | 38,958,469 | (Note 1, Note 3, Note 4 and Note 17) |
| 0 | The company | WAMI | Other receivables | Yes | 1,288,470 | 1,246,050 | 1,246,050 | 1.49% | 1 | 454,373 | N/A | - | - | - | 7,791,693 | 38,958,469 | (Note 1, Note 3, Note 4 and Note 17) |
| 0 | The company | WSPH | Other receivables | Yes | 417,150 | 415,350 | - | 1.50% | 1 | - | Operating Capital | - | - | - | 7,791,693 | 38,958,469 | (Note 1, Note 3, Note 4 and Note 17) |
| 0 | The company | KOE | Other receivables | Yes | 2,000,000 | 2,000,000 | 600,000 | 1.00% | 2 | - | Operating Capital | - | - | - | 31,016,572 | 31,016,572 | (Note 5 and Note 17) |
| 1 | WAKS | WTZ | Other receivables | Yes | 3,635,580 | 3,599,700 | 3,045,900 | 1.50%-2.60% | 2 | - | Operating Capital | - | - | - | 31,016,572 | 31,016,572 | (Note 5 and Note 17) |
| 1 | WAKS | WKS | Other receivables | Yes | 973,217 | 797,472 | 548,262 | 1.50% | 2 | - | Operating Capital | - | - | - | 31,016,572 | 31,016,572 | (Note 5 and Note 17) |
| 1 | WAKS | XTRKS | Other receivables | Yes | 1,071,113 | 992,245 | 999,245 | 1.50%-4.00% | 2 | - | Operating Capital | - | - | - | 31,016,572 | 31,016,572 | (Note 5 and Note 17) |
| 1 | WAKS | WOSH | Other receivables | Yes | 183,526 | 91,174 | - | 4.00% | 2 | - | Operating Capital | - | - | - | 31,016,572 | 31,016,572 | (Note 5 and Note 17) |
| 2 | WCO | WTZ | Other receivables | Yes | 2,833,100 | 2,760,000 | 2,760,000 | 1.50% | 2 | - | Operating Capital | - | - | - | 15,484,765 | 15,484,765 | (Note 6 and Note 17) |
| 2 | WCO | WCCQ | Other receivables | Yes | 278,100 | 276,900 | 189,446 | 1.50%-4.00% | 2 | - | Operating Capital | - | - | - | 15,484,765 | 15,484,765 | (Note 6 and Note 17) |
| 2 | WCO | WSCO | Other receivables | Yes | 853,290 | 837,700 | 415,200 | 1.50% | 2 | - | Operating Capital | - | - | - | 15,484,765 | 15,484,765 | (Note 6 and Note 17) |
| 3 | WCH | WGTX | Other receivables | Yes | 286,779 | 138,450 | 138,450 | 3.00% | 2 | - | Operating Capital | - | - | - | 1,301,338 | 1,301,338 | (Note 7 and Note 17) |
| 3 | WCH | WALUS | Other receivables | Yes | 83,070 | 83,070 | 73,379 | 1.50% | 2 | - | Operating Capital | - | - | - | 1,301,338 | 1,301,338 | (Note 7 and Note 17) |
| 3 | WCH | WBMX | Other receivables | Yes | 265,677 | 265,055 | 193,830 | 1.50% | 2 | - | Operating Capital | - | - | - | 1,301,338 | 1,301,338 | (Note 7 and Note 17) |
| 4 | WHK | WAMY | Other receivables | Yes | 57,062 | - | - | 2.60% | 2 | - | Operating Capital | - | - | - | 6,727,709 | 6,727,709 | (Note 9 and Note 17) |
| 5 | WCCZ | WKCZ | Other receivables | Yes | 570,620 | 553,800 | 553,800 | 1.50% | 2 | - | Operating Capital | - | - | - | 6,727,709 | 6,727,709 | (Note 9 and Note 17) |
| 5 | WCCZ | WVW | Other receivables | Yes | 1,283,895 | 1,246,050 | 1,246,050 | 1.50% | 2 | - | Operating Capital | - | - | - | 6,727,709 | 6,727,709 | (Note 9 and Note 17) |
| 5 | WCCZ | WSPH | Other receivables | Yes | 397,768 | - | - | 2.60% | 2 | - | Operating Capital | - | - | - | 6,727,709 | 6,727,709 | (Note 9 and Note 17) |
| 6 | WHBK | WAMY | Other receivables | Yes | 211,259 | - | - | 2.60% | 2 | - | Operating Capital | - | - | - | 22,185,720 | 22,185,720 | (Note 10 and Note 17) |
| 7 | WVW | WAMI | Other receivables | Yes | 390,800 | - | - | 6.30% | 2 | - | Operating Capital | - | - | - | 3,071,611 | 3,071,611 | (Note 11 and Note 17) |
| 8 | WSSG | WAMI | Other receivables | Yes | 3,433,220 | 3,322,800 | 3,322,800 | 4.01% | 2 | - | Operating Capital | - | - | - | 6,025,531 | 6,025,531 | (Note 12 and Note 17) |
| 9 | WAKS | XTRKS | Other receivables | Yes | 453,510 | 438,830 | 326,123 | 4.00% | 2 | - | Operating Capital | - | - | - | 5,690,069 | 5,690,069 | (Note 13 and Note 17) |
| 9 | WAKS | WOSH | Other receivables | Yes | 348,508 | 347,864 | 217,413 | 4.00% | 2 | - | Operating Capital | - | - | - | 5,690,069 | 5,690,069 | (Note 13 and Note 17) |
| 10 | WDHI | WCA | Other receivables | Yes | 220,000 | - | - | 1.00% | 2 | - | Operating Capital | - | - | - | 211,846 | 211,846 | (Note 14 and Note 17) |
| 11 | WYHQ | WYUS | Other receivables | Yes | 2,224,800 | 2,215,200 | 276,900 | 0.75% | 2 | - | Operating Capital | - | - | - | 2,737,002 | 13,685,013 | (Note 15 and Note 17) |
| 12 | WCL | KOE | Other receivables | Yes | 500,000 | 500,000 | 500,000 | 1.00% | 2 | - | Operating Capital | - | - | - | 630,513 | 2,522,053 | (Note 16 and Note 17) |

(TWD : expressed in thousands)

(Note 1) The total amount available for financing purposes shall not exceed 50% of the Company's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of the Company's net worth.

(Note 2) Nature of financing:

1 For entities that the Company has business transactions with.

2 For entities with short-term financing needs.

(Note 3) The limit on financing granted to the entities that the Company has business transactions with:

(1) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of the Company.

(2) For entities in which the Company, directly or indirectly, owned below 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and of the Company, respectively.

(3) For other borrowers, the amount available for financing shall not exceed 25% of net worth of the borrower and 5% of net worth of the Company.

(4) For entities with short-term financing needs, the amount available for financing shall not exceed 10% of net worth of the Company.

(Note 4) Subsidiary - WAKS

(1) The total amount available for financing purposes shall not exceed 50% of WAKS's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of net worth of WAKS.

However, for those subsidiaries in domestic and foreign in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements; and for entities which were not located in Taiwan, the financing limits would be subject to the credit limit approved by State Administration of Foreign Exchange.

(2) For those subsidiaries in domestic and foreign with short-term financing needs which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing of each entity shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 5) Subsidiary - WCO

(1) The total amount available for financing purposes shall not exceed 50% of WCO's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of net worth of WCO.

However, for those subsidiaries in domestic and foreign in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements; and for entities which were not located in Taiwan, the financing limits would be subject to the credit limit approved by State Administration of Foreign Exchange.

(2) For those subsidiaries in domestic and foreign with short-term financing needs which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing of each entity shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 7) Subsidiary - WCI

- (1) The total amount available for financing purposes shall not exceed 40% of WCI's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.
- (2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WCI. However, to the foreign subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 8) Subsidiary - WHK

- (1) The total amount available for financing purposes shall not exceed 40% of WHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.
- (2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WHK. However, to the foreign subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 9) Subsidiary - WCCZ

- (1) The total amount available for financing purposes shall not exceed 40% of WCCZ's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.
- (2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WCCZ. However, to the foreign subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 10) Subsidiary - WHHK

- (1) The total amount available for financing purposes shall not exceed 40% of WHHK's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.
- (2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WHHK. However, to the foreign subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 11) Subsidiary - WIN

- (1) The total amount available for financing purposes shall not exceed 40% of WIN's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.
- (2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WIN. However, to the foreign subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 12) Subsidiary - WSSG

- (1) The total amount available for financing purposes shall not exceed 40% of WSSG's net worth, which was audited by Certified Public Accountant; and for those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.
- (2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WSSG. However, to the foreign subsidiaries which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements.

(Note 13) Subsidiary - WMKS

- (1) The total amount available for financing purposes shall not exceed 50% of WMKS's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of net worth of WMKS.

However, for those subsidiaries in domestic and foreign in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall be subject to the limit of three times the total net value of Company's financial numbers as disclosed by the Parent Company's most recent audited consolidated financial statements, and for entities which were not located in Taiwan, the financing limits would be subject to the overall limit approved by State Administration of Foreign Exchange.

(Note 14) Subsidiary - WDH

- (1) The total amount for short-term financing shall not exceed 40% of WDH's net worth, which was audited or reviewed by Certified Public Accountant.

(Note 15) Subsidiary - WYHQ

- (1) The total amount available for financing purposes shall not exceed 50% of WYHQ's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of net worth of WYHQ.

1. For entities in which WYHQ, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% net worth of WYHQ.

2. For other borrowers, the amount available for financing shall not exceed 25% of net worth of the borrower and 5% of net worth of WYHQ.

3. For entities with short-term financing needs, the amount available for financing shall not exceed 10% of net worth of WYHQ.

(Note 16) Subsidiary - WCL

- (1) The total amount for short-term financing shall not exceed 40% of WCL's net worth, which was audited or reviewed by Certified Public Accountant.

(2) For entities with short-term financing needs, the amount available for financing of each entity shall not exceed 10% net worth of WCL.

The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2021)

(TWD : expressed in thousands)

| No. | Endorser / Guarantor | Party being endorsed/guaranteed | Name | Relationship with the company (Note 11) | Limits on endorsements/ guarantees provided to each entity (Note 2, Note 4 and Note 10) | Maximum outstanding balance for the period | Ending balance | Actual amount drawn down | Amount of guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee to net asset value of the endorser / guarantor | Ceiling on total amount of endorsements/ guarantees provided (Note 1, Note 3 and Note 10) | Endorsement / guarantees provided by parent company | Endorsement / guarantees provided by a subsidiary | Endorsement / guarantees provided to the party in Mainland China | Note |
|-----|----------------------|--|------|---|---|--|----------------|--------------------------|--|--|---|---|---|--|-----------|
| 0 | The Company | WJP | | 2 | 23,375,081 | 935,360 | 680,700 | 680,700 | - | 0.84% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | Cowin (Note 5) | | 2 | 23,375,081 | 28,531 | 27,690 | 27,690 | - | 0.04% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WZS shared with WAKS (Note 5) | | 2 | 23,375,081 | 57,062 | 55,380 | 55,380 | - | 0.07% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WCCZ | | 2 | 23,375,081 | 495,703 | 453,161 | 453,161 | - | 0.58% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WBR | | 2 | 23,375,081 | 798,868 | 775,320 | 775,320 | - | 1.00% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WIN | | 2 | 23,375,081 | 2,099,655 | 2,090,995 | 1,813,695 | - | 2.68% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WSSG | | 2 | 23,375,081 | 8,176,140 | 7,171,710 | 6,202,560 | - | 9.20% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WTX | | 2 | 23,375,081 | 1,027,116 | 996,840 | 996,840 | - | 1.28% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WTX | | 2 | 23,375,081 | 299,576 | 290,745 | 290,745 | - | 0.37% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WTX | | 2 | 23,375,081 | 2,931,066 | 2,919,138 | 1,949,988 | - | 3.75% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WZM | | 2 | 23,375,081 | 746,739 | 553,800 | 553,800 | - | 0.71% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WGSX | | 2 | 23,375,081 | 570,620 | 553,800 | 553,800 | - | 0.71% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WGSX | | 2 | 23,375,081 | 3,247,542 | 3,147,290 | 3,147,290 | - | 4.04% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WCCZ shared with WSCZ | | 2 | 23,375,081 | 570,620 | 553,800 | 553,800 | - | 0.71% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WMKS | | 2 | 23,375,081 | 570,620 | 553,800 | 553,800 | - | 0.71% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WMKS shared with WTZ and WGSX (Note 6) | | 2 | 23,375,081 | 28,531 | 27,690 | 27,690 | - | 0.04% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WTR | | 2 | 23,375,081 | 285,310 | - | - | - | - | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WTZ shared with WGSX and WSKS | | 2 | 23,375,081 | 35,664 | 34,613 | 34,613 | - | 0.04% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WCH | | 2 | 23,375,081 | 202,000 | 202,000 | 202,000 | - | 0.26% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | AGI | | 2 | 23,375,081 | 2,054,232 | 1,993,680 | 886,080 | - | 2.56% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WSCO | | 2 | 23,375,081 | 120,000 | 60,000 | 60,000 | - | 0.08% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WCHO | | 2 | 23,375,081 | 427,965 | 415,350 | 415,350 | - | 0.53% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WSCO share with WMCO | | 2 | 23,375,081 | 1,661,400 | 1,661,400 | 830,700 | - | 2.13% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WMMI share with WIN | | 2 | 23,375,081 | 400,000 | 400,000 | 200,000 | - | 0.51% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WLB | | 2 | 23,375,081 | 1,400,000 | 1,400,000 | 600,000 | - | 1.80% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WCL | | 2 | 23,375,081 | 4,922,370 | 4,901,130 | 4,070,430 | - | 6.29% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WMMI | | 2 | 23,375,081 | 4,915,863 | 4,700,370 | 3,378,180 | - | 6.15% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WMMY | | 2 | 23,375,081 | 827,399 | 803,010 | 803,010 | - | 1.03% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WTT | | 2 | 23,375,081 | 285,310 | - | - | - | - | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WMX | | 2 | 23,375,081 | 350,000 | 275,000 | 225,000 | - | 0.35% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WFTW | | 2 | 23,375,081 | 10,051,470 | 5,482,620 | 5,482,620 | - | 12.90% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WVN | | 2 | 23,375,081 | 3,615,300 | 2,769,000 | 1,661,400 | - | 3.55% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WIMX | | 2 | 23,375,081 | 1,283,895 | 1,246,050 | 1,246,050 | - | 1.60% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WSPH shared with WCCZ, WMX and WITX (Note 7) | | 2 | 23,375,081 | 1,283,895 | 1,246,050 | 1,246,050 | - | 1.60% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WAKS shared with WZS, WCD and WCO (Note 7) | | 2 | 23,375,081 | 126,390 | 124,605 | 124,605 | - | 0.16% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WIS | | 2 | 23,375,081 | 664,560 | 664,560 | 664,560 | - | 0.85% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | XTRKS | | 2 | 23,375,081 | 556,200 | - | - | - | - | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WAKS shared with XTRKS and WOOD | | 2 | 23,375,081 | - | - | - | - | - | 77,916,938 | Y | N | N | (Note 12) |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2021)

| No. | Endorser / Guarantor | Party being endorsed/guaranteed | | Limits on endorsements/guarantees provided to each entity (Note 2, Note 4 and Note 10) | Maximum outstanding balance for the period | Ending balance | Actual amount drawn down | Amount of endorsements / guarantees secured with collateral | Ratio of accumulated endorsement/guarantee to net asset value of the endorser / guarantor | Ceiling on total amount of endorsements / guarantees provided (Note 1, Note 3 and Note 10) | Endorsement / guarantees provided by parent company | Endorsement / guarantees provided by a subsidiary | Endorsement / guarantees provided to the party in Mainland China | Note |
|-----|----------------------|--|---|--|--|----------------|--------------------------|---|---|--|---|---|--|-----------|
| | | Name | Relationship with the company (Note 11) | | | | | | | | | | | |
| 0 | The Company | WSPH shared with WCCZ, WMX, WITX and WSSG (Note 8) | 2 | 23,375,081 | 540,750 | 538,417 | - | - | 0.69% | 77,916,938 | Y | N | N | (Note 12) |
| 0 | The Company | WAKS shared with WZS, WCD and WCO (Note 8) | 2 | 23,375,081 | 432,600 | 430,733 | - | - | 0.55% | 77,916,938 | Y | N | Y | (Note 12) |
| 1 | WYHQ | WYMX | 2 | 8,211,007 | 183,345 | 151,050 | 151,050 | - | 0.58% | 13,685,013 | Y | N | N | (Note 12) |
| 1 | WYHQ | WYUS | 2 | 8,211,007 | 123,883 | 97,500 | 97,500 | - | 0.36% | 13,685,013 | Y | N | N | (Note 12) |

(TWD : expressed in thousands)

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of WYHQ's net worth, which was audited by Certified Public Accountant.
(Note 2) The 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.
(Note 3) The total 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.
(Note 4) 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, which was audited by Certified Public Accountant.

(Note 5) The credit line shared by WZS and WAKS amounted to USD3,000,000.

(Note 6) The credit line shared by WMX, WITX and WGS amounted to USD20,000,000, while the maximum credit line for each entity was USD10,000,000.

(Note 7) The credit line shared by WSPH, WCCZ, WMX, WITX, WAKS, WZS, WCD and WCO amounted to USD90,000,000.

(Note 8) The credit line shared by WSPH, WCCZ, WMX, WITX, WSSG, WAKS, WZS, WCD and WCO amounted to USD35,000,000.

(Note 9) Since the Board of Directors of the Company approved the quota to be renewed in advance, a total of NT\$2,184,500 is a double-counted quota.

(Note 10) Due to WYHQ's Operation Procedure for Guarantees and Endorsements:

- The total amount for guarantees and endorsements provided by WYHQ to other entities shall not exceed 50% of WYHQ's net worth, which was audited by Certified Public Accountant.
- The amount for guarantees and endorsements provided by WYHQ to any individual entity shall not exceed 30% of WYHQ's net worth, which was audited by Certified Public Accountant.
- The total amount for guarantees and endorsements provided by WYHQ and its subsidiaries to other entities shall not exceed 50% of WYHQ's net worth, which was audited by Certified Public Accountant.
- The amount of guarantees and endorsements provided by WYHQ and its subsidiaries to any individual entity shall not exceed 30% of WYHQ's net worth, which was audited by Certified Public Accountant.

(Note 11) Relationship with the Company:

- An entity that is with business relationship.
- A Subsidiary which owned more than 50% by the guarantor.
- An investee owned more than 50% in total by both the guarantor and its subsidiary.
- An investee owned more than 50% by the guarantor or its subsidiary.
- Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
- An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 12) The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 3 Market securities held (excluding investment in subsidiaries, associates and joint ventures)
(December 31, 2021)

| Securities held by | Category and name of securities | | Relationship | Financial statement account | | | | December 31, 2021 | | | Notes |
|--------------------|--|-------|--------------|---|------------|-------------------------|------------|--|--------|---|-------|
| | | | | Number of shares | Book value | Percentage of Ownership | Fair Value | Highest percentage of shares during period | | | |
| The Company | Alpha Networks Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 19,328 | 648,448 | 3.57% | 648,448 | 3.59% | - | |
| The Company | Gamania Digital Entertainment Co., Ltd. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 1,126 | 79,414 | 0.64% | 79,414 | 0.64% | - | |
| The Company | Super Dragon Technology Co., Ltd. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 5,676 | 97,911 | 5.80% | 97,911 | 5.80% | - | |
| The Company | Global Lighting Technologies Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 20,914 | 1,735,898 | 15.97% | 1,735,898 | 15.97% | - | |
| The Company | ARBOR Technology Corp. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 4,679 | 103,865 | 6.29% | 103,865 | 6.65% | - | |
| The Company | AOPT Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 5,747 | 260,605 | 8.04% | 260,605 | 11.11% | - | |
| The Company | FineMat Applied Materials Co., Ltd. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 4,589 | 269,848 | 6.91% | 269,848 | 6.91% | - | |
| The Company | Clanton Corp. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 917 | 30,831 | 1.44% | 30,831 | 1.44% | - | |
| The Company | Plexibar Corporation, LTD | Stock | - | Non-current financial assets at fair value through other comprehensive income | 1,227 | 21,503 | 1.18% | 21,503 | 1.18% | - | |
| The Company | Howe advanced Ltd. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 4,000 | 89,225 | 2.54% | 89,225 | 2.54% | - | |
| The Company | ABC-KY | Stock | - | Non-current financial assets at fair value through other comprehensive income | 2,075 | 89,225 | 2.54% | 89,225 | 2.54% | - | |
| The Company | Life Systems, Ltd. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 3,528 | - | 29.51% | - | 29.51% | - | |
| The Company | Zee, Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 779 | - | 6.57% | - | 6.57% | - | |
| The Company | Janus Technologies, Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 864 | - | 4.01% | - | 4.01% | - | |
| The Company | Vmedia Research | Stock | - | Non-current financial assets at fair value through other comprehensive income | 2,000 | 95,605 | 22.08% | 95,605 | 22.08% | - | |
| The Company | Tube Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 17,009 | - | 0.06% | - | 0.06% | - | |
| The Company | Tactus Technology Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 7 | - | 3.17% | - | 3.26% | - | |
| The Company | Videli Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 226 | 21,602 | 12.89% | 21,602 | 12.89% | - | |
| The Company | Scenera, Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 645 | 823 | 0.01% | 823 | 0.01% | - | |
| The Company | Mirvell Technology, Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 87 | 210,022 | 10.71% | 210,022 | 10.71% | - | |
| The Company | JP Fund Six Co., Ltd. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 4,907 | 42,830 | 20.00% | 42,830 | 20.00% | - | |
| The Company | Cores Fund 2022.L.P. | Fund | - | Non-current financial assets at fair value through other comprehensive income | - | 10,478 | 6.67% | 10,478 | 6.67% | - | |
| The Company | Julco AT Fund V.L.P. | Fund | - | Non-current financial assets at fair value through other comprehensive income | - | 196,188 | 12.78% | 196,188 | 12.78% | - | |
| The Company | Khosa Fund L.P. | Fund | - | Non-current financial assets at fair value through other comprehensive income | - | 36,121 | 3.11% | 36,121 | 3.11% | - | |
| The Company | Verex V(CLI) Fund L.P. | Fund | - | Non-current financial assets at fair value through other comprehensive income | - | 283,273 | 9.01% | 283,273 | 9.01% | - | |
| The Company | China Responsible Energy Fund, LP | Fund | - | Non-current financial assets at fair value through other comprehensive income | - | 259,314 | 4.97% | 259,314 | 4.97% | - | |
| The Company | JAFCD Taiwan I Venture Capital, L.P. | Fund | - | Non-current financial assets at fair value through other comprehensive income | - | 77,026 | 99.00% | 77,026 | 99.00% | - | |
| The Company | Fenix Venture Company XVI, L.P. | Fund | - | Non-current financial assets at fair value through other comprehensive income | - | - | 19.26% | - | 19.26% | - | |
| AIH | Advance Power & Energy Semiconductor, Inc. | Stock | - | Current financial assets at fair value through profit or loss | 23,375 | 2,814,951 | 0.16% | 2,814,951 | 0.16% | - | |
| WAKS | Luxshare Precision Industry Co., Ltd. | Stock | - | Current financial assets at fair value through profit or loss | 13,158 | 2,412,817 | 0.27% | 2,412,817 | 0.27% | - | |
| WCD | Luxshare Precision Industry Co., Ltd. | Stock | - | Current financial assets at fair value through profit or loss | 18,797 | 4,021,360 | 0.19% | 4,021,360 | 0.19% | - | |
| WZS | Luxshare Precision Industry Co., Ltd. | Stock | - | Current financial assets at fair value through profit or loss | 13,158 | 2,814,953 | 0.03% | 2,814,953 | 0.03% | - | |
| WCHK | Dell technologies Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 204 | 316,725 | 0.04% | 316,725 | 0.04% | - | |
| WCHK | VIAWARE, Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 160 | 514,123 | 0.22% | 514,123 | 0.22% | - | |
| WCL | Alpha Networks Inc. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 3,892 | 130,560 | 1.74% | 130,560 | 1.74% | - | |
| WCL | Howe advanced Ltd. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 500 | 20,945 | 0.98% | 20,945 | 0.98% | - | |
| WCL | Clanton Corp. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 626 | 38,197 | 2.69% | 38,197 | 2.69% | - | |
| WCL | Vmedia Research | Stock | - | Non-current financial assets at fair value through other comprehensive income | 324 | - | 2.85% | - | 2.85% | - | |
| WCL | ARBOR Technology Corp. | Stock | - | Non-current financial assets at fair value through other comprehensive income | 2,005 | 38,197 | 2.85% | 38,197 | 2.85% | - | |

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES Notes to the Consolidated Financial Statements

Table 3 Market securities held (excluding investment in subsidiaries, associates and joint ventures)
(December 31, 2021)

| Securities held by | Category and name of securities | Relationship | Financial statement account | December 31, 2021 | | | | Fair Value | Highest percentage of shares during period | Notes |
|--------------------|--|--------------|---|-------------------|------------|-------------------------|------------|------------|--|-------|
| | | | | Number of shares | Book value | Percentage of Ownership | Book value | | | |
| WCL | Umbo CV Inc. | - | Non-current financial assets at fair value through other comprehensive income | 2,467 | - | 4.06% | - | 4.06% | - | |
| WCL | ABC-KY | - | Non-current financial assets at fair value through other comprehensive income | 1,725 | 74,159 | 2.11% | 74,159 | 2.11% | - | |
| WCL | Formsoft International Inc. | - | Non-current financial assets at fair value through other comprehensive income | 365 | - | 13.95% | - | 13.95% | - | |
| WCL | feibeihe Holdings Limited | - | Non-current financial assets at fair value through other comprehensive income | 13 | - | 9.29% | - | 9.29% | - | |
| WCL | AOOpen Inc. | - | Non-current financial assets at fair value through other comprehensive income | 1,042 | 40,524 | 1.46% | 40,524 | 1.46% | - | |
| WCL | FineMat Applied Materials Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 302 | 17,762 | 0.46% | 17,762 | 0.46% | - | |
| WCL | Bionspira, Inc | - | Non-current financial assets at fair value through other comprehensive income | 4,040 | 3,802 | 16.64% | 3,802 | 17.60% | - | |
| WCL | Unity Opto Technology co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 5,263 | - | 1.14% | - | 1.14% | - | |
| WCL | AVerMedia Information, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 495 | 32,769 | 0.53% | 32,769 | 0.53% | - | |
| WCL | NEUCHIPS CORPORATION | - | Non-current financial assets at fair value through other comprehensive income | 3,500 | 137,529 | 4.69% | 137,529 | 8.22% | - | |
| WCL | FunNow Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 160 | 51,223 | 3.57% | 51,223 | 3.57% | - | |
| WCL | APPWORKS FUND II CO., LTD. | - | Non-current financial assets at fair value through other comprehensive income | 3,927 | 165,115 | 8.15% | 165,115 | 8.15% | - | |
| WCL | APPWORKS FUND III CO. LTD. | - | Non-current financial assets at fair value through other comprehensive income | 24,000 | 234,726 | 7.00% | 234,726 | 7.79% | - | |
| WCL | Fund VII L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 29,423 | 18.75% | 29,423 | 18.75% | - | |
| WCL | LUCID VR, INC. | - | Non-current financial assets at fair value through profit or loss | - | - | - | - | - | - | |
| WCL | feibeihe Holdings Limited | - | Non-current financial assets at fair value through profit or loss | - | 10,204 | - | 10,204 | - | - | |
| WCL | 500 Startups V. L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 96,915 | 3.30% | 96,915 | 3.30% | - | |
| WCL | Vertex Issud Opportunity II Fund | - | Non-current financial assets at fair value through other comprehensive income | - | 50,975 | 2.32% | 50,975 | 3.54% | - | |
| WCL | Vertex VI Fund L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 35,081 | 1.50% | 35,081 | 1.60% | - | |
| WDH | MOBAGEL, INC. | - | Non-current financial assets at fair value through other comprehensive income | 1,121 | 46,925 | 6.93% | 46,925 | 7.75% | - | |
| WDH | InfuseAL, INC | - | Non-current financial assets at fair value through other comprehensive income | 82 | 10,704 | 8.86% | 10,704 | 8.86% | - | |
| WDH | International Trust Machines Corporation | - | Non-current financial assets at fair value through other comprehensive income | 6,000 | 13,740 | 5.02% | 13,740 | 5.02% | - | |
| WDH | MeadMint INCORPORATED | - | Non-current financial assets at fair value through other comprehensive income | 1,469 | 9,559 | 11.39% | 9,559 | 12.86% | - | |
| WDH | Omniflyes Co., Ltd | - | Non-current financial assets at fair value through other comprehensive income | 2,483 | 29,618 | 8.91% | 29,618 | 10.01% | - | |
| WMH | WIN-Smart | - | Non-current financial assets at fair value through other comprehensive income | 8,716 | - | 15.17% | - | 15.17% | - | |
| WMH | Admires Biotechnology(Cayman) Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 15,000 | 22,845 | 16.67% | 22,845 | 16.67% | - | |
| WMH | Apallo Medical Optics, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 6,667 | 30,287 | 20.21% | 30,287 | 20.21% | - | |
| WMH | Hikai Biotechnology Corporation | - | Non-current financial assets at fair value through other comprehensive income | 375 | 15,887 | 10.22% | 15,887 | 10.68% | - | |
| WMH | Spartan Biocience Inc. | - | Non-current financial assets at fair value through other comprehensive income | 1,691 | - | 3.11% | - | 3.11% | - | |
| WMH | Plexbio Corporation, LTD | - | Non-current financial assets at fair value through other comprehensive income | 1,500 | 26,280 | 1.45% | 26,280 | 1.45% | - | |
| WMH | DIAGNOSTICS FOR THE REAL WORLD LIMITED | - | Non-current financial assets at fair value through other comprehensive income | 267 | 72,533 | 4.80% | 72,533 | 4.80% | - | |
| WMH | Hikari Fund L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 44,042 | 12.00% | 44,042 | 12.00% | - | |
| WMH | Pacific 8 Ventures fund I, L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 201,951 | 17.82% | 201,951 | 17.82% | - | |
| WMH | YSENSE CO., LTD. | - | Non-current financial assets at fair value through other comprehensive income | 700 | - | 3.95% | - | 4.02% | - | |
| WMH | anWFAAR Company Limited | - | Non-current financial assets at fair value through other comprehensive income | 2 | 13,475 | 7.93% | 13,475 | 7.96% | - | |
| WMH | JelBox Biotech Inc. | - | Non-current financial assets at fair value through other comprehensive income | 15,000 | 7,920 | 8.33% | 7,920 | 8.33% | - | |
| WMH | B-Temia Inc. | - | Non-current financial assets at fair value through profit or loss | - | 60,476 | - | 60,476 | - | - | |
| WMH | Dammajun, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 124 | - | 0.36% | - | 0.36% | - | |
| WMH | Smart Ageing Tech Co., Ltd | - | Non-current financial assets at fair value through other comprehensive income | 1,800 | 20,671 | 5.58% | 20,671 | 5.77% | - | |

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES Notes to the Consolidated Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of share capital
(December 31, 2021)

| Securities held by | Category and name of securities | Financial statement account | Counter - party | Relationship with the investor | Beginning balance | | Addition | | Disposal | | Ending balance | | Notes |
|--------------------|---|---|-----------------|--------------------------------|-------------------|-----------|--------------|--------|--------------|------------|----------------|-----------|----------|
| | | | | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount | |
| The Company | WCL | Equity-accounted investees | (Note 2) | - | - | - | 3,100,000 | - | - | - | - | 6,305,134 | (Note 1) |
| The Company | WCA | Equity-accounted investees | (Note 2) | - | 2,429,090 | - | 70,000 | - | - | - | - | 698,369 | (Note 1) |
| The Company | WYHQ | Equity-accounted investees | (Note 3) | - | 10,994,740 | - | 70,000 | - | 4,523 | 3,855,501 | 675,768 | 3,179,733 | (Note 1) |
| WQC | Xiamen Bank Company Limited-Structured deposits-RMB Financial Product | Current financial assets at fair value through profit or loss | - | - | - | - | 460,920 | - | - | 462,292 | 460,920 | 1,387 | - |
| WQC | LOB-Structured deposits-RMB Financial Product | Current financial assets at fair value through profit or loss | - | - | - | - | 401,087 | - | - | 402,142 | 401,087 | 1,867 | - |
| Win Smart | WEKS and WIC | Equity-accounted investees | (Note 3) | - | 12,018,200 | - | - | - | - | 14,022,636 | 11,754,644 | 2,293,080 | - |
| WMKS | China Citic Bank-ZHIXIN EXCHANGE RATE LINKED RMB STRUCTURAL DEPOSIT PRODUCTS | Current financial assets at fair value through profit or loss | - | - | - | - | 956,626 | - | - | 963,622 | 956,626 | 6,984 | - |
| WMKS | Agricultural Bank of China HULLIFENG CUSTOMIZED RMB STRUCTURAL DEPOSIT PRODUCTS | Current financial assets at fair value through profit or loss | - | - | - | - | 1,678,444 | - | - | 1,690,476 | 1,678,444 | 12,011 | - |
| WMKS | FUBON BANK (CHINA) CO.,LTD-SDRMB STRUCTURAL DEPOSIT PRODUCTS | Current financial assets at fair value through profit or loss | - | - | - | - | 847,919 | - | - | 851,257 | 847,919 | 3,332 | - |
| WQOK | Agricultural Bank of China HULLIFENG CUSTOMIZED RMB STRUCTURAL DEPOSIT PRODUCTS | Current financial assets at fair value through profit or loss | - | - | - | - | 326,123 | - | - | 328,149 | 326,123 | 2,049 | - |
| WRKS | Kunshan Rural Commercial Bank-RMB STRUCTURAL DEPOSIT PRODUCTS | Current financial assets at fair value through profit or loss | - | - | - | - | 430,482 | - | - | 432,259 | 430,482 | 1,796 | - |
| WTZS | Ephraim Morgan money market funds | Current financial assets at fair value through profit or loss | - | - | - | 111,000 | 482,661 | - | - | 483,068 | 482,661 | 411 | - |
| WZS | ICBC credit suisse salary money market funds | Current financial assets at fair value through profit or loss | - | - | - | 968,500 | 4,211,329 | - | - | 4,216,411 | 4,211,329 | 5,074 | - |
| WZS | FUBON BANK (CHINA) CO.,LTD-SDRMB STRUCTURAL DEPOSIT PRODUCTS | Current financial assets at fair value through profit or loss | - | - | - | 1,100,000 | 4,783,130 | - | - | 4,792,331 | 4,783,130 | 9,303 | - |
| WZS | Structured deposits-RMB Financial Product | Current financial assets at fair value through profit or loss | - | - | - | - | 1,739,320 | - | - | 1,744,002 | 1,739,320 | 4,734 | - |

(TWD : expressed in thousands)

(Note 1) The aforementioned inter-company transactions were eliminated in the consolidated financial statements.
(Note 2) Issued ordinary shares for cash.
(Note 3) Sold of equity-accounted investees

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 5 Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital (December 31, 2021)

| Company name | Type of property | Transaction Date | Transaction Amount | Payment Term | Counter-party | Name of Relationships | Prior Transaction of Related Counter-party | | Price Reference | Purpose of Acquisition | Other Terms |
|--------------|-------------------------------|------------------|--------------------|------------------|-------------------------------------|-----------------------|--|-------|--|----------------------------------|-------------|
| | | | | | | | Relationships | Owner | | | |
| WMMY | Fixed asset-Land | 2021/5/21 | 605,102 | Fully paid | Western Digital (Malaysia) Sdn. Bhd | | | | | | |
| WYMY | Property, plant and equipment | 2021/9/15 | 278,306 | 1st payment: 10% | SENAI AIRPORT CITY SDN. BHD. | | | | Refer to the appraisal report issued by professional appraiser | For the need of future operation | |
| WYMY | Property, plant and equipment | 2021/9/15 | 170,060 | 1st payment: 50% | SENAI AIRPORT CITY SDN. BHD. | | | | Refer to the appraisal report issued by professional appraiser | For the need of future operation | |

(TWD : expressed in thousands)

Table 6 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

| Purchaser/Seller | Related Party | Relationship | Transaction | | | Differences in transaction terms compared to third party transactions | | | Note and trade receivables (payables) | | Notes |
|------------------|---------------|--------------|----------------|-------------|---------------------------------------|---|------------|---------------|---------------------------------------|---|--------|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | Balance | Percentage of total note and trade receivables (payables) | |
| | | | | | | | | | | | |
| The company | WJP | Subsidiary | Sales | 1,781,572 | 0.27% | OA90 | - | - | 1,032,364 | 0.46% | (Note) |
| The company | AHH | Subsidiary | Sales | 34,312,740 | 5.12% | OA90 | - | - | 302,748 | 0.14% | (Note) |
| The company | WTX | Subsidiary | Sales | 2,813,279 | 0.42% | OA90 | - | - | 1,088,875 | 0.49% | (Note) |
| The company | WMKS | Subsidiary | Sales | 922,320 | 0.14% | OA90 | - | - | 318,340 | 0.14% | (Note) |
| The company | WZS | Subsidiary | Sales | 838,388 | 0.13% | OA90 | - | - | 25,032,575 | 11.17% | (Note) |
| The company | WITX | Subsidiary | Sales | 36,196,220 | 5.40% | OA150 | - | - | 19,308,549 | 8.62% | (Note) |
| The company | WSMX | Subsidiary | Sales | 141,880 | 0.02% | OA60 | - | - | 36,476 | 0.02% | (Note) |
| The company | WSCZ | Subsidiary | Sales | 2,127,842 | 0.32% | OA90 | - | - | 464,429 | 0.21% | (Note) |
| The company | FPI | Associate | Sales | 543,075 | 0.08% | OA120 | - | - | 113,406 | 0.05% | - |
| The company | WSSG | Subsidiary | Sales | 1,253,680 | 0.19% | OA90 | - | - | 511,704 | 0.23% | (Note) |
| The company | WIS | Subsidiary | Sales | 860,018 | 0.13% | OA60 | - | - | 255,004 | 0.11% | (Note) |
| The company | WMMY | Subsidiary | Sales | 215,496,500 | 32.14% | OA90 | - | - | 69,973,764 | 31.22% | (Note) |
| The company | WYHQ | Subsidiary | Sales | 54,586,920 | 8.14% | OA45 | - | - | 8,904,876 | 3.97% | (Note) |
| The company | WYUS | Subsidiary | Sales | 287,805 | 0.04% | OA45 | - | - | 203,837 | 0.09% | (Note) |
| The company | WZS | Subsidiary | Purchase | 112,869,317 | 17.36% | OA90 | - | - | (28,082,355) | 17.96% | (Note) |
| The company | WITX | Subsidiary | Purchase | 171,325 | 0.03% | OA90 | - | - | (43) | - | (Note) |
| The company | WAKS | Subsidiary | Purchase | 76,546,183 | 11.78% | OA90 | - | - | (2,877,913) | 1.84% | (Note) |
| The company | WSKS | Subsidiary | Purchase | 4,481,749 | 0.69% | OA60 | - | - | (929,268) | 0.59% | (Note) |
| The company | WTZ | Subsidiary | Purchase | 501,265 | 0.08% | OA60 | - | - | (230) | - | (Note) |
| The company | WCQ | Subsidiary | Purchase | 54,032,532 | 8.31% | OA90 | - | - | (24,365,997) | 15.59% | (Note) |
| The company | WCD | Subsidiary | Purchase | 257,492,812 | 39.61% | OA30 | - | - | (46,713,940) | 29.88% | (Note) |
| The company | WSCZ | Subsidiary | Purchase | 251,464 | 0.04% | OA60 | - | - | (18,474) | 0.01% | (Note) |
| The company | WSCQ | Subsidiary | Purchase | 8,896,236 | 1.37% | OA60 | - | - | (1,257,084) | 0.80% | (Note) |
| The company | FPI | Associate | Purchase | 1,405,040 | 0.22% | OA50 | - | - | (104,956) | 0.07% | - |
| The company | WSSG | Subsidiary | Purchase | 163,662 | 0.03% | OA60 | - | - | (76,382) | 0.05% | (Note) |
| The company | WSPH | Subsidiary | Purchase | 390,303 | 0.06% | OA30 | - | - | (46,670) | 0.03% | (Note) |
| The company | WMMY | Subsidiary | Purchase | 8,637,983 | 1.33% | OA90 | - | - | (1,411,992) | 0.90% | (Note) |

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Purchaser/Seller | Related Party | Relationship | Transaction | | | Differences in transaction terms compared to third party transactions | | | Note and trade receivables (payables) | | Notes |
|------------------|---------------|--------------|----------------|-------------|---------------------------------------|---|------------|---------------|---------------------------------------|---|--------|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | Balance | Percentage of total note and trade receivables (payables) | |
| The company | WMMI | Subsidiary | Purchase | 26,840,088 | 4.13% | OA45 | - | - | (8,278,966) | 5.30% | (Note) |
| The company | WOOO | Subsidiary | Purchase | 17,226,031 | 2.65% | OA90 | - | - | (2,494,035) | 1.60% | (Note) |
| The company | WCCD | Subsidiary | Purchase | 277,838 | 0.04% | OA90 | - | - | (206,561) | 0.13% | (Note) |
| The company | WYHQ | Subsidiary | Purchase | 975,902 | 0.15% | OA90 | - | - | (665,123) | 0.43% | (Note) |
| The company | WYUS | Subsidiary | Purchase | 334,787 | 0.05% | OA60 | - | - | (102,831) | 0.07% | (Note) |
| AGI | The company | Subsidiary | Sales | 208,397 | 73.70% | OA90 | - | - | 21,639 | 64.45% | (Note) |
| AIH | WMMY | Affiliate | Sales | 2,139,123 | 5.89% | OA90 | - | - | 1,193 | - | (Note) |
| AIH | The company | Subsidiary | Purchase | 34,312,740 | 99.98% | OA90 | - | - | (302,748) | 10.94% | (Note) |
| WAKS | The company | Subsidiary | Sales | 76,546,183 | 89.83% | OA90 | - | - | 2,877,913 | 30.48% | (Note) |
| WAKS | WSKS | Affiliate | Sales | 806,944 | 0.94% | OA60 | - | - | 187,470 | 1.99% | (Note) |
| WAKS | WCQ | Affiliate | Sales | 3,918,011 | 4.57% | OA90 | - | - | 3,896,310 | 41.27% | (Note) |
| WAKS | WCD | Affiliate | Sales | 1,800,006 | 2.10% | OA90 | - | - | 1,777,135 | 18.82% | (Note) |
| WAKS | WMMY | Affiliate | Sales | 2,059,452 | 2.40% | OA90 | - | - | 648,341 | 6.87% | (Note) |
| WAKS | WCD | Affiliate | Purchase | 1,733,973 | 2.16% | OA90 | - | - | (1,100,487) | 7.43% | (Note) |
| WAKS | WMMY | Affiliate | Purchase | 268,704 | 0.37% | OA90 | - | - | (28,189) | 0.18% | (Note) |
| WBR | WYHQ | Affiliate | Purchase | 255,086 | 32.94% | OA90 | - | - | (138,343) | 77.93% | (Note) |
| WBR | WYUS | Affiliate | Purchase | 432,269 | 55.82% | OA90 | - | - | (26,146) | 14.73% | (Note) |
| WCCD | The company | Subsidiary | Sales | 277,838 | 99.29% | OA90 | - | - | 206,561 | 99.07% | (Note) |
| WCCD | WCD | Affiliate | Purchase | 297,393 | 100.00% | OA90 | - | - | (242,556) | 100.74% | (Note) |
| WCCZ | The company | Subsidiary | Sales | 660,331 | 82.91% | OA120 | - | - | 325,270 | 86.10% | (Note) |
| WCD | WZS | Affiliate | Sales | 265,957 | 0.10% | OA30 | - | - | 245,844 | 0.47% | (Note) |
| WCD | The company | Subsidiary | Sales | 257,492,812 | 96.08% | OA30 | - | - | 46,713,940 | 90.00% | (Note) |
| WCD | WAKS | Affiliate | Sales | 1,733,973 | 0.64% | OA90 | - | - | 1,100,487 | 2.12% | (Note) |
| WCD | WSKS | Affiliate | Sales | 2,703,509 | 1.00% | OA90 | - | - | 930,657 | 1.79% | (Note) |
| WCD | WCQ | Affiliate | Sales | 3,024,729 | 1.12% | OA90 | - | - | 791,505 | 1.52% | (Note) |
| WCD | WMMY | Affiliate | Sales | 2,425,406 | 0.90% | OA90 | - | - | 1,876,183 | 3.61% | (Note) |
| WCD | WCCD | Affiliate | Sales | 297,393 | 0.11% | OA90 | - | - | 242,556 | 0.47% | (Note) |

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Purchaser/Seller | Related Party | Relationship | Transaction | | | Differences in transaction terms compared to third party transactions | | | Note and trade receivables (payables) | | Notes |
|------------------|---------------|--------------|----------------|------------|---------------------------------------|---|------------|---------------|---------------------------------------|---|--------|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | Balance | Percentage of total note and trade receivables (payables) | |
| WCD | WNC | Associate | Purchase | 303,755 | 0.11% | OA90 | - | - | (114,787) | 0.18% | - |
| WCD | WZS | Affiliate | Purchase | 491,328 | 0.18% | OA90 | - | - | (342,118) | 0.52% | (Note) |
| WCD | WAKS | Affiliate | Purchase | 1,800,006 | 0.66% | OA90 | - | - | (1,777,135) | 2.73% | (Note) |
| WCD | TPE | Associate | Purchase | 138,269 | 0.05% | OA90 | - | - | (57,167) | 0.09% | - |
| WCD | WCQ | Affiliate | Purchase | 3,083,339 | 1.13% | OA90 | - | - | (744,509) | 1.14% | (Note) |
| WCD | WMMY | Affiliate | Purchase | 2,456,013 | 0.90% | OA90 | - | - | (1,690,433) | 2.59% | (Note) |
| WCD | WTZ | Affiliate | Purchase | 180,192 | 0.07% | OA30 | - | - | - | - | (Note) |
| WCO | The company | Subsidiary | Sales | 54,032,532 | 93.61% | OA90 | - | - | 24,365,997 | 96.13% | (Note) |
| WCO | WCD | Affiliate | Sales | 3,083,339 | 5.31% | OA90 | - | - | 744,509 | 2.94% | (Note) |
| WCO | WSCQ | Affiliate | Sales | 475,145 | 0.82% | OA90 | - | - | 179,053 | 0.71% | (Note) |
| WCO | WAKS | Affiliate | Purchase | 3,918,011 | 6.04% | OA90 | - | - | (3,896,310) | 10.79% | (Note) |
| WCO | WCD | Affiliate | Purchase | 3,024,729 | 4.67% | OA90 | - | - | (791,505) | 2.19% | (Note) |
| WCO | WSCQ | Affiliate | Purchase | 198,766 | 0.31% | OA90 | - | - | (64,839) | 0.18% | (Note) |
| WCO | WMMY | Affiliate | Purchase | 1,565,443 | 2.39% | OA90 | - | - | (735,473) | 2.03% | (Note) |
| WIMX | WMX | Affiliate | Sales | 188,584 | 75.06% | OA60 | - | - | - | - | (Note) |
| WIN | WYHQ | Affiliate | Purchase | 255,841 | 86.21% | OA30 | - | - | (101,928) | 80.22% | (Note) |
| WIS | The company | Subsidiary | Purchase | 860,018 | 91.78% | OA60 | - | - | (255,004) | 94.69% | (Note) |
| WITT | WITX | Affiliate | Sales | 182,975 | 99.06% | OA30 | - | - | 25,576 | 62.52% | (Note) |
| WITX | The company | Subsidiary | Sales | 171,325 | 0.54% | OA90 | - | - | 43 | - | (Note) |
| WITX | WYUS | Affiliate | Sales | 761,765 | 2.27% | OA45 | - | - | 698,283 | 4.02% | (Note) |
| WITX | The company | Subsidiary | Purchase | 36,196,220 | 99.07% | OA150 | - | - | (19,308,549) | 70.83% | (Note) |
| WITX | WYUS | Affiliate | Purchase | 149,101 | 0.41% | OA90 | - | - | (2,631) | 0.01% | (Note) |
| WIP | The company | Subsidiary | Purchase | 1,781,572 | 100.00% | OA90 | - | - | (1,032,364) | 97.30% | (Note) |
| WMKS | The company | Subsidiary | Purchase | 922,320 | 47.61% | OA90 | - | - | (318,340) | 63.29% | (Note) |
| WMMI | The company | Subsidiary | Sales | 26,840,088 | 89.58% | OA45 | - | - | 8,278,966 | 97.69% | (Note) |
| WMMI | WMMY | Affiliate | Sales | 2,808,579 | 9.32% | OA90 | - | - | - | - | (Note) |
| WMMY | WZS | Affiliate | Sales | 227,295 | 0.09% | OA90 | - | - | 29,624 | 0.04% | (Note) |

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Purchaser/Seller | Related Party | Relationship | Transaction | | Differences in transaction terms compared to third party transactions | | | Note and trade receivables (payables) | | Notes | |
|------------------|---------------|--------------|----------------|-------------|---|-------------|------------|---------------------------------------|--------------|---------|---|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | Balance | | Percentage of total note and trade receivables (payables) |
| WMMY | The company | Subsidiary | Sales | 8,637,983 | 3.30% | OA90 | - | - | 1,411,992 | 1.93% | (Note) |
| WMMY | WAKS | Affiliate | Sales | 268,704 | 0.10% | OA90 | - | - | 28,189 | 0.04% | (Note) |
| WMMY | WTZS | Affiliate | Sales | 656,095 | 0.25% | OA90 | - | - | 46,942 | 0.06% | (Note) |
| WMMY | WCQ | Affiliate | Sales | 1,565,443 | 0.60% | OA90 | - | - | 735,473 | 1.00% | (Note) |
| WMMY | WCD | Affiliate | Sales | 2,456,013 | 0.94% | OA90 | - | - | 1,690,433 | 2.30% | (Note) |
| WMMY | AIH | Affiliate | Purchase | 2,139,123 | 0.83% | OA90 | - | - | (1,193) | - | (Note) |
| WMMY | WZS | Affiliate | Purchase | 25,403,572 | 9.83% | OA90 | - | - | (8,591,551) | 10.30% | (Note) |
| WMMY | The company | Subsidiary | Purchase | 215,496,500 | 83.78% | OA90 | - | - | (69,973,764) | 83.91% | (Note) |
| WMMY | WAKS | Affiliate | Purchase | 2,059,452 | 0.80% | OA90 | - | - | (648,341) | 0.80% | (Note) |
| WMMY | WCD | Affiliate | Purchase | 2,425,406 | 0.95% | OA90 | - | - | (1,876,183) | 2.25% | (Note) |
| WMMY | WMMI | Affiliate | Purchase | 2,808,579 | 1.10% | OA90 | - | - | - | - | (Note) |
| WMX | WITT | Affiliate | Sales | 1,143,598 | 63.90% | OA60 | - | - | 483,536 | 100.00% | (Note) |
| WMX | WYUS | Affiliate | Sales | 644,441 | 36.01% | OA60 | - | - | - | - | (Note) |
| WOOO | The company | Subsidiary | Sales | 17,226,031 | 99.92% | OA90 | - | - | 2,494,035 | 100.00% | (Note) |
| WSCQ | The company | Subsidiary | Sales | 8,896,236 | 97.21% | OA60 | - | - | 1,257,084 | 94.63% | (Note) |
| WSCQ | WCQ | Affiliate | Sales | 198,766 | 2.17% | OA90 | - | - | 64,839 | 4.88% | (Note) |
| WSCQ | WCQ | Affiliate | Purchase | 475,145 | 4.74% | OA90 | - | - | (179,053) | 9.98% | (Note) |
| WSCZ | The company | Subsidiary | Purchase | 2,127,842 | 48.75% | OA90 | - | - | (464,429) | 53.24% | (Note) |
| WSCZ | The company | Subsidiary | Sales | 251,464 | 4.77% | OA60 | - | - | 18,474 | 1.46% | (Note) |
| WSKS | WAKS | Affiliate | Purchase | 806,944 | 21.18% | OA60 | - | - | (187,470) | 15.31% | (Note) |
| WSKS | WCD | Affiliate | Purchase | 2,703,509 | 70.95% | OA90 | - | - | (930,657) | 76.01% | (Note) |
| WSKS | The company | Subsidiary | Sales | 4,481,749 | 95.47% | OA60 | - | - | 929,268 | 92.61% | (Note) |
| WSMX | The company | Subsidiary | Purchase | 141,880 | 54.47% | OA60 | - | - | (36,476) | 61.48% | (Note) |
| WSPH | The company | Subsidiary | Sales | 390,303 | 100.00% | OA30 | - | - | 46,670 | 84.33% | (Note) |
| WSSG | The company | Subsidiary | Purchase | 1,253,680 | 38.71% | OA90 | - | - | (511,704) | 66.77% | (Note) |
| WSSG | The company | Subsidiary | Sales | 163,662 | 5.00% | OA60 | - | - | 76,382 | 12.43% | (Note) |
| WSSG | WYHQ | Affiliate | Sales | 187,346 | 5.01% | OA60 | - | - | 15,963 | 2.49% | (Note) |

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Purchaser/Seller | Related Party | Relationship | Transaction | | Differences in transaction terms compared to third party transactions | | | Note and trade receivables (payables) | | Notes | |
|------------------|---------------|--------------|----------------|------------|---|-------------|------------|---------------------------------------|-------------|---------|---|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | Balance | | Percentage of total note and trade receivables (payables) |
| WTX | The company | Subsidiary | Purchase | 2,813,279 | 79.75% | OA90 | - | - | (1,088,875) | 85.21% | (Note) |
| WTZ | WZS | Affiliate | Sales | 188,689 | 1.83% | OA60 | - | - | 27,960 | 2.09% | (Note) |
| WTZ | The company | Subsidiary | Sales | 501,265 | 4.90% | OA60 | - | - | 230 | 0.02% | (Note) |
| WTZ | WCD | Affiliate | Sales | 180,192 | 1.75% | OA30 | - | - | - | - | (Note) |
| WTZS | WZS | Affiliate | Purchase | 3,373,367 | 90.71% | OA90 | - | - | (1,425,591) | 98.56% | (Note) |
| WTZS | WMMY | Affiliate | Purchase | 656,095 | 17.39% | OA90 | - | - | (46,942) | 3.19% | (Note) |
| WTZS | WZS | Affiliate | Sales | 1,206,973 | 20.64% | OA90 | - | - | 441,642 | 23.69% | (Note) |
| WTZS | The company | Subsidiary | Sales | 733,800 | 12.55% | OA90 | - | - | 187,503 | 10.06% | (Note) |
| WVN | WMMY | Affiliate | Sales | 207,205 | 99.90% | OA90 | - | - | 198,340 | 100.00% | (Note) |
| WYHK | WYHQ | Subsidiary | Purchase | 374,873 | 100.00% | OA90 | - | - | (422) | 100.00% | (Note) |
| WYHQ | WIN | Affiliate | Sales | 250,558 | 0.34% | OA90 | - | - | 237,180 | 1.00% | (Note) |
| WYHQ | WBR | Affiliate | Sales | 234,307 | 0.32% | OA120 | - | - | 138,343 | 0.58% | (Note) |
| WYHQ | WYUS | Subsidiary | Sales | 25,128,350 | 34.35% | OA120 | - | - | 15,185,251 | 63.87% | (Note) |
| WYHQ | WYJP | Subsidiary | Sales | 2,578,968 | 3.53% | OA90 | - | - | 435,759 | 1.83% | (Note) |
| WYHQ | WYKR | Subsidiary | Sales | 2,537,766 | 3.47% | OA90 | - | - | 450,464 | 1.89% | (Note) |
| WYHQ | WYHK | Subsidiary | Sales | 374,873 | 0.51% | OA90 | - | - | 422 | - | (Note) |
| WYHQ | WYKS | Subsidiary | Sales | 521,330 | 0.71% | OA90 | - | - | 272,775 | 1.15% | (Note) |
| WYHQ | The company | Subsidiary | Purchase | 54,448,632 | 84.26% | OA45 | - | - | (8,276,236) | 80.78% | (Note) |
| WYHQ | WSSG | Affiliate | Purchase | 186,730 | 0.29% | OA60 | - | - | (15,963) | 0.16% | (Note) |
| WYHQ | WYUS | Subsidiary | Purchase | 1,813,705 | 2.81% | OA90 | - | - | (51,494) | 0.50% | (Note) |
| WYJP | WYHQ | Subsidiary | Purchase | 2,578,968 | 100.00% | OA90 | - | - | (435,759) | 100.00% | (Note) |
| WYKR | WYHQ | Subsidiary | Purchase | 2,537,766 | 100.00% | OA90 | - | - | (450,464) | 100.00% | (Note) |
| WYKS | WYHQ | Subsidiary | Purchase | 521,330 | 84.13% | OA90 | - | - | (272,775) | 70.87% | (Note) |
| WYMX | WYUS | Affiliate | Sales | 781,536 | 85.48% | OA60 | - | - | 160,093 | 100.00% | (Note) |
| WYUS | WYHQ | Subsidiary | Sales | 1,813,705 | 1.39% | OA90 | - | - | 51,494 | 0.26% | (Note) |
| WYUS | WBR | Affiliate | Sales | 420,629 | 0.29% | OA120 | - | - | 26,147 | 0.61% | (Note) |
| WYUS | The company | Subsidiary | Purchase | 288,926 | 0.17% | OA45 | - | - | (203,838) | 0.87% | (Note) |

WISTRON CORPORATION AND SUBSIDIARIES

Note to the Consolidated Financial Statements

Table 6 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Purchaser/Seller | Related Party | Relationship | Transaction | | Differences in transaction terms compared to third party transactions | | Note and trade receivables (payables) | | Notes |
|------------------|---------------|--------------|----------------|-------------|---|-------------|---------------------------------------|---------------|---------------|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | |
| WYUS | WITX | Affiliate | Purchase | 801,908 | 0.48% | OA90 | - | (698,283) | 3.00% (Note) |
| WYUS | WYHQ | Subsidiary | Purchase | 25,128,350 | 15.19% | OA120 | - | (15,185,251) | 65.14% (Note) |
| WYUS | WYMX | Affiliate | Purchase | 781,536 | 0.47% | OA60 | - | (160,093) | 0.69% (Note) |
| WYUS | WMX | Affiliate | Purchase | 645,935 | 0.39% | OA90 | - | - | - (Note) |
| WZS | The company | Subsidiary | Sales | 112,869,317 | 76.93% | OA90 | - | 28,082,355 | 69.52% (Note) |
| WZS | WTZS | Affiliate | Sales | 3,373,367 | 2.28% | OA90 | - | 1,425,591 | 3.53% (Note) |
| WZS | WCD | Affiliate | Sales | 491,328 | 0.33% | OA90 | - | 342,118 | 0.85% (Note) |
| WZS | WMMY | Affiliate | Sales | 25,403,572 | 17.18% | OA90 | - | 8,591,551 | 21.27% (Note) |
| WZS | LYZ | Associate | Purchase | 381,754 | 0.25% | OA120 | - | (226,203) | 0.43% (Note) |
| WZS | The company | Subsidiary | Purchase | 838,388 | 0.56% | OA90 | - | (25,032,575) | 46.93% (Note) |
| WZS | HYZS | Associate | Purchase | 328,533 | 0.22% | OA60 | - | (156,346) | 0.29% (Note) |
| WZS | WTZ | Affiliate | Purchase | 188,689 | 0.13% | OA60 | - | (27,960) | 0.05% (Note) |
| WZS | TPE | Associate | Purchase | 202,528 | 0.14% | OA90 | - | (84,866) | 0.16% (Note) |
| WZS | TZS | Associate | Purchase | 155,769 | 0.10% | OA90 | - | (63,234) | 0.12% (Note) |
| WZS | WCD | Affiliate | Purchase | 265,957 | 0.17% | OA30 | - | (245,844) | 0.45% (Note) |
| WZS | WMMY | Affiliate | Purchase | 227,295 | 0.15% | OA90 | - | (29,624) | 0.05% (Note) |
| WZS | WYHQ | Affiliate | Purchase | 1,111,168 | 0.74% | OA90 | - | (213,136) | 0.40% (Note) |

(Note): The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Company Name | Related Party | Relationship | Balance of receivables from related party | Turnover rate | Overdue receivables | | Amounts collected subsequent to the balance sheet date | Allowance for doubtful accounts | Notes |
|--------------|---------------|--------------|---|---------------|---------------------|--------------|--|---------------------------------|--------|
| | | | | | Amount | Action taken | | | |
| The company | WJP | Subsidiary | 1,032,364 | 221.83% | 492,187 | Collecting | 211,904 | - | (Note) |
| The company | AJH | Subsidiary | 302,748 | 124.32% | 302,748 | Collecting | 302,748 | - | (Note) |
| The company | WTX | Subsidiary | 1,088,875 | 305.86% | 407,855 | Collecting | 205,575 | - | (Note) |
| The company | WMKS | Subsidiary | 318,340 | 377.12% | 53 | Collecting | 82,858 | - | (Note) |
| The company | WZS | Subsidiary | 25,032,575 | 5.01% | 12,137,653 | Collecting | 7,992,863 | - | (Note) |
| The company | WTX | Subsidiary | 19,308,549 | 219.16% | 8,014,862 | Collecting | 2,132,146 | - | (Note) |
| The company | WAKS | Subsidiary | 1,885,419 | - | 131 | Collecting | 1,384,503 | - | (Note) |
| The company | WTZ | Subsidiary | 1,837,914 | - | 999,061 | Collecting | 323,706 | - | (Note) |
| The company | WCQ | Subsidiary | 17,581,293 | - | 215,295 | Collecting | 3,322,800 | - | (Note) |
| The company | WCD | Subsidiary | 1,459,475 | 1.84% | 1,216,007 | Collecting | 300,343 | - | (Note) |
| The company | WSCZ | Subsidiary | 464,429 | 544.85% | 79 | Collecting | 192,943 | - | (Note) |
| The company | FPI | Associate | 113,406 | 273.06% | 122 | Collecting | 40,701 | - | - |
| The company | WSSG | Subsidiary | 511,704 | 319.34% | 98,727 | Collecting | 98,756 | - | (Note) |
| The company | WIS | Subsidiary | 255,004 | 435.17% | - | - | 137,587 | - | (Note) |
| The company | WMMY | Subsidiary | 69,973,764 | 615.62% | 63 | Collecting | 32,111,544 | - | (Note) |
| The company | WMMI | Subsidiary | 16,101,291 | - | - | - | 4,553,715 | - | (Note) |
| The company | WOOK | Subsidiary | 562,401 | - | - | - | 562,401 | - | (Note) |
| The company | WYHQ | Subsidiary | 8,904,876 | 577.86% | 3,945 | Collecting | 8,904,876 | - | (Note) |
| The company | WYUS | Subsidiary | 203,837 | 189.45% | 7 | Collecting | - | - | (Note) |
| WAKS | The company | Subsidiary | 2,877,913 | 1058.62% | - | - | 4,345 | - | (Note) |
| WAKS | WKS | Affiliate | 187,470 | 511.70% | - | - | 10,890 | - | (Note) |
| WAKS | WCQ | Affiliate | 3,896,310 | 198.89% | - | - | 2,517 | - | (Note) |
| WAKS | WCD | Affiliate | 1,777,135 | 200.19% | - | - | 9,901 | - | (Note) |
| WAKS | WMMY | Affiliate | 648,341 | 532.42% | - | - | 38,794 | - | (Note) |
| WCCD | The company | Subsidiary | 206,561 | 264.54% | - | - | 76,026 | - | (Note) |
| WCCZ | The company | Subsidiary | 325,270 | 154.30% | 120,320 | Collecting | - | - | (Note) |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Receivables from related parties with amount exceeding the lower of NTS100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Company Name | Related Party | Relationship | Balance of receivables from related party | Turnover rate | Overdue receivables | | Amounts collected subsequent to the balance sheet date | Allowance for doubtful accounts | Notes |
|--------------|---------------|--------------|---|---------------|---------------------|--------------|--|---------------------------------|--------|
| | | | | | Amount | Action taken | | | |
| WCD | WZS | Affiliate | 245,844 | 210.83% | - | - | 3,325 | - | (Note) |
| WCD | The company | Subsidiary | 46,713,940 | 744.91% | - | - | 43,821,872 | - | (Note) |
| WCD | WAKS | Affiliate | 1,100,487 | 311.63% | - | - | - | - | (Note) |
| WCD | WSKS | Affiliate | 930,657 | 424.88% | - | - | 326,037 | - | (Note) |
| WCD | WCQ | Affiliate | 791,505 | 352.19% | - | - | 789,907 | - | (Note) |
| WCD | WMMY | Affiliate | 1,876,183 | 255.57% | - | - | 683,518 | - | (Note) |
| WCD | WCCD | Affiliate | 242,556 | 242.53% | - | - | 1,458 | - | (Note) |
| WCQ | The company | Subsidiary | 24,365,997 | 349.04% | - | - | 10,394,056 | - | (Note) |
| WCQ | WCD | Affiliate | 744,509 | 414.96% | - | - | 744,180 | - | (Note) |
| WCQ | WSCQ | Affiliate | 179,053 | 315.33% | - | - | 59,422 | - | (Note) |
| WITX | WYUS | Affiliate | 698,283 | 215.80% | - | - | 81,339 | - | (Note) |
| WMMI | The company | Subsidiary | 8,278,966 | 542.83% | - | - | 3,782,782 | - | (Note) |
| WMMY | The company | Subsidiary | 1,411,992 | 541.56% | - | - | 370,683 | - | (Note) |
| WMMY | WCQ | Affiliate | 735,473 | 421.04% | - | - | 399,909 | - | (Note) |
| WMMY | WCD | Affiliate | 1,690,433 | 287.40% | - | - | 512,343 | - | (Note) |
| WMX | WITT | Affiliate | 483,536 | 321.14% | - | - | - | - | (Note) |
| WOOO | The company | Subsidiary | 2,494,035 | 732.05% | - | - | 1,633,575 | - | (Note) |
| WSCQ | The company | Subsidiary | 1,257,084 | 622.15% | - | - | 1,256,803 | - | (Note) |
| WSKS | The company | Subsidiary | 929,268 | 503.92% | - | - | 929,268 | - | (Note) |
| WTZS | WZS | Affiliate | 441,642 | 406.71% | - | - | 209,329 | - | (Note) |
| WTZS | The company | Subsidiary | 187,503 | 452.85% | - | - | 61,520 | - | (Note) |
| WVN | WMMY | Affiliate | 198,340 | 206.65% | - | - | - | - | (Note) |
| WYHQ | WIN | Affiliate | 237,180 | 211.28% | - | - | - | - | (Note) |
| WYHQ | WBR | Affiliate | 138,343 | 188.39% | - | - | - | - | (Note) |
| WYHQ | WYUS | Subsidiary | 15,185,251 | 190.16% | 6,014,958 | Collecting | - | - | (Note) |
| WYHQ | WYJP | Subsidiary | 435,759 | 445.35% | - | - | - | - | (Note) |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Receivables from related parties with amount exceeding the lower of NTS100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Company Name | Related Party | Relationship | Balance of receivables from related party | Turnover rate | Overdue receivables | | Amounts collected subsequent to the balance sheet date | Allowance for doubtful accounts | Notes |
|-------------------|---------------|--------------|---|---------------|---------------------|--------------|--|---------------------------------|--------|
| | | | | | Amount | Action taken | | | |
| WYHQ | WYKR | Subsidiary | 450,464 | 921.94% | 81,155 | Collecting | 81,155 | - | (Note) |
| WYHQ | WYKS | Subsidiary | 272,775 | 368.65% | 24,338 | Collecting | - | - | (Note) |
| WYMX | WYUS | Affiliate | 160,093 | 976.35% | 160,093 | Collecting | 160,093 | - | (Note) |
| WZS | The company | Subsidiary | 28,082,355 | 457.47% | - | - | - | - | (Note) |
| WZS | WTZS | Affiliate | 1,425,591 | 312.96% | 367,915 | Collecting | 367,915 | - | (Note) |
| WZS | WCD | Affiliate | 342,118 | 247.08% | - | - | - | - | (Note) |
| WZS | WMMY | Affiliate | 8,591,551 | 584.89% | - | - | - | - | (Note) |
| WZS | WYKS | Affiliate | 112,111 | 174.74% | - | - | - | - | (Note) |
| Other receivables | | | | | | | | | |
| The company | KOE | Subsidiary | 601,245 | - | - | - | - | - | (Note) |
| The company | WITX | Subsidiary | 521,071 | - | 147,253 | Collecting | - | - | (Note) |
| The company | WMMI | Subsidiary | 1,252,985 | - | - | - | - | - | (Note) |
| The company | WSPH | Subsidiary | 367,864 | - | 245 | Collecting | 9,104 | - | (Note) |
| The company | WZS | Subsidiary | 110,949 | - | - | - | - | - | (Note) |
| WAKS | WCQ | Affiliate | 291,029 | - | - | - | - | - | (Note) |
| WAKS | WGKS | Affiliate | 548,423 | - | - | - | - | - | (Note) |
| WAKS | WTZ | Affiliate | 3,046,416 | - | - | - | 1,487,374 | - | (Note) |
| WAKS | WZS | Affiliate | 123,181 | - | - | - | 115,907 | - | (Note) |
| WAKS | XTRKS | Subsidiary | 1,010,426 | - | - | - | - | - | (Note) |
| WCCZ | WSCZ | Affiliate | 550,970 | - | - | - | - | - | (Note) |
| WCCZ | WVN | Affiliate | 1,239,683 | - | - | - | - | - | (Note) |
| WCD | The company | Subsidiary | 304,092 | - | - | - | - | - | (Note) |
| WCH | WGTX | Affiliate | 138,450 | - | - | - | - | - | (Note) |
| WCH | WIMX | Affiliate | 193,830 | - | - | - | - | - | (Note) |
| WCL | KOE | Subsidiary | 500,308 | - | - | - | - | - | (Note) |
| WCQ | WMCQ | Affiliate | 189,794 | - | - | - | - | - | (Note) |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Receivables from related parties with amount exceeding the lower of NTS\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Company Name | Related Party | Relationship | Balance of receivables from related party | Turnover rate | Overdue receivables | | Amounts collected subsequent to the balance sheet date | Allowance for doubtful accounts | Notes |
|--------------|---------------|--------------|---|---------------|---------------------|--------------|--|---------------------------------|--------|
| | | | | | Amount | Action taken | | | |
| WCQ | WSCQ | Affiliate | 416,388 | - | - | - | - | - | (Note) |
| WCQ | WTZ | Affiliate | 2,769,459 | - | - | - | - | - | (Note) |
| WITT | WITX | Affiliate | 148,121 | - | - | - | - | - | (Note) |
| WMKS | WOSH | Affiliate | 217,463 | - | - | - | - | - | (Note) |
| WMKS | XTRKS | Affiliate | 326,195 | - | - | - | - | - | (Note) |
| WMMY | AIIH | Affiliate | 2,465,562 | - | - | 906,887 | - | - | (Note) |
| WSSG | WMMI | Subsidiary | 3,336,111 | - | - | - | - | - | (Note) |
| WYHQ | WYUS | Subsidiary | 1,468,331 | - | 852,149 | Collecting | - | - | (Note) |
| WYHQ | WZS | Affiliate | 218,106 | - | 299 | Collecting | - | - | (Note) |
| WYUS | WYHQ | Subsidiary | 212,069 | - | - | - | - | - | (Note) |
| WYUS | The company | Subsidiary | 102,831 | - | - | - | - | - | (Note) |

(Note): The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter-company transactions (December 31, 2021)

(TWD : expressed in thousands)

| No. | Company Name | Related Party | Relationship (Note 1) | Transaction | | | | Percentage of consolidated sales revenue and total assets (Note 2) |
|-----|--------------|---------------|-----------------------|-----------------------------|-------------|-------------|--------|--|
| | | | | Financial statement account | Amount | Credit term | | |
| 0 | The company | WMMY | 1 | Sales | 215,496,500 | OA90 | 25.00% | |
| 0 | The company | WYHQ | 1 | Sales | 54,586,920 | OA45 | 6.33% | |
| 0 | The company | WITX | 1 | Sales | 36,196,220 | OA150 | 4.20% | |
| 0 | The company | AIIH | 1 | Sales | 34,312,740 | OA90 | 3.98% | |
| 0 | The company | WTX | 1 | Sales | 2,813,279 | OA90 | 0.33% | |
| 0 | The company | WSCZ | 1 | Sales | 2,127,842 | OA90 | 0.25% | |
| 0 | The company | WJP | 1 | Sales | 1,781,572 | OA90 | 0.21% | |
| 0 | The company | WSSG | 1 | Sales | 1,253,680 | OA90 | 0.15% | |
| 0 | The company | WMKS | 1 | Sales | 922,320 | OA90 | 0.11% | |
| 0 | The company | WIS | 1 | Sales | 860,018 | OA60 | 0.10% | |
| 0 | The company | WZS | 1 | Sales | 838,388 | OA90 | 0.10% | |
| 0 | The company | WYUS | 1 | Sales | 287,805 | OA45 | 0.03% | |
| 0 | The company | WSMX | 1 | Sales | 141,880 | OA60 | 0.02% | |
| 0 | The company | WMMY | 1 | Trade Receivables | 69,973,764 | OA90 | 14.07% | |
| 0 | The company | WZS | 1 | Trade Receivables | 25,032,575 | OA90 | 5.03% | |
| 0 | The company | WITX | 1 | Trade Receivables | 19,308,549 | OA150 | 3.88% | |
| 0 | The company | WCQ | 1 | Trade Receivables | 17,581,293 | OA90 | 3.54% | |
| 0 | The company | WMMI | 1 | Trade Receivables | 16,101,291 | OA180 | 3.24% | |
| 0 | The company | WYHQ | 1 | Trade Receivables | 8,904,876 | OA45 | 1.79% | |
| 0 | The company | WAKS | 1 | Trade Receivables | 1,885,419 | OA120 | 0.38% | |
| 0 | The company | WTZ | 1 | Trade Receivables | 1,837,914 | OA90 | 0.37% | |
| 0 | The company | WCD | 1 | Trade Receivables | 1,459,475 | OA60 | 0.29% | |
| 0 | The company | WTX | 1 | Trade Receivables | 1,088,875 | OA90 | 0.22% | |
| 0 | The company | WJP | 1 | Trade Receivables | 1,032,364 | OA90 | 0.21% | |
| 0 | The company | WOOK | 1 | Trade Receivables | 562,401 | OA90 | 0.11% | |
| 0 | The company | WSSG | 1 | Trade Receivables | 511,704 | OA90 | 0.10% | |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter-company transactions
(December 31, 2021)

(TWD : expressed in thousands)

| No. | Company Name | Related Party | Relationship (Note 1) | Transaction | | | |
|-----|--------------|---------------|--------------------------|-----------------------------|-------------|-------------|--|
| | | | | Financial statement account | Amount | Credit term | Percentage of consolidated sales revenue and total assets (Note 2) |
| 0 | The company | WSCZ | 1 | Trade Receivables | 464,429 | OA90 | 0.09% |
| 0 | The company | WMKS | 1 | Trade Receivables | 318,340 | OA90 | 0.06% |
| 0 | The company | AIIH | 1 | Trade Receivables | 302,748 | OA90 | 0.06% |
| 0 | The company | WIS | 1 | Trade Receivables | 255,004 | OA60 | 0.05% |
| 0 | The company | WYUS | 1 | Trade Receivables | 203,837 | OA45 | 0.04% |
| 1 | AGI | The company | 2 | Sales | 208,397 | OA90 | 0.02% |
| 2 | AIIH | WMMY | 3 | Sales | 2,139,123 | OA90 | 0.25% |
| 3 | WAKS | The company | 2 | Sales | 76,546,183 | OA90 | 8.88% |
| 3 | WAKS | WCQ | 3 | Sales | 3,918,011 | OA90 | 0.45% |
| 3 | WAKS | WMMY | 3 | Sales | 2,059,452 | OA90 | 0.24% |
| 3 | WAKS | WCD | 3 | Sales | 1,800,006 | OA90 | 0.21% |
| 3 | WAKS | WSKS | 3 | Sales | 806,944 | OA60 | 0.09% |
| 3 | WAKS | WCQ | 3 | Trade Receivables | 3,896,310 | OA90 | 0.78% |
| 3 | WAKS | The company | 2 | Trade Receivables | 2,877,913 | OA90 | 0.58% |
| 3 | WAKS | WCD | 3 | Trade Receivables | 1,777,135 | OA90 | 0.36% |
| 3 | WAKS | WMMY | 3 | Trade Receivables | 648,341 | OA90 | 0.13% |
| 3 | WAKS | WSKS | 3 | Trade Receivables | 187,470 | OA60 | 0.04% |
| 4 | WCCD | The company | 2 | Sales | 277,838 | OA90 | 0.03% |
| 4 | WCCD | The company | 2 | Trade Receivables | 206,561 | OA90 | 0.04% |
| 5 | WCCZ | The company | 2 | Sales | 660,331 | OA120 | 0.08% |
| 5 | WCCZ | The company | 2 | Trade Receivables | 325,270 | OA120 | 0.07% |
| 6 | WCD | The company | 2 | Sales | 257,492,812 | OA30 | 29.87% |
| 6 | WCD | WCQ | 3 | Sales | 3,024,729 | OA90 | 0.35% |
| 6 | WCD | WSKS | 3 | Sales | 2,703,509 | OA90 | 0.31% |
| 6 | WCD | WMMY | 3 | Sales | 2,425,406 | OA90 | 0.28% |
| 6 | WCD | WAKS | 3 | Sales | 1,733,973 | OA90 | 0.20% |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter-company transactions
(December 31, 2021)

(TWD : expressed in thousands)

| No. | Company Name | Related Party | Relationship (Note 1) | Transaction | | | |
|-----|--------------|---------------|--------------------------|-----------------------------|------------|-------------|--|
| | | | | Financial statement account | Amount | Credit term | Percentage of consolidated sales revenue and total assets (Note 2) |
| 6 | WCD | WCCD | 3 | Sales | 297,393 | OA90 | 0.03% |
| 6 | WCD | WZS | 3 | Sales | 265,957 | OA30 | 0.03% |
| 6 | WCD | The company | 2 | Trade Receivables | 46,713,940 | OA30 | 9.39% |
| 6 | WCD | WMMY | 3 | Trade Receivables | 1,876,183 | OA90 | 0.38% |
| 6 | WCD | WAKS | 3 | Trade Receivables | 1,100,487 | OA90 | 0.22% |
| 6 | WCD | WSKS | 3 | Trade Receivables | 930,657 | OA90 | 0.19% |
| 6 | WCD | WCQ | 3 | Trade Receivables | 791,505 | OA90 | 0.16% |
| 6 | WCD | WZS | 3 | Trade Receivables | 245,844 | OA30 | 0.05% |
| 6 | WCD | WCCD | 3 | Trade Receivables | 242,556 | OA90 | 0.05% |
| 7 | WCQ | The company | 2 | Sales | 54,032,532 | OA90 | 6.27% |
| 7 | WCQ | WCD | 3 | Sales | 3,083,339 | OA90 | 0.36% |
| 7 | WCQ | WSCQ | 3 | Sales | 475,145 | OA90 | 0.06% |
| 7 | WCQ | The company | 2 | Trade Receivables | 24,365,997 | OA90 | 4.90% |
| 7 | WCQ | WCD | 3 | Trade Receivables | 744,509 | OA90 | 0.15% |
| 7 | WCQ | WSCQ | 3 | Trade Receivables | 179,053 | OA90 | 0.04% |
| 8 | WIMX | WMMX | 3 | Sales | 188,584 | OA60 | 0.02% |
| 9 | WITX | WITX | 3 | Sales | 182,975 | OA30 | 0.02% |
| 10 | WITX | WYUS | 3 | Sales | 761,765 | OA45 | 0.09% |
| 10 | WITX | The company | 2 | Sales | 171,325 | OA90 | 0.02% |
| 10 | WITX | WYUS | 3 | Trade Receivables | 698,283 | OA45 | 0.14% |
| 11 | WMMI | The company | 2 | Sales | 26,840,088 | OA45 | 3.11% |
| 11 | WMMI | WMMY | 3 | Sales | 2,808,579 | OA90 | 0.33% |
| 11 | WMMI | The company | 2 | Trade Receivables | 8,278,966 | OA45 | 1.66% |
| 12 | WMMY | The company | 2 | Sales | 8,637,983 | OA90 | 1.00% |
| 12 | WMMY | WCD | 3 | Sales | 2,456,013 | OA90 | 0.28% |
| 12 | WMMY | WCQ | 3 | Sales | 1,565,443 | OA90 | 0.18% |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter-company transactions
(December 31, 2021)

(TWD : expressed in thousands)

| No. | Company Name | Related Party | Relationship (Note 1) | Transaction | | | |
|-----|--------------|---------------|--------------------------|-----------------------------|------------|-------------|--|
| | | | | Financial statement account | Amount | Credit term | Percentage of consolidated sales revenue and total assets (Note 2) |
| 12 | WMMY | WTZS | 3 | Sales | 656,095 | OA90 | 0.08% |
| 12 | WMMY | WAKS | 3 | Sales | 268,704 | OA90 | 0.03% |
| 12 | WMMY | WZS | 3 | Sales | 227,295 | OA90 | 0.03% |
| 12 | WMMY | WCD | 3 | Trade Receivables | 1,690,433 | OA90 | 0.34% |
| 12 | WMMY | The company | 2 | Trade Receivables | 1,411,992 | OA90 | 0.28% |
| 12 | WMMY | WCQ | 3 | Trade Receivables | 735,473 | OA90 | 0.15% |
| 13 | WMX | WITT | 3 | Sales | 1,143,598 | OA60 | 0.13% |
| 13 | WMX | WYUS | 3 | Sales | 644,441 | OA60 | 0.07% |
| 13 | WMX | WITT | 3 | Trade Receivables | 483,536 | OA60 | 0.10% |
| 14 | WOOK | The company | 2 | Sales | 17,226,031 | OA90 | 2.00% |
| 14 | WOOK | The company | 2 | Trade Receivables | 2,494,035 | OA90 | 0.50% |
| 15 | WSCQ | The company | 2 | Sales | 8,896,236 | OA60 | 1.03% |
| 15 | WSCQ | WCQ | 3 | Sales | 198,766 | OA90 | 0.02% |
| 15 | WSCQ | The company | 2 | Trade Receivables | 1,257,084 | OA60 | 0.25% |
| 16 | WSCZ | The company | 2 | Sales | 251,464 | OA60 | 0.03% |
| 17 | WSKS | The company | 2 | Sales | 4,481,749 | OA60 | 0.52% |
| 17 | WSKS | The company | 2 | Trade Receivables | 929,268 | OA60 | 0.19% |
| 18 | WSPH | The company | 2 | Sales | 390,303 | OA30 | 0.05% |
| 19 | WSSG | WYHQ | 3 | Sales | 187,346 | OA60 | 0.02% |
| 19 | WSSG | The company | 2 | Sales | 163,662 | OA60 | 0.02% |
| 20 | WTZ | The company | 2 | Sales | 501,265 | OA60 | 0.06% |
| 20 | WTZ | WZS | 3 | Sales | 188,689 | OA60 | 0.02% |
| 20 | WTZ | WCD | 3 | Sales | 180,192 | OA30 | 0.02% |
| 21 | WTZS | WZS | 3 | Sales | 1,206,973 | OA90 | 0.14% |
| 21 | WTZS | The company | 2 | Sales | 733,800 | OA90 | 0.09% |
| 21 | WTZS | WZS | 3 | Trade Receivables | 441,642 | OA90 | 0.09% |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter-company transactions
(December 31, 2021)

(TWD : expressed in thousands)

| No. | Company Name | Related Party | Relationship (Note 1) | Transaction | | | |
|-----|--------------|---------------|--------------------------|-----------------------------|-------------|-------------|--|
| | | | | Financial statement account | Amount | Credit term | Percentage of consolidated sales revenue and total assets (Note 2) |
| 21 | WTZS | The company | 2 | Trade Receivables | 187,503 | OA90 | 0.04% |
| 22 | WVN | WMMY | 3 | Sales | 207,205 | OA90 | 0.02% |
| 22 | WVN | WMMY | 3 | Trade Receivables | 198,340 | OA90 | 0.04% |
| 23 | WYHQ | WYUS | 1 | Sales | 25,128,350 | OA120 | 2.91% |
| 23 | WYHQ | WYJP | 1 | Sales | 2,578,968 | OA90 | 0.30% |
| 23 | WYHQ | WYKR | 1 | Sales | 2,537,766 | OA90 | 0.29% |
| 23 | WYHQ | WYHK | 1 | Sales | 521,330 | OA90 | 0.06% |
| 23 | WYHQ | WYHK | 1 | Sales | 374,873 | OA90 | 0.04% |
| 23 | WYHQ | WIN | 3 | Sales | 250,558 | OA90 | 0.03% |
| 23 | WYHQ | WBR | 3 | Sales | 234,307 | OA120 | 0.03% |
| 23 | WYHQ | WYUS | 1 | Trade Receivables | 15,185,251 | OA120 | 3.05% |
| 23 | WYHQ | WYKR | 1 | Trade Receivables | 450,464 | OA90 | 0.09% |
| 23 | WYHQ | WYJP | 1 | Trade Receivables | 435,759 | OA90 | 0.09% |
| 23 | WYHQ | WYKS | 1 | Trade Receivables | 272,775 | OA90 | 0.05% |
| 23 | WYHQ | WIN | 3 | Trade Receivables | 237,180 | OA120 | 0.05% |
| 23 | WYHQ | WBR | 3 | Trade Receivables | 138,343 | OA120 | 0.03% |
| 24 | WYMX | WYUS | 3 | Sales | 781,536 | OA60 | 0.09% |
| 24 | WYMX | WYUS | 3 | Trade Receivables | 160,093 | OA60 | 0.03% |
| 25 | WYUS | WYHQ | 2 | Sales | 1,813,705 | OA90 | 0.21% |
| 25 | WYUS | WBR | 3 | Sales | 420,629 | OA120 | 0.05% |
| 26 | WZS | The company | 2 | Sales | 112,869,317 | OA90 | 13.09% |
| 26 | WZS | WMMY | 3 | Sales | 25,403,572 | OA90 | 2.95% |
| 26 | WZS | WTZS | 3 | Sales | 3,373,367 | OA90 | 0.39% |
| 26 | WZS | WCD | 3 | Sales | 491,328 | OA90 | 0.06% |
| 26 | WZS | The company | 2 | Trade Receivables | 28,082,355 | OA90 | 5.65% |
| 26 | WZS | WMMY | 3 | Trade Receivables | 8,591,551 | OA90 | 1.73% |

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Business relationships and significant inter-company transactions
(December 31, 2021)

| No. | Company Name | Related Party | Relationship (Note 1) | Transaction | | | Percentage of consolidated sales revenue and total assets (Note 2) |
|-----|--------------|---------------|--------------------------|-----------------------------|-----------|-------------|---|
| | | | | Financial statement account | Amount | Credit term | |
| 26 | WZS | WTZS | 3 | Trade Receivables | 1,425,591 | OA90 | 0.29% |
| 26 | WZS | WCD | 3 | Trade Receivables | 342,118 | OA90 | 0.07% |
| 26 | WZS | WYKS | 3 | Trade Receivables | 112,111 | OA60 | 0.02% |

(TWD : expressed in thousands)

(Note 1): Relationship of the counterparties:

1. Transactions are between the parent company and its subsidiary.
2. Transactions are between the subsidiary and the parent company.
3. Transactions are between subsidiaries.

(Note 2): The ratio was calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

(Note 3): The section only disclosed the information of sales and trade receivables of inter-company transactions, as well as the purchases and trade payables.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 9 Information on investees (excluding investees in Mainland China)
(December 31, 2021)

| Name of the investor | Name of investee | Location | Major operations | Ending balance | | Shares | Ending balance Shareholding | Book value | Highest percentage of shares during the period | Net income (losses) of the investee | Investment income (losses) | Notes |
|----------------------|------------------|-------------|--|----------------|-------------------|------------|-----------------------------|------------|--|-------------------------------------|----------------------------|--------|
| | | | | Ending balance | Beginning balance | | | | | | | |
| The company | WMX | Mexico | Server and consumer electronics product manufacturing | 1,354,618 | 1,354,618 | 16,004,371 | 100.00% | 1,071,912 | 100.00% | (62,624) | (62,624) | (Note) |
| The company | WTX | U.S.A. | Sales and maintenance service center in Northern America | 386,196 | 386,196 | 4,833 | 100.00% | 1,776,231 | 100.00% | 157,339 | 157,339 | (Note) |
| The company | AHH | B.V.I. | Investment and holding | 6,041,478 | 6,041,478 | 347,486 | 100.00% | 4,951,534 | 100.00% | 231,452 | 231,452 | (Note) |
| The company | COWIN | B.V.I. | Investment and holding | 6,802,868 | 6,858,764 | 215,394 | 100.00% | 16,099,715 | 100.00% | 943,620 | 943,620 | (Note) |
| The company | Win Smart | B.V.I. | Investment and holding | 4,274,611 | 14,894,651 | 104,065 | 100.00% | 22,775,282 | 100.00% | 2,202,576 | 2,202,576 | (Note) |
| The company | WCL | Taiwan | Investment consultant and business management consultant | 4,312,000 | 1,212,000 | - | 100.00% | 6,305,134 | 100.00% | 538,267 | 538,267 | (Note) |
| The company | ISL | Taiwan | Safety and EMI testing | 14,603 | 14,603 | 2,434 | 100.00% | 113,820 | 100.00% | 24,195 | 24,195 | (Note) |
| The company | WSPH | Philippines | Sales and maintenance service center in Asia | 2,853,068 | 2,853,068 | 139,567 | 100.00% | 28,330 | 100.00% | (44,808) | (44,808) | (Note) |
| The company | WLLC | U.S.A. | Investment and holding | 2,118,814 | 2,118,814 | 6,936 | 100.00% | 2,596,642 | 100.00% | 85,082 | 85,082 | (Note) |
| The company | WVS | B.V.I. | Investment and holding | 398,221 | 398,221 | 12,005 | 100.00% | 841,533 | 100.00% | 175,744 | 175,744 | (Note) |
| The company | WEH | Netherlands | Investment and holding | 1,421,024 | 1,421,024 | - | 99.99% | 3,770,998 | 99.99% | 9,899 | 9,899 | (Note) |
| The company | WBR | Brazil | Sales and maintenance service center | 623,794 | 623,794 | 37,243 | 99.99% | 327,435 | 99.99% | 33,466 | 33,466 | (Note) |
| The company | WTR | Turkey | Sales and maintenance service center | 46,650 | 46,650 | 22 | 99.90% | 74,694 | 99.90% | 42,252 | 42,252 | (Note) |
| The company | WGTX | U.S.A. | Recycling service of information technology products | 859,795 | 859,795 | 13 | 100.00% | 144,479 | 100.00% | 13,851 | 13,851 | (Note) |
| The company | WGHK | Hong Kong | Investment and holding | 1,003,476 | 1,003,476 | 33,500 | 100.00% | 45,667 | 100.00% | 13,189 | 13,189 | (Note) |
| The company | WAMY | Malaysia | Consumer electronics product manufacturing | 2,095,629 | 2,095,629 | 267,425 | 100.00% | 5,754,472 | 100.00% | 4,781,169 | 4,781,169 | (Note) |
| The company | WSMX | Mexico | Sales and maintenance service center | 89,134 | 89,134 | 36,429 | 100.00% | (156,493) | 100.00% | (58,742) | (58,742) | (Note) |
| The company | WYHQ | Taiwan | Research, development, sales and service of information products | 1,680,258 | 1,783,104 | 73,895 | 42.26% | 11,567,668 | 44.83% | 8,648,012 | 3,845,598 | (Note) |
| The company | WEDH | Seychelles | Investment and holding | 170,148 | 170,148 | 5,700 | 100.00% | 1,806 | 100.00% | (2,333) | (2,333) | (Note) |
| The company | WCHK | Hong Kong | Investment and holding | 225,494 | 225,494 | 58,446 | 100.00% | 1,197,027 | 100.00% | 519,762 | 519,762 | (Note) |
| The company | WCHQ | Taiwan | Sales and maintenance of computer products and electronic information products | 10,000 | 10,000 | 1,000 | 100.00% | 18,020 | 100.00% | 4,428 | 4,428 | (Note) |
| The company | WCCZ | Czech Rep. | Electronic product manufacturing | 121,527 | 121,527 | - | 100.00% | 2,242,570 | 100.00% | 282,025 | 282,025 | (Note) |
| The company | WEHK | Hong Kong | Investment and holding | 397,542 | 397,542 | 16,426 | 100.00% | 3,783 | 100.00% | 45,245 | 45,245 | (Note) |
| The company | AGI | Taiwan | Software solution integrator | 2,570 | 2,570 | 1 | 0.01% | 17 | 0.01% | (80,334) | (4) | (Note) |
| The company | WSSG | Singapore | Sales and maintenance service center | 4,797,805 | 4,797,805 | 157,489 | 100.00% | 2,008,610 | 100.00% | (983,983) | (983,983) | (Note) |
| The company | WDH | Taiwan | Investment and holding | 1,800,000 | 1,800,000 | 205,056 | 100.00% | 2,118,460 | 100.00% | (152,453) | (152,453) | (Note) |
| The company | WMH | Taiwan | Investment and holding | 2,800,000 | 2,800,000 | 280,000 | 100.00% | 1,687,380 | 100.00% | (381,129) | (381,129) | (Note) |
| The company | WTS | U.S.A. | Sales development and customer service | 10,348 | 10,348 | 35 | 100.00% | 15,885 | 100.00% | 2,366 | 2,366 | (Note) |
| The company | WCH | U.S.A. | Investment and rental | 589,520 | 589,520 | 20 | 100.00% | 433,780 | 100.00% | (7,567) | (7,567) | (Note) |
| The company | WIMX | Mexico | Real property rental and management | 910,394 | 910,394 | 13,340,990 | 100.00% | 1,090,414 | 100.00% | (17,811) | (17,811) | (Note) |
| The company | WVN | Vietnam | Assembly and sales of Notebook and LCD monitor | 1,346,288 | 1,346,288 | - | 100.00% | 1,216,181 | 100.00% | (16,384) | (16,384) | (Note) |
| The company | WSCZ | Czech Rep. | Sales and maintenance service center | 282,833 | 282,833 | - | 100.00% | 538,622 | 100.00% | 181,187 | 181,187 | (Note) |
| The company | WIS | Taiwan | Design, sales and service of network communication products | 214,656 | 214,656 | 17,888 | 46.10% | 255,001 | 46.10% | 40,659 | 18,745 | (Note) |
| The company | WCA | Taiwan | Real property rental and management | 700,000 | - | 70,000 | 100.00% | 698,869 | 100.00% | (1,631) | (1,631) | (Note) |
| The company | WNC | Taiwan | Manufactures and sales of wireless receiver products | 585,487 | 585,487 | 89,675 | 22.61% | 3,851,689 | 22.61% | 1,232,154 | 278,072 | (Note) |
| The company | JIH | Taiwan | Sales of audio system of vehicles and components | 578,889 | 578,889 | 20,261 | 34.14% | 18,645 | 37.99% | (48,323) | (17,054) | (Note) |
| The company | TPE | Taiwan | Wholesale and retail of electronic materials | 26,088 | 26,728 | 4,487 | 12.82% | 101,318 | 13.65% | 236,484 | 30,685 | (Note) |

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 9 Information on investees (excluding investees in Mainland China)
(December 31, 2021)

| Name of the investor | Name of investee | Location | Major operations | Ending balance | | Beginning balance | Ending balance | | Highest percentage of shares during the period | Not income (losses) of the investee | Investment income (losses) | Notes |
|----------------------|-------------------------------------|---------------|---|----------------|--------------|-------------------|----------------|------------|--|-------------------------------------|----------------------------|--------|
| | | | | Ending balance | Shareholding | | Shares | Book value | | | | |
| The company | ISGTG | Seychelles | Research, design and sales of information technology products | 160,025 | 5 | 160,025 | 40.00% | - | 40.00% | - | - | - |
| The company | ISGTC | Hong Kong | Research, design and sales of information technology products | 160,000 | 5 | 160,000 | 40.00% | - | 40.00% | - | - | - |
| The company | HCL | B.V.I. | Investment and holding | 96,045 | - | 96,045 | 30.00% | 66,608 | 30.00% | (1,168) | (350) | - |
| The company | Formosa Proseonic Industries Berhad | Malaysia | Manufacturing of audio and boater | 513,565 | 69,260 | 513,565 | 27.39% | 553,100 | 28.00% | 464,091 | 161,122 | - |
| The company | NICE Licensing LLC | Japan | Promote NICE Standard | 4,191 | - | - | 20.00% | 2,042 | 20.00% | (9,424) | (1,885) | - |
| AGI | Xserve(BV)Corp. | B.V.I. | Investment and holding | 3,938 | 113 | 3,938 | 15.00% | - | 15.00% | - | Not required to disclose | - |
| AIH | WJP | Japan | Sales and maintenance service center | 129,985 | 9 | 129,985 | 100.00% | 268,365 | 100.00% | 22,484 | Not required to disclose | (Note) |
| AIH | WNC | Taiwan | Manufactures and sales of wireless receiver products | 1,311 | 115 | 1,311 | 0.03% | 4,931 | 0.03% | 1,232,154 | Not required to disclose | - |
| AIH | HartecAsia | Singapore | Investment and holding | 178,700 | 6,090 | 178,700 | 20.02% | 243,169 | 20.02% | 41,099 | Not required to disclose | - |
| AIH | WEH | Netherlands | Investment and holding | 91 | 76 | 91 | 0.01% | - | 0.01% | 9,899 | Not required to disclose | (Note) |
| AIH | WBR | Brazil | Sales and maintenance service center | 96 | 5 | 96 | 0.01% | 83 | 0.01% | 33,466 | Not required to disclose | (Note) |
| AIH | Huish Yuh | B.V.I. | Holding company and OEM | 80,678 | 3,990 | 80,678 | 26.08% | - | 26.08% | 17,854 | Not required to disclose | - |
| AIH | Xserve(BV)Corp. | B.V.I. | Investment and holding | 4,988 | 143 | 4,988 | 19.00% | - | 19.00% | - | Not required to disclose | - |
| BTA | KJP | Japan | Exoskeleton product device | 16,902 | 1 | 16,902 | 100.00% | 2,408 | 100.00% | (9,753) | Not required to disclose | (Note) |
| BTA | KMY | Malaysia | Exoskeleton product device | 3,165 | 480 | - | 60.00% | 2,882 | 60.00% | (506) | Not required to disclose | (Note) |
| WCL | WLB | Taiwan | Investment and business management consultant | 234,500 | 89,142 | 234,500 | 100.00% | 1,326,237 | 100.00% | 280,970 | Not required to disclose | (Note) |
| WCL | WCT | Netherlands | Research and development | 445,704 | 12,100 | 445,704 | 100.00% | 99,767 | 100.00% | - | Not required to disclose | (Note) |
| WCL | WYHQ | Taiwan | Research, development, sales and service of information products | 507,281 | 4,371 | 518,988 | 2.50% | 684,251 | 2.56% | 8,648,012 | Not required to disclose | (Note) |
| WCL | JLH | Taiwan | Sales of audio system of vehicles and components | 55,256 | 1,934 | 55,256 | 3.26% | 1,780 | 3.65% | (48,325) | Not required to disclose | - |
| WCL | WAC | Taiwan | Manufacturing, wholesale and retail of electronic related products | 16,000 | 1,600 | 16,000 | 100.00% | 15,009 | 100.00% | 22 | Not required to disclose | (Note) |
| WCL | WMT | Taiwan | Manufacturing of medical instruments | 40,000 | 4,000 | 40,000 | 8.00% | 22,637 | 8.00% | (121,982) | Not required to disclose | (Note) |
| WCL | AGI | Taiwan | Software solution integrator | 37,000 | 500 | - | 2.74% | 9,197 | 2.75% | (80,334) | Not required to disclose | (Note) |
| WCL | KOE | Taiwan | Manufacture and maintenance of computer information system and technical consultant | 2,108,639 | - | - | 8.87% | 2,126,366 | 100.00% | 156,961 | Not required to disclose | (Note) |
| WCL | WTS | Taiwan | Manufacture and maintenance of computer information system and technical consultant | 23,444 | 1,177 | 23,444 | 1.79% | 49,399 | 1.79% | 455,634 | Not required to disclose | - |
| WCL | WNC | Taiwan | Manufactures and sales of wireless receiver products | 2,450 | 100 | 2,450 | 0.03% | 5,237 | 0.03% | 1,232,154 | Not required to disclose | - |
| WCL | WTR | Turkey | Sales and maintenance service center | 47 | - | 47 | 0.10% | 47 | 0.10% | 42,252 | Not required to disclose | (Note) |
| WCL | MAYA | Taiwan | Information integration of medical service | 22,800 | 773 | 22,800 | 10.64% | 15,816 | 10.91% | (28,812) | Not required to disclose | - |
| WCL | TPE | Taiwan | Wholesale and retail of electronic materials | 33,985 | 2,967 | 34,821 | 8.48% | 71,792 | 9.03% | 236,484 | Not required to disclose | - |
| WDH | WTS | Taiwan | Computer information system production, maintenance and technical consulting | 330,202 | 15,719 | 330,202 | 23.83% | 597,732 | 23.91% | 455,634 | Not required to disclose | - |
| WDH | CGI | Taiwan | Software and information technology service and research video application software for manufacture and sales | 35,325 | 3,562 | 35,325 | 22.74% | 66,859 | 23.64% | 68,193 | Not required to disclose | - |
| WDH | AGI | Taiwan | Software solution integrator | 115,600 | 13,998 | 115,600 | 76.91% | 257,494 | 99.99% | (80,334) | Not required to disclose | (Note) |
| WDH | IKALA GLOBAL ONLINE CORP. | Cayman Island | Investment and holding | 484,895 | 225,274 | 484,895 | 20.14% | 376,880 | 20.35% | (132,168) | Not required to disclose | - |
| WDH | WAUS | U.S.A. | Edge computing techniques development | 40,204 | 327 | - | 100.00% | (70,465) | 100.00% | (111,501) | Not required to disclose | (Note) |
| WDH | WETW | Taiwan | Development Application service sales and consultant of internet platform | 17,106 | 9,220 | - | 87.81% | (30,811) | 100.00% | (80,882) | Not required to disclose | (Note) |
| WHK | WIN | India | Sales and maintenance service center | - | - | - | 0.01% | - | 0.01% | 923 | Not required to disclose | (Note) |

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 9 Information on investees (excluding investees in Mainland China)
(December 31, 2021)

| Name of the investor | Name of investee | Location | Major operations | Ending balance | | Beginning balance | Ending balance | | Highest percentage of shares during the period | Not income (losses) of the investee | Investment income (losses) | Notes |
|----------------------|--------------------------|---------------|---|----------------|--------------|-------------------|----------------|------------|--|-------------------------------------|----------------------------|--------|
| | | | | Ending balance | Shareholding | | Shares | Book value | | | | |
| WHK | WMMI | India | Information and communication products manufacturing | - | - | - | 0.01% | - | 0.01% | (1,130,726) | Not required to disclose | (Note) |
| Win Smart | WHK | Hong Kong | Sales and maintenance service center | 97,729 | 25,281 | 97,729 | 100.00% | 91,775 | 100.00% | 10,670 | Not required to disclose | (Note) |
| Win Smart | WHHK | Hong Kong | Investment and holding | 2,475,485 | 82,150 | 2,682,237 | 100.00% | 7,395,340 | 100.00% | 925,535 | Not required to disclose | (Note) |
| Win Smart | MINDFORCE | B.V.I. | Investment and holding | 692,634 | 21,693 | 692,634 | 28.88% | 438,845 | 28.88% | (519,989) | Not required to disclose | - |
| WLB | WYHQ | Taiwan | Research, development, sales and service of information products | 414,685 | 5,789 | 421,848 | 3.32% | 906,222 | 3.37% | 8,648,012 | Not required to disclose | (Note) |
| WLB | WIS | Taiwan | Design, sales and service of network communication products | 40,858 | 2,643 | - | 6.82% | 43,684 | 6.81% | 40,659 | Not required to disclose | (Note) |
| WLB | WMT | Taiwan | Manufacturing of medical instruments | 3,780 | 378 | 3,060 | 0.76% | 2,139 | 0.76% | (121,982) | Not required to disclose | (Note) |
| WLB | WETW | Taiwan | Development Application service sales and consultant of internet platform | 320 | 32 | - | 0.31% | (107) | 0.31% | (80,882) | Not required to disclose | (Note) |
| WLB | PELL | Taiwan | Biotechnology service | 49,134 | 1,253 | 49,134 | 3.75% | 41,793 | 3.78% | (144,532) | Not required to disclose | - |
| WLLC | WITX | U.S.A. | Sales of electronic information products | 1,525,557 | 4,950 | 1,525,557 | 100.00% | 2,036,791 | 100.00% | 79,494 | Not required to disclose | (Note) |
| WLLC | WITT | U.S.A. | Sales of electronic information products | 585,784 | 1,951 | 585,784 | 100.00% | 533,943 | 100.00% | 6,568 | Not required to disclose | (Note) |
| WMBH | MAYA | Taiwan | Manufacturing of medical instruments | 415,000 | 41,500 | 415,000 | 83.00% | 234,854 | 83.00% | (121,982) | Not required to disclose | (Note) |
| WMBH | WYUS | Taiwan | Information integration of medical service | 48,614 | 2,346 | 48,614 | 32.31% | 42,132 | 33.10% | (28,812) | Not required to disclose | - |
| WMBH | Free Binuits, Inc. | Cayman Island | Research, designing and sales of medical instruments | 270,850 | 10,100 | 270,850 | 40.15% | 37,399 | 45.99% | (62,133) | Not required to disclose | - |
| WMBH | PELL | Taiwan | Biotechnology service | 182,366 | 6,047 | 182,366 | 18.12% | 160,393 | 18.25% | (144,532) | Not required to disclose | - |
| WMBH | BTI | Singapore | Sales of medical device | 157,558 | 5,250 | 129,638 | 70.00% | 48,641 | 70.00% | (65,702) | Not required to disclose | (Note) |
| WMBH | BTI | Canada | Sales of medical device | 215,780 | 4,212 | 182,837 | 33.61% | - | 33.61% | (60,323) | Not required to disclose | - |
| WMBH | STI | India | Development of internet platform and internet of things related products | 19,435 | 1,878 | 19,435 | 99.99% | 16,884 | 99.99% | (608) | Not required to disclose | (Note) |
| WSSG | WIN | India | Sales and maintenance service center | 1,805,085 | 14,344 | 1,805,085 | 99.99% | 1,023,871 | 99.99% | 923 | Not required to disclose | (Note) |
| WSSG | WMMI | India | Information and communication products manufacturing | 2,993,708 | 710,507 | 2,993,708 | 85.715% | 857,158 | 99.99% | (1,130,726) | Not required to disclose | (Note) |
| WYHQ | WYJP | Japan | Sales of data storage equipment | 6,620 | 6,620 | 6,620 | 100.00% | 190,300 | 100.00% | 57,027 | Not required to disclose | (Note) |
| WYHQ | WYUS | U.S.A. | Sales of data storage equipment | 5,021,581 | 169,010 | 5,021,581 | 100.00% | 5,095,045 | 100.00% | 182,998 | Not required to disclose | (Note) |
| WYHQ | WYKR | Hong Kong | Investing activities and sale of data storage equipment | 12,181 | 400 | 12,181 | 100.00% | 209,237 | 100.00% | 21,865 | Not required to disclose | (Note) |
| WYHQ | WYKR | South Korea | Sales of data storage equipment | 2,903 | 20 | 2,903 | 100.00% | 132,925 | 100.00% | 61,348 | Not required to disclose | (Note) |
| WYHQ | WYMY | Malaysia | Sales of data storage equipment | 236,340 | 35,214 | 15,109 | 100.00% | 232,596 | 100.00% | (82) | Not required to disclose | (Note) |
| WYHQ | WYMX | Mexico | Human resources service provision | 257,125 | 49,285 | 180,297 | 100.00% | 267,790 | 100.00% | 31,469 | Not required to disclose | (Note) |
| WYHQ | LIQUIDSTACK HOLDING B.V. | Netherlands | Sales of data storage equipment | 276,609 | 1,000 | - | 20.00% | 230,091 | 20.00% | (160,598) | Not required to disclose | (Note) |

(TWD : expressed in thousands)

(Note): The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

Table 10 Information on investment in Mainland China

| Investee in Mainland China | Main Businesses and Products | Total amounts of paid-in capital | Method of investment | Accumulated amounts of remittance from investment as of January 1, 2021 | Investment flows | | Net income (loss) of the shares during the period | Highest percentage of shares during the period | Direct / indirect shareholding by the Company | Investment income (losses) recognized by the Company | Carrying amount of the investment as of December 31, 2021 | Accumulated inward remittance of earnings as of December 31, 2021 | Note |
|---|---|----------------------------------|----------------------------|---|------------------|-----------|---|--|---|--|---|---|------|
| | | | | | Outflow | Inflow | | | | | | | |
| Wistron InfoComm (Zhongshan) Corporation | Manufacture and sales of information technology products | 2,394,279 (Note 1) | (Note 2) (Note 2) (Note 2) | 3,984,279 | 1,184,526 | 1,184,526 | 100.00% | 100.00% | 11,064,206 (Note 2) (Note 2) | 19,572,128 | (Note 2) (Note 2) | | |
| Wistron InfoComm (Shanghai) Corporation | Research, development, design, manufacture and sales of computers software | 31,601 | (Note 2) (Note 2) (Note 2) | 31,601 | 2,558 | 2,558 | 100.00% | 100.00% | 2,558 | 66,442 | (Note 2) (Note 2) | | |
| Wistron InfoComm (Chongqing) Co., Ltd. | Manufacture and sales of LCD monitor | 47,510 | (Note 2) (Note 2) (Note 2) | 47,510 | 174,909 | 174,909 | 100.00% | 100.00% | 174,909 | 10,138,844 | (Note 2) (Note 2) | | |
| Wistron InfoComm (Kunshan) Co., Ltd. | Manufacture and sales of information technology products | 1,085,232 (Note 2) | (Note 2) (Note 2) (Note 2) | 1,085,232 | 76,821 | 76,821 | 100.00% | 100.00% | 645,261 (Note 2) (Note 2) | 784,321 | (Note 2) (Note 2) | | |
| SAMS (Kunshan) Corp. | Sales and maintenance service center in Mainland China | 12,287 | (Note 2) (Note 2) (Note 2) | 12,287 | 89,230 | 89,230 | 100.00% | 100.00% | 76,521 (Note 2) (Note 2) | 1,896,626 | (Note 2) (Note 2) | | |
| WIS PRECISION (KUNSHAN) CO., LTD. | Manufacture and sales of LCD monitor and touch display module | 4,932,664 | (Note 2) (Note 2) (Note 2) | 4,929,489 | 85,131 | 85,131 | 100.00% | 100.00% | 85,131 (Note 2) (Note 2) | 1,654,546 | (Note 2) (Note 2) | | |
| WIS PRECISION (TAIZHOU) CO., LTD. | Manufacture and sales of computer shell and mold plastic | 795,229 | (Note 2) (Note 2) (Note 2) | 795,229 | 21,044 | 21,044 | 100.00% | 100.00% | 21,044 (Note 2) (Note 2) | 58,847 | (Note 2) (Note 2) | | |
| T-CONS PRECISION (ZHONGSHAN) CORPORATION | Production of telecommunication equipment and component for special purpose | 34,491 | (Note 2) (Note 2) (Note 2) | 34,491 | 85,271 | 85,271 | 100.00% | 100.00% | 21,206 (Note 2) (Note 2) | 3,514,126 | (Note 2) (Note 2) | | |
| Wistron Optronics (Kunshan) Co., Ltd. | Production of telecommunication products and components | 3,137,866 | (Note 2) (Note 2) (Note 2) | 3,632,613 | 74,784 | 74,784 | 100.00% | 100.00% | 74,784 (Note 2) (Note 2) | 75,996 | (Note 2) (Note 2) | | |
| WISPRECISION (KUNSHAN) CO., LTD. | Sales of communication products and components | 131,044 | (Note 2) (Note 2) (Note 2) | 131,044 | 5,264 | 5,264 | 100.00% | 100.00% | 5,264 (Note 2) (Note 2) | - | (Note 2) (Note 2) | | |
| JIAN-YI PRECISION (ZHONGSHAN) INC. | Production and management of new-type electronic components | 426,055 (Note 1) | (Note 2) (Note 2) (Note 2) | 79,722 | 17,429 | 17,429 | 100.00% | 100.00% | 36,095 (Note 2) (Note 2) | - | (Note 2) (Note 2) | | |
| WIS PRECISION (TAIZHOU) CO., LTD. | Manufacture of high-temperature resistant insulation materials and molded insulation products and assembly of computer, server and peripheral | 1,124,091 | (Note 2) (Note 2) (Note 2) | 832,795 | 32,249 | 32,249 | 100.00% | 100.00% | 64,526 (Note 2) (Note 2) | (166,640) | (Note 2) (Note 2) | | |
| Barnee Technology (Kunshan) Co., Ltd. | Sales of new-type alloy(Mg-XAl) material | 2,220,002 | (Note 2) (Note 2) (Note 2) | 643,191 | 128,815 | 128,815 | 28.88% | 28.88% | 28,886 (Note 2) (Note 2) | 65,802 | (Note 2) (Note 2) | | |
| Wistron Advanced Materials(Kunshan) Co., Ltd. | Production and sales of electronic high-tech nano material goods | 516,017 | (Note 2) (Note 2) (Note 2) | 128,815 | 53,077 | 53,077 | 20.07% | 20.07% | 30,826 (Note 2) (Note 2) | 210,520 | (Note 2) (Note 2) | | |
| Zongshan Global Lighting Technology Limited Co. | Research, manufacture, and sales of electronic regeneration ecofriendly plastic goods | 953,939 | (Note 2) (Note 2) (Note 2) | 953,939 | 13,276 | 13,276 | 100.00% | 100.00% | 10,096 (Note 2) (Note 2) | 35,807 | (Note 2) (Note 2) | | |
| Wistron InfoComm (TONGQING) Co., Ltd. | Sales of LCP, backlight and related light-electronic components | 246,282 | (Note 2) (Note 2) (Note 2) | 79,607 | NA | NA | 14.07% | 14.07% | 14,976 (Note 2) (Note 2) | 56,331 | (Note 2) (Note 2) | | |
| Wistron Investment (Shanghai) Co., Ltd. | Assembly and sales of Notebook computer | 453,257 | (Note 2) (Note 2) (Note 2) | 453,257 | 43,253 | 43,253 | 100.00% | 100.00% | 49,463 (Note 2) (Note 2) | 4,161,528 | (Note 2) (Note 2) | | |
| Wistron InfoComm (Chongqing) Co., Ltd. | Investment and holding | 2,403,664 | (Note 2) (Note 2) (Note 2) | 2,403,664 | 582,605 | 582,605 | 100.00% | 100.00% | 100,000 (Note 2) (Note 2) | 2,709,922 | (Note 2) (Note 2) | | |
| Wistron InfoComm (Chongqing) Co., Ltd. | Assembly and sales of Notebook computer | 2,396,924 | (Note 2) (Note 2) (Note 2) | 2,396,924 | 447,265 | 447,265 | 100.00% | 100.00% | 447,265 (Note 2) (Note 2) | 1,267,083 | (Note 2) (Note 2) | | |
| Wistron InfoComm Technology Service (Kunshan) Co., Ltd. | Research and development of electronic calculator and other electronic products | 59,892 | (Note 2) (Note 2) (Note 2) | 59,892 | 14,013 | 14,013 | 100.00% | 100.00% | 14,013 (Note 2) (Note 2) | 114,155 | (Note 2) (Note 2) | | |
| Wistron InfoComm Technology Service Co., Ltd., Shanghai | Development of internet platform, providing of application services and consulting services | 31,324 | (Note 2) (Note 2) (Note 2) | 32,449 | 1,641 | 1,641 | 100.00% | 100.00% | 1,641 (Note 2) (Note 2) | 2,541 | (Note 2) (Note 2) | | |
| Shenzhen Keen High Technologies Ltd | Manufacture of digital photo frame, MP3, MP4 and GPS | 198,648 | (Note 2) (Note 2) (Note 2) | 311,110 | NA | NA | 15.17% | 15.17% | 15,176 (Note 2) (Note 2) | - | (Note 2) (Note 2) | | |
| SMS InfoComm(Chongqing) Co., Ltd. | Sales and distribution of computer products and components | 126,838 | (Note 2) (Note 2) (Note 2) | 126,838 | 106,149 | 106,149 | 100.00% | 100.00% | 106,149 (Note 2) (Note 2) | 371,649 | (Note 2) (Note 2) | | |
| Kunshan ChangYun Precision Die Casting Co., Ltd. | Sales and distribution of Zn-Al Alloy precision casting process, LCD monitor of supporting frame and electronic tool series | 194,500 | (Note 2) (Note 2) (Note 2) | 194,500 | 25,179 | 25,179 | 14.31% | 14.31% | 902 (Note 2) (Note 2) | 5,800 | (Note 2) (Note 2) | | |
| Wiyuan Technology Service Kunshan Ltd. | Sales of electronic products | 10,659 | (Note 2) (Note 2) (Note 2) | 10,659 | 10,659 | 10,659 | 50.78% | 50.78% | 7,401 (Note 2) (Note 2) | 44,473 | (Note 2) (Note 2) | | |
| CA Inc. | Research, design, manufacture, sales, and maintenance of intelligent terminals | 88,710 | (Note 2) (Note 2) (Note 2) | 88,710 | 10,044 | 10,044 | 20.00% | 20.00% | 12,000 (Note 2) (Note 2) | 4,006 | (Note 2) (Note 2) | | |
| Wistron Medical Tech (Chongqing) CO., LTD. | Production of medical equipment | 44,800 | (Note 2) (Note 2) (Note 2) | 44,800 | 27,207 | 27,207 | 91.76% | 91.76% | 23,626 (Note 2) (Note 2) | 65,563 | (Note 2) (Note 2) | | |
| Nanjing Xionics Electronics Technology Co., Ltd. | Production of image Head-up display and new energy car high-power charging device | 532,000 (Note 2) | (Note 2) (Note 2) (Note 2) | 532,000 | 11,969 | 11,969 | 31.41% | 31.41% | 10,734 (Note 2) (Note 2) | 13,252 | (Note 2) (Note 2) | | |
| XTRONIC(Kunshan)Electronics Technology Co., Ltd. | Production of electronic products and components for automotive electronics, automotive parts, sensor control unit and led modules | 216,157 | (Note 2) (Note 2) (Note 2) | 216,157 | 10,734 | 10,734 | 100.00% | 100.00% | 10,734 (Note 2) (Note 2) | 293,326 | (Note 2) (Note 2) | | |
| Wistron InfoComm Computer (Chongqing)Co.,Ltd | Assembly and sales of Notebook computer | 26,258 | (Note 2) (Note 2) (Note 2) | 26,258 | 23,013 | 23,013 | 100.00% | 100.00% | 23,013 (Note 2) (Note 2) | 4,929 | (Note 2) (Note 2) | | |

(TWD : expressed in thousands)

WISTRON CORPORATION AND SUBSIDIARIES
Note to the Consolidated Financial Statements

2. Limitation on investment in Mainland China

WISTRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Company | Accumulated amounts investment in Mainland China as of December 31, 2021 | | Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4), (Note 15) and (Note 25) | Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 16) and (Note 26) |
|---------------------|--|--|--|---|
| | (Note 1), (Note 2), (Note 3), (Note 5), (Note 7), (Note 8), (Note 9), (Note 10), (Note 11), (Note 12), (Note 13), (Note 14), (Note 19), (Note 20), (Note 21), (Note 22), (Note 23) and (Note 25) | (Note 1), (Note 2), (Note 3), (Note 5), (Note 7), (Note 8), (Note 9), (Note 10), (Note 11), (Note 12), (Note 13), (Note 14), (Note 19), (Note 20), (Note 21), (Note 22), (Note 23) and (Note 25) | | |
| Wistron Corporation | 24,440,904 (USD788,612,330) | 13,840,144 (USD499,196,500)&(CNY4,000,000) | Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4), (Note 15) and (Note 25) | - |
| Wiyuan Corporation | 10,659 (USD350,000) | 9,692 (USD350,000) | Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4), (Note 15) and (Note 25) | 16,422,015 |

(TWD : expressed in thousands)

(Note 1) The Company invested the amount of USD5,150,000 (approximately TWD149,551) in BRIVISION OPTRONICS (L) CORP, acquiring 50.99% of its share; therefore, resulting in an indirect ownership of BrVision Optronics (Zhongshan) Corp. with the same amount of shares. The application to transfer the investment in Mainland China has been authorized by the Investment Commission, MOEA on January 17, 2013. Therefore, the accumulated investment amount in Mainland China will be revised in accordance with the amount authorized by the Investment Commission. Also, Cowin, one of 100% owned subsidiaries of the Company, merged with BRIVISION OPTRONICS(L) CORP. by exchanging 1 share for 1.89 share on November 14, 2013. After the merger, Cowin became the existing company, while BrVision was liquidated in the first quarter of 2015. Therefore, 100% ownership of BrVision Optronics (Zhongshan) Corp. was transferred to Cowin Worldwide Corporation in the second quarter of 2014.

(Note 2) Wistron InfoComm (Zhongshan) Corporation, in which the Company indirectly owned 100% of its shares, merged with BrVision Optronics (Zhongshan) Corp. in the second quarter of 2015, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD218,050,000 (approximately TWD6,872,015), which was authorized by the Investment Commission on July 31, 2015. Also, Wistron InfoComm (Zhongshan) Corporation merged with AII Technology (Zhong Shan) Co., Ltd., one of 100% owned subsidiaries of the Company, in the first quarter of 2017, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD234,000,000 (approximately TWD7,394,179), which was authorized by Investment Commission on December 26, 2016.

(Note 3) Wistron InfoComm (Kunshan) Co., Ltd. merged with Wistron InfoComm Technology (Kunshan) Co., Ltd. in the first quarter of 2015, both entities are 100% owned subsidiaries of the Company, resulting in an increase in the investment capital of Wistron InfoComm (Kunshan) Co., Ltd. to USD32,000,000 (approximately TWD1,085,212), which was authorized by the Investment Commission on January 23, 2015.

(Note 4) On January 24, 2005, the Company applied to the Investment Commission for the revision of the amount of its indirect investment in T - CONN PRECISION (Zhongshan) CORPORATION from USD638,000 to USD550,000, and the application was authorized on February 15, 2005. Also, Super Elite Ltd. acquired Hong Kong Comtek Electronics Co. Ltd. by issuing new shares through stock exchange, resulting in a decrease in the of the Company's investment amount in T - CONN PRECISION (Zhongshan) CORPORATION by USD339,995 (approximately TWD9,793); and the application was authorized by the Investment Commission on May 17, 2012.

(Note 5) The Company indirectly invested in the capital of Wistron Optronics (Kunshan) Co., Ltd. and Wistron Optronics (Shanghai) Corporation, through Wistron Optronics Corporation (WOC) and its subsidiary, WinDisplay, amounting to TWD64,701 and TWD4,877, respectively. However, on March 10, 2007, WOC was merged with WOD Co., Ltd (WOD), a fully owned subsidiaries of the Company. After the merger, WOD became the existing company while WOC being the dissolved entity, who transferred its investment amount, which had been authorized by the Investment Commission on June 14, 2007, to WOD. On the other hand, AIIH transferred the shares of WinDisplay and its subsidiaries to WOD on June 25, 2007 in accordance with the agreement. The Company applied for the transfer of investment amount, which had been authorized by the Investment Commission on July 18, 2007. Therefore, the accumulated investment amount in Mainland China would be revised in accordance with the amount authorized by Investment Commission. On August 17, 2007, WOD Co., Ltd. was renamed as Wistron Optronics Corporation.

(Note 6) The investment in Wistron InfoComm (Chengdu) Co., Ltd., through Wistron Investment (Sichuan) Co., Ltd., was authorized by the Investment Commission. The amount of accumulated investment in Mainland China had increased by USD83,500,000 (approximately TWD2,501,366).

(Note 7) The Board of Directors of Shenzhen Keen High Technologies Ltd., in which the Company indirectly invested in, the court ruled that the application for bankruptcy and liquidation procedures was completed on December 29, 2016.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Note 7) Shenzhen Jin Zhi Feng Electronic Co., Ltd., in which the Company indirectly invested in, had completed the cancellation of its business registration. The said investment capital amounting to USD2,331,508.7, which entitled the Company to a full ownership of the entity, had been remitted to KJF Technology Ltd. and was authorized by the Investment Commission on January 12, 2015. However, according to the regulation, the remittance to Mainland China amounting to USD104,452 (approximately TWD3,155) was included in the accumulated investment amount.

(Note 8) Dong Guan Comtek Electronics Co., Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY449,415.79, which entitled the Company to a full ownership of the entity, had been remitted to Hong Kong Comtek Electronics Co. Ltd. and was authorized by the Investment Commission on July 15, 2013. However, according to the regulation, the remittance to Mainland China amounting to USD179,344 (approximately TWD5,571), was included in the accumulated investment amounts.

(Note 9) Top - Glory Electronic (Zhongshan) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD18,268.22, which entitled the Company to an 11% ownership of the entity, had been remitted to Super Elite Ltd. and was authorized by the Investment Commission on March 25, 2010. However, according to the regulation, the remittance to Mainland China amounting to USD333,000 (TWD1,071) was included in the accumulated investment amounts.

(Note 10) Changshu Pu Yuan electronics Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD3,895,791.97, which entitled the Company to a full ownership of the entity, had been remitted to Park Orchid, which was liquidated afterwards. The capital incurred from the liquidation of Park Orchid amounting to USD2,461,084.65 was remitted to Win Smart. With that said, the capital amount of USD2,461,084.65 entitled the Company to a 46.875% ownership of Win Smart. Therefore, the accumulated investment amount in Mainland China was revised to USD2,812,500 on April 24, 2012, and was authorized by the Investment Commission on April 30, 2012. However, according to the regulation, the remittance to Mainland China amounting to USD2,812,500 (TWD84,714) was included in the accumulated investment amounts.

(Note 11) Wistron optronics (Shanghai) Corporation, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD58,823.63, which entitled the Company to a full ownership of the entity, had been remitted to WDC and was authorized by the Investment Commission on December 16, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD1 was included in the accumulated investment amounts.

(Note 12) Wistron Service (Shanghai) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD6,507.67 (approximately TWD196), which entitled the Company to a full ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on March 6, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment was authorized by the Investment Commission on December 8, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD133,492.33 (approximately TWD4,350) was included in the accumulated investment amounts.

(Note 13) WIT Precision (Taizhou) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD18,577.5 (approximately TWD556), which entitled the Company to a 30% ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on September 18, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment of the Company had already been authorized. However, according to the regulation, the remittance amounting to USD1,241,422.5 (approximately TWD39,449) was included in the accumulated investment amounts.

(Note 14) Zhongshan Deyi Electrical Equipment Co., Ltd.(Deyi), in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD525,684.97, which entitled the Company to a full ownership of the entity, had been remitted to FULLERTON LTD. On October 22, 2013, the Company applied for a revision of its indirect investment in Deyi amounting to USD161,314, which had been authorized by the Investment Commission on October 28, 2013. Afterwards, the cancellation of investment of the Company was authorized by the Investment Commission on November 4, 2013. However, according to the regulation, the remittance to Mainland China amounting to (approximately TWD5,121) was included in the accumulated investment amounts.

(Note 15) The amounts translated were using the spot rates on December 31, 2021.

(Note 16) On December 7, 2020, the Company obtained the Certificate of Qualified Operating Headquarters, which was issued by the Department of Industrial Development, Ministry of Economic Affairs, in accordance with the revised "Approval Guidelines for Engagement in Investments or Technological Cooperation in Mainland China" and "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" that was announced on August 22, 2008. Therefore, the Company was not restricted or limited, in anyway, regarding the investment amount in Mainland China.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Note 17) Wistron InfoComm (CHONGQING) Co., Ltd., one of the fully directly owned subsidiaries of the Company, used its own capital to invest in ICA, Inc.; the transaction was not restricted or limited, in anyway, regarding the investment amount in Mainland China.

(Note 18) HSEIH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. merged with BrV'sion Optronics (Zhongshan) Corp. in the fourth quarter of 2016, both entities are fully owned subsidiaries of the Company, resulting in an increase in the investment capital of HSEIH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. to USD2,452,912 (approximately TWD79,722), which was authorized by the Investment Commission on November 30, 2016.

(Note 19) The Company invested the amount of USD16,961 (approximately TWD513) in WIEDU HONG KONG LIMITED, acquiring 18.73% of its share; therefore, resulting in an indirect ownership of Weshtek Information Technology Services Co., Ltd., Shanghai (Weshtek), which entitled the Company to a full ownership of Weshtek.

(Note 20) The indirect investment in Wistron Investment (Jiangsu) Co., Ltd. a holding company, through Win Smart Co., Ltd. with amount of USD200,000,000, was authorized by the Investment Commission on December 18, 2017. Till the second quarter of 2019, the remittance to Mainland China was only USD100,000,000 (approximately TWD3,117,440). Wistron Investment (Jiangsu) Co., Ltd. invested the amount of USD100,000,000 (approximately TWD3,055,830) in Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. acquiring 78.13% of its share in the fourth quarter of 2019. The cancellation of the original investment plan of USD 100,000,000 which had not been implemented was authorized by the Investment Commission on November 13, 2020. The application that Win Smart Co., Ltd. disposed the entire shares of Wistron Investment (Jiangsu) Co., Ltd. and Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. was authorized by the Investment Commission on February 18, 2021. The investment amounting to USD 380,000,000 (approximately TWD10,620,040) was remitted to Taiwan through Win Smart Co afterwards. However, according to the regulation, the remittances to Mainland China amounting to USD 100,000,000 (approximately TWD3,117,440) for Wistron Investment (Jiangsu) Co., Ltd. and USD28,000,000 (approximately TWD 939,420) for Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. were included in the accumulated investment amounts.

(Note 21) Wistron InfoComm (Qingdao) Co., Ltd. Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD7,123,297.09, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG HOLDING LIMITED, and was authorized by the Investment Commission on March 14, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD6,000,000 (approximately TWD179,436), was included in the accumulated investment amounts.

(Note 22) Wiyynn Technology Service (Beijing) Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY7,543.21, which entitled the Company to a full ownership of the entity, had been remitted to WIN SMART CO., LTD. and was authorized by the Investment Commission on May 18, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD2,899,788.94 (approximately TWD86,742) was included in the accumulated investment amounts.

(Note 23) ANWITH (KunShan) CO.,LTD. in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD2,023,982.58, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG LIMITED, and was authorized by the Investment Commission on October 19, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD3,000,000 (approximately TWD89,256) was included in the accumulated investment amounts.

(Note 24) Wistron InfoComm (Kunshan) Co., Ltd., in which the Company indirectly invested, invested the amount of CNY47,118,000 (TWD209,859) in Xtronics (Nanjing) Electronics Technology Co., acquiring 31.41% of its share in the fourth quarter of 2018, with which the change of its business registration had been completed in the first quarter of 2019. Xtronics Innovation Ltd. has agreed to transfer 2% of its shares to Wistron InfoComm (Kunshan) Co. Ltd., in which the Company indirectly invested. Wistron InfoComm (Kunshan) Co. Ltd. invested the amount of CNY3,000,000 (approximately TWD13,790) in Xtronics (Nanjing) Electronics Technology Co., acquiring 33.41% of its share in the second quarter of 2019.

(Note 25) Wiyynn Technology Service Hong Kong Limited used its own Capital to invest in WYK5 .

(Note 26) Wiyynn Corporation's amount of upper limit on investment was the higher between sixty percent of WHYQ's net worth or the consolidated net worth.

WISTRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Note 27) To invest in Mainland China by:

1. Direct investment in Mainland China.
2. Indirect investment in Mainland China through a foreign company.
3. Others

(Note 28) Recognized share of associates and joint ventures accounted for equity method :

1. The financial statements of the investee company were audited by the international accounting firms which cooperated with R.O.C. accounting firms.
2. The financial statements of the investee company were audited by the Group's auditor.
3. Others

(Note 29) The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

3. Significant transactions

The significant transactions of the entities in China in which the Company, directly or indirectly owned, refer to Table 1 to Table 10.

6.5 Parent Company only Financial Statements



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Wistron Corporation:

Opinion

We have audited the parent company only financial statements of Wistron Corporation (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, 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, 2021 and 2020, 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 audit of the parent company only financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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.

1. Provision of sales return and allowance (current refund liability)

Please refer to Note 4(r) “Revenue from contracts with customers” for accounting policy, and Note 6(u) for the relevant disclosures for revenue recognition to the financial statements.



3-1

Description of the key audit matter

The Company is a listed company influencing the public interest, and its financial performance is highly expected by the investors. Therefore, the revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included testing the Company's controls surrounding the revenue recognition and cash collection for key manual and system based controls, tracing general ledger to sales systems and reconciling the differences; understanding the types of revenue, contract provisions and transaction terms to evaluate the accuracy of the timing of revenue recognition; and assessing the appropriateness in applying accounting policies to revenue recognition process.

2. Inventory valuation

Please refer to Note 4(g) "Inventory" for accounting policy, Note 5(a) for accounting assumption and estimation uncertainty of inventory and Note 6(g) for the disclosure of the valuation of inventory to the financial statements.

Description of the key audit matter

Inventories are stated at the lower of cost or net realizable value. The rapid development of technology and the advance of new electronic products can have a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than its net realizable value. Consequently, the valuation of inventories has been identified as another key audit matter.

How the matter was addressed in our audit

In relation to the key audit matter above, our audit procedures included the examining the inventory aging report, analyzing the variation in inventories, and evaluating the selling price used for the Company's inventory valuation and the changes on fair values of the inventories subsequently; selecting samples to assess the reasonableness of the net realizable values by comparing them to the original documents; as well as considering the adequacy of the Company's disclosure in this area.

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.



3-2

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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 the 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 Ya-Ling Chen and Chia-Chien Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2022

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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' 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.

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

WISTRON CORPORATION

Parent Company Only Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | December 31, 2021 | | December 31, 2020 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| Assets | | | | |
| Current assets: | | | | |
| 1100 Cash and cash equivalents (note 6(a)) | \$ 3,463,976 | 1 | 3,907,196 | 1 |
| 1110 Current financial assets at fair value through profit or loss (note 6(b)) | 9,004 | - | 227,834 | - |
| 1136 Current financial assets at amortized cost, net (note 6(c)) | 1,404,046 | - | - | - |
| 1170 Note and trade receivables, net (notes 6(c)(u) and 7) | 57,038,198 | 15 | 51,569,866 | 16 |
| 1180 Trade receivable-related parties (notes 6(c)(u) and 7) | 167,085,792 | 44 | 130,624,237 | 40 |
| 1210 Other receivables-related parties (notes 6(f) and 7) | 3,013,206 | 1 | 3,526,025 | 1 |
| 1220 Current tax assets | 122,509 | - | 19,967 | - |
| 130X Inventories (note 6(g)) | 32,368,017 | 9 | 24,867,124 | 7 |
| 1460 Non-current assets classified as held for sale (note 6(h)) | - | - | 12,018,229 | 4 |
| 1470 Other current assets (notes 6(f)(1)) | 5,310,758 | 1 | 4,192,805 | 1 |
| Total current assets | 269,815,506 | 71 | 230,953,283 | 70 |
| Non-current assets: | | | | |
| 1517 Non-current financial assets at fair value through other comprehensive income (note 6(d)) | 4,570,830 | 1 | 4,733,601 | 2 |
| 1550 Equity-accounted investees (note 6(h)) | 92,176,903 | 24 | 80,060,468 | 24 |
| 1600 Property, plant and equipment (notes 6(i) and 7) | 6,495,454 | 2 | 6,184,970 | 2 |
| 1755 Right-of-use assets (note 6(j)) | 1,854,421 | 1 | 481,232 | - |
| 1780 Intangible assets (note 6(k)) | 882,987 | - | 813,574 | - |
| 1840 Deferred tax assets (note 6(q)) | 5,036,971 | 1 | 5,256,727 | 2 |
| 1900 Other non-current assets (notes 6(l) and 8) | 579,081 | - | 477,798 | - |
| Total non-current assets | 111,896,647 | 29 | 98,008,370 | 30 |
| Total assets | \$ 381,412,153 | 100 | \$ 328,961,653 | 100 |
| Liabilities and Equity | | | | |
| Current liabilities: | | | | |
| Short-term loans (notes 6(m)(aa)) | \$ 83,144,342 | 22 | 67,173,137 | 20 |
| Current financial liabilities at fair value through profit or loss (note 6(b)) | 28,058 | - | 8,577 | - |
| Current contract liabilities (note 6(u)) | 2,283,411 | 1 | 1,735,880 | 1 |
| Note and trade payables | 38,241,635 | 10 | 40,633,266 | 12 |
| Trade payable-related parties (note 7) | 118,092,833 | 31 | 89,464,575 | 27 |
| Other payables-related parties (note 7) | 813,516 | - | 953,995 | - |
| Current lease liabilities (notes 6(r)(aa)) | 291,158 | - | 193,487 | - |
| Current portion of long-term loans (notes 6(m)(aa)) | 1,218,360 | - | - | - |
| Current refund liability (note 6(v)) | 10,434,341 | 3 | 9,560,522 | 3 |
| Other current liabilities | 20,311,358 | 5 | 22,697,262 | 7 |
| Total current liabilities | 274,859,012 | 72 | 232,420,701 | 70 |
| Non-current liabilities: | | | | |
| Long-term loans (notes 6(m)(aa)) | 23,237,238 | 6 | 20,332,308 | 6 |
| Deferred tax liabilities (note 6(q)) | 2,833,385 | 1 | 2,721,023 | 1 |
| Non-current lease liabilities (notes 6(r)(aa)) | 1,274,736 | - | 285,193 | - |
| Other non-current liabilities (notes 6(p)(aa)) | 1,290,844 | - | 1,636,651 | - |
| Total non-current liabilities | 28,636,203 | 7 | 24,975,175 | 8 |
| Total liabilities | 303,495,215 | 79 | 257,395,876 | 78 |
| Equity (notes 6(d)(c)(s)): | | | | |
| Ordinary shares | 29,032,521 | 8 | 28,406,121 | 9 |
| Capital surplus | 28,834,524 | 8 | 25,760,011 | 8 |
| Retained earnings | 31,098,687 | 8 | 26,853,167 | 8 |
| Other equity | (9,441,535) | (3) | (7,846,263) | (3) |
| Treasury shares | (1,607,259) | - | (1,607,259) | - |
| Total equity | 77,916,938 | 21 | 71,565,777 | 22 |
| Total liabilities and equity | \$ 381,412,153 | 100 | \$ 328,961,653 | 100 |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATIONParent Company Only Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, except for earnings per common share)

| | 2021 | | 2020 | |
|---|----------------|-----|-------------|-----|
| | Amount | % | Amount | % |
| 4000 Net revenues (notes 6(u) and 7) | \$ 670,440,580 | 100 | 687,686,152 | 100 |
| 5000 Cost of sales (notes 6(g)(i)(j)(k)(n)(p)(s)(w), 7 and 12) | 650,976,729 | 97 | 666,864,786 | 97 |
| 5900 Gross profit | 19,463,851 | 3 | 20,821,366 | 3 |
| 5910 Realized (unrealized) profit from sales | 192,083 | - | (146,080) | - |
| 5950 Net gross profit | 19,655,934 | 3 | 20,675,286 | 3 |
| 6000 Operating expenses (notes 6(e)(f)(i)(j)(k)(n)(p)(s)(w), 7 and 12): | | | | |
| 6100 Selling | 3,300,880 | - | 2,915,782 | - |
| 6200 Administrative | 3,455,148 | 1 | 2,527,625 | - |
| 6300 Research and development | 14,671,035 | 2 | 13,564,223 | 2 |
| Total operating expenses | 21,427,063 | 3 | 19,007,630 | 2 |
| 6900 Operating income | (1,771,129) | - | 1,667,656 | 1 |
| 7000 Non-operating income and expenses (notes 6(h)(l)(n)(o)(v)(x), 7 and 12): | | | | |
| 7100 Interest income | 74,049 | - | 81,898 | - |
| 7010 Other income | 224,836 | - | 118,941 | - |
| 7020 Other gains and losses | 257,314 | - | 23,097 | - |
| 7050 Finance costs | (970,365) | - | (1,270,967) | - |
| 7070 Recognized share of subsidiaries, associates and joint ventures accounted for equity method | 12,948,376 | 2 | 8,041,587 | 1 |
| Total non-operating income and expenses | 12,534,210 | 2 | 6,994,556 | 1 |
| 7900 Profit before tax | 10,763,081 | 2 | 8,662,212 | 2 |
| 7950 Less: Income tax expenses (benefit) (note 6(q)) | 295,051 | - | (19,550) | - |
| 8200 Net profit | 10,468,030 | 2 | 8,681,762 | 2 |
| 8300 Other comprehensive income (notes 6(h)(p)(q)(r)(x)) | | | | |
| 8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | |
| 8311 Losses on remeasurements of defined benefit plans | (109,843) | - | (250,843) | - |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | (232,514) | - | (121,421) | - |
| 8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | 649,709 | - | 69,763 | - |
| 8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 13,592 | - | (2,345) | - |
| | 293,760 | - | (300,156) | - |
| 8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | |
| 8361 Exchange differences on translation of foreign financial statements | (2,094,753) | (1) | (3,878,882) | (1) |
| 8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | (118,726) | - | 320,170 | - |
| 8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - |
| | (2,213,479) | (1) | (3,558,712) | (1) |
| Other comprehensive income | (1,919,719) | (1) | (3,858,868) | (1) |
| 8500 Total comprehensive income | \$ 8,548,311 | 1 | 4,822,894 | 1 |
| Earnings per share (in dollars) (note 6(t)) | | | | |
| 9750 Basic earnings per share | \$ 3.76 | | 3.10 | |
| 9850 Diluted earnings per share | \$ 3.64 | | 3.03 | |

See accompanying notes to parent company only financial statements.

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

WISTRON CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | Retained earnings | | Other equity | | Total equity |
|---|-------------------|----------------------------------|---|--|--------------|
| | Share capital | Unappropriated retained earnings | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Deferred compensation arising from issuance of restricted shares | |
| Balance at January 1, 2020 | 28,406,121 | 25,760,011 | 24,681,872 | 8,681,762 | 73,950,584 |
| Net profit | - | 10,468,030 | 4,128,234 | (76,501) | 8,681,762 |
| Other comprehensive income | - | - | - | (76,501) | (8,858,868) |
| Total comprehensive income | - | 10,468,030 | 4,128,234 | (76,501) | (8,858,868) |
| Appropriation and distribution of retained earnings: | | | | | |
| Legal reserve | - | 680,077 | - | - | 680,077 |
| Special reserve | - | (592,110) | - | - | (592,110) |
| Cash dividends | - | (5,681,224) | - | - | (5,681,224) |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | - | - |
| Purchase of treasury shares | - | 6,872 | - | - | 6,872 |
| Changes in ownership interests in subsidiaries | - | (4,487) | - | - | (4,487) |
| Share-based payment transactions | - | - | - | - | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | (339,706) | - | - | (339,706) |
| Others | - | 2,501 | - | - | 2,501 |
| Balance at December 31, 2020 | 28,406,121 | 25,760,011 | 24,681,872 | 8,681,762 | 73,950,584 |
| Net profit | - | 10,468,030 | 4,128,234 | (76,501) | 8,681,762 |
| Other comprehensive income | - | - | - | (76,501) | (8,858,868) |
| Total comprehensive income | - | 10,468,030 | 4,128,234 | (76,501) | (8,858,868) |
| Appropriation and distribution of retained earnings: | | | | | |
| Legal reserve | - | 813,568 | - | - | 813,568 |
| Special reserve | - | (3,310,397) | - | - | (3,310,397) |
| Cash dividends | - | (6,258,655) | - | - | (6,258,655) |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | - | - |
| Changes in ownership interests in subsidiaries | - | (130) | - | - | (130) |
| Partial disposal of the investment in the subsidiary | - | - | - | - | - |
| Share-based payment transactions | 626,400 | - | - | - | 626,400 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | 117,225 | - | - | 117,225 |
| Others | - | 11,016 | - | - | 11,016 |
| Balance at December 31, 2021 | \$ 29,032,521 | 28,834,524 | 24,681,872 | 8,681,762 | 77,916,938 |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATIONParent Company Only Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|---------------|---------------|
| Cash flows used in operating activities: | | |
| Profit before tax | \$ 10,763,081 | 8,662,212 |
| Adjustments: | | |
| Adjustments to reconcile profit | | |
| Depreciation expense | 1,031,497 | 652,187 |
| Amortization expense | 275,567 | 244,840 |
| Expected credit loss | 25,156 | 32,216 |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 218,246 | (122,216) |
| Interest expense | 970,365 | 1,270,967 |
| Interest income | (74,049) | (81,898) |
| Dividend income | (183,476) | (85,050) |
| Compensation cost arising from share-based payments | 348,855 | 118,500 |
| Recognized share of associates and joint ventures accounted for equity method | (12,948,376) | (8,041,587) |
| Gain on disposal of property, plant and equipment | (16,737) | (7,178) |
| Property, plant and equipment reclassified as expenses | - | 3,307 |
| Other assets reclassified as expenses | - | 4,973 |
| Loss on disposal of investments | 1,654 | 3,495 |
| Other investment loss (gains) | 86,540 | (265) |
| Unrealized (realized) profit from sales | (192,083) | 146,080 |
| Lease modification loss | 507 | 68 |
| Gain on foreign currency exchange arising from loans and guarantee deposits | (2,333,234) | (3,121,990) |
| Amortization on bank arrangement fees | 16,937 | 16,425 |
| Total adjustments to reconcile profit | (12,772,631) | (8,967,126) |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Decrease (increase) in trade receivables | (5,468,273) | 17,346,740 |
| Decrease (increase) in trade receivables-related parties | (36,461,555) | 22,702,623 |
| Decrease (increase) in other receivables-related parties | 1,439,942 | (1,632,721) |
| Increase in inventories | (7,500,893) | (8,370,926) |
| Decrease (increase) in other current assets | (1,150,277) | 1,062,656 |
| Total changes in operating assets | (49,141,056) | 31,108,372 |
| Changes in operating liabilities: | | |
| Increase in current contract liabilities | 547,531 | 170,699 |
| Decrease in note and trade payables | (2,391,631) | (14,101,753) |
| Increase (decrease) in trade payables-related parties | 28,628,258 | (58,050,674) |
| Increase (decrease) in other payables-related parties | (140,479) | 98,239 |
| Increase in current refund liability | 873,819 | 3,382,943 |
| Increase (decrease) in other current liabilities | (1,645,270) | 5,327,258 |
| Decrease in other non-current liabilities | (136,866) | (210,964) |
| Total changes in operating liabilities | 25,735,362 | (63,384,252) |
| Net changes in operating assets and liabilities | (23,405,694) | (32,275,880) |
| Total changes in operating assets and liabilities | (36,178,325) | (41,243,006) |
| Cash inflow used in operations | (25,415,244) | (32,580,794) |
| Interest received | 70,088 | 80,663 |
| Dividends received | 4,542,114 | 2,176,225 |
| Interest paid | (944,003) | (1,313,521) |
| Income taxes paid | (872,713) | (564,016) |
| Net cash flows used in operating activities | (22,619,758) | (32,201,443) |
| Cash flows used in investing activities: | | |
| Increase in other receivables-related parties | (923,160) | (530,210) |
| Acquisition of financial assets at fair value through other comprehensive income | (192,228) | (254,979) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 81,996 | 12,772 |
| Return of financial assets at fair value through other comprehensive income | 40,491 | 6,801 |
| Acquisition of financial assets at amortized cost | (1,404,046) | - |
| Acquisition of financial assets at fair value through profit or loss | - | (20,000) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 20,065 | 50,406 |
| Proceeds from capital reduction of investments accounted for using equity method | 10,677,340 | 668,266 |
| Addition to equity-accounted investees | (3,828,227) | (7,760,104) |
| Proceeds from disposal of equity-accounted investees | 9,350 | 124,004 |
| Partial disposal of the investment in the subsidiary | 3,900,940 | - |
| Acquisition of property, plant and equipment | (924,671) | (1,400,895) |
| Proceeds from disposal of property, plant and equipment | 150,412 | 3,465 |
| Increase in refundable deposits | (102,799) | (83,224) |
| Increase in intangible assets | (344,980) | (288,204) |
| Increase in other non-current assets | (244,363) | (213,517) |
| Net cash flows generated from (used in) investing activities | 6,916,120 | (9,685,419) |
| Cash flows generated from financing activities: | | |
| Increase in short-term loans | 477,516,265 | 679,489,732 |
| Repayments of short-term loans | (459,871,001) | (631,796,685) |
| Increase in long-term loans | 28,337,440 | 28,658,993 |
| Repayments of long-term loans | (23,574,935) | (25,781,843) |
| Decrease in guarantee deposits received | (315,761) | (320,680) |
| Repayments of lease liabilities | (584,479) | (207,924) |
| Cash dividends paid | (6,258,127) | (5,681,224) |
| Payments to acquire treasury shares | - | (1,607,259) |
| Others | 11,016 | 2,501 |
| Net cash flows generated from financing activities | 15,260,418 | 42,755,611 |
| Net increase (decrease) in cash and cash equivalents | (443,220) | 868,749 |
| Cash and cash equivalents at beginning of year | 3,907,196 | 3,038,447 |
| Cash and cash equivalents at end of year | \$ 3,463,976 | \$ 3,907,196 |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)
WISTRON CORPORATIONNotes to the Parent Company Only Financial Statements
For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(I) Company history

Wistron Corporation (the "Company") was incorporated on May 30, 2001, as a company limited by shares under the laws of the Republic of China (ROC). In pursuant to a restructuring plan of Acer Inc. (AI) to improve its business performance and competitiveness, the Company was formed to acquire the net assets spun off from AI's DMS (Design, Manufacturing, and Service products) business.

The Company is currently engaged in the research, development, design, manufacturing, testing and sale of the following products and semi-finished products, and their peripheral equipment, parts and components:

- (i) desktop computers, notebook computers, motherboards, servers, system platforms, high-speed and multi-function multiple-CPU computer systems, multi-media computers, network computers, consumer-type computers and special computers, micro-processors, CD-ROMs, PDAs, panel PCs, pocket computers and interface cards;
- (ii) video and internet telephones, video conferencing equipment and telecommunication equipment;
- (iii) digital satellite TV receivers, set - top boxes, digital video decoders and multi - media appliance products;
- (iv) digital cameras, CD-ROM drives and DVD-ROM drives;
- (v) wireless receiver products (mobile phones, wireless LAN cards, and Bluetooth communication modules);
- (vi) LCD TVs and other electronic audio & visual products;
- (vii) design and merchandising of computer software and programs;
- (viii) import and export trade relevant to the business of this company;
- (ix) maintenance and cleaning of electronics products;
- (x) recycling of electronic waste;
- (xi) in vitro diagnostic device, therapeutic equipment, intelligent assistive device, diagnostic x-ray unit, physiological signal diagnostic device and medical data system;
- (xii) manufacturing, processing and selling of electronic products for automobile.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(2) Approval date and procedures of the financial statements

The parent company only financial statements for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 16, 2022.

(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. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1 and April 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (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, 2022, would not have a significant impact on its financial statements:

- 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”

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

The Company does not expect the following 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 “Classification of Liabilities as Current or Non-current”
- 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 CORPORATION
Notes to the Parent Company Only Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

- (a) Statement of compliance

The 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 consolidated financial statements, the Chinese version shall prevail.

These parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

- (ii) Functional and presentation currency

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

- (c) Foreign currency

- (i) Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency of the Company at 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.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the New Taiwan Dollars are presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollars at the average exchange 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 its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence 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 a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

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

An entity shall classify a liability as current when:

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

(e) Cash and cash equivalents

Cash comprises cash on hand and demand and check 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

Trade receivables and debt securities issued are initially recognized when they are 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 a trade 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, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

1) Classification of 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; fair value through other comprehensive income – equity investment; or fair value through profit or loss. 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.

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a) 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, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the "trade receivables" line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are 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, note and trade receivables, other receivables and guarantee deposits), trade receivables measured at FVOCI.

The Company measures loss allowance at an amount equal to lifetime ECL. The Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed; both qualitative and quantitative information and also basing on the Company's historical experiences and informed credit assessment as well as forward-looking information. For the financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. 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.

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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.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) 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).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. 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.

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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.

6) 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.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity.

(h) Non-current assets for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

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(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

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When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) 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. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(k) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently, at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value, which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

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WISTRON CORPORATION
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Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings and improvements: 20 to 50 years
- 2) Machinery and equipment: 3 to 10 years
- 3) Molding equipment: 1 year
- 4) Research and development equipment: 3 to 5 years
- 5) Furniture, fixtures and other equipment: 3 to 10 years

The Company reviews depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(iv) Reclassify to investment property

The property is reclassified to investment property as its carrying amount when the use of the property changes from owner-occupied to investment property.

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(m) Lease

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. Generally, the Company uses its incremental borrowing rate as the discount 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 or penalties for purchase or termination options that are reasonably certain to be exercised.

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the Group's evaluation of purchase options; or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modification to the assets, scope and other terms of the lease.

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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 with less than 12 month 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.

(n) Intangible assets

(i) Recognition and measurement

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

Other intangible assets, including customer relationships, patents and software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as occurred.

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(iii) Amortization

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

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

- 1) Patents: 10 years
- 2) Software: 1 to 10 years
- 3) Customer relationships: 5 years

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

(o) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories 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. Goodwill is tested annually for impairment.

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

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(p) 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 probably 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.

(q) Treasury shares

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly attributable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve–Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve–Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(r) Revenue from contracts with customers

Revenue is measured basing 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) Sale of goods

The Company manufactures and sells electronic products to international brand customers. The Company recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the related risk and rewards of ownership are transferred, and there is no continuing management involvement with the goods. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

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The Company provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Company would sell the product and the extended warranty separately in similar circumstances and to similar customers. The Company recognizes revenue for the service-type warranty on a straight-line basis over the extended warranty period.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Service revenue

The Company provide maintenance service. The Company will recognize the revenue when the performance obligation completed.

(iii) Financing components

The Company does not expect to have almost 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.

(s) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable.

(t) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(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.

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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. 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.

(u) 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 expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

The grant date of share-based payment is the date that the subscription price and shares are authorized by the Board of Directors.

(v) Income Taxes

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

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (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 tax rates that are expected to be applied to temporary differences when they reverse, 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.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(w) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders 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 accrued employee' remuneration.

(x) Operating segments

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 statement.

(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 next period.

There are no critical judgments in applying accounting policies that have significant effect 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 and have been updated to reflect the impact of COVID-19 pandemic are as follows:

(a) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventory is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(g) for further description of the valuation of inventories.

(Continued)

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Notes to the Parent Company Only Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|---------------------------|------------------------------|------------------------------|
| Cash on hand | \$ 22,116 | 22,983 |
| Demand and check deposits | 3,255,215 | 3,468,060 |
| Time deposits | 186,645 | 416,153 |
| | \$ 3,463,976 | 3,907,196 |

(b) Current financial assets and liabilities at fair value through profit or loss

(i) Financial assets at fair value through profit or loss-current:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Mandatorily measured at fair value through profit or loss-current: | | |
| Derivative instruments not used for hedging | | |
| Foreign currency swap contracts | \$ 206 | 186,360 |
| Foreign currency forward contracts | 8,798 | 21,457 |
| Non-derivative financial assets | | |
| Money market fund | | 20,017 |
| | \$ 9,004 | 227,834 |

(ii) Financial liabilities at fair value through profit or loss-current:

| | December 31, 2021 | December 31, 2020 |
|---|------------------------------|------------------------------|
| Held-for trading financial liabilities: | | |
| Derivative instruments not used for hedging | | |
| Foreign currency swap contracts | \$ 9,224 | 2,133 |
| Foreign currency forward contracts | 18,834 | 6,444 |
| | \$ 28,058 | 8,577 |

The Company uses derivative financial instruments to hedge the certain foreign exchange risk the Company was exposed to, arising from its operating, financing and investing activities. As of December 31, 2021 and 2020, derivative financial instruments not qualified for hedge accounting were as follows:

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WISTRON CORPORATION
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1) Foreign currency swap contracts:

| December 31, 2021 | | |
|--------------------------|--------------------|--------------------|
| Amount (in thousands) | Currency | Expiration |
| USD <u>145,000</u> | TWD Put / USD Call | 2022/1/7~2022/1/28 |

| December 31, 2020 | | |
|--------------------------|--------------------|--------------------|
| Amount (in thousands) | Currency | Expiration |
| USD <u>25,000</u> | USD Put / TWD Call | 2021/1/4 |
| USD <u>640,000</u> | TWD Put / USD Call | 2021/1/4~2021/1/29 |

2) Foreign currency forward contracts:

| December 31, 2021 | | |
|--------------------------|--------------------|-------------------|
| Amount (in thousands) | Currency | Expiration |
| USD <u>20,000</u> | USD Put / CNY Call | 2022/1/7 |
| USD <u>495,000</u> | TWD Put / USD Call | 2022/1/5~2022/2/7 |

| December 31, 2020 | | |
|--------------------------|--------------------|-------------------|
| Amount (in thousands) | Currency | Expiration |
| USD <u>3,000</u> | USD Put / CNY Call | 2021/1/5 |
| USD <u>341,000</u> | TWD Put / USD Call | 2021/1/4~2021/2/4 |

(c) Current financial assets measured at amortized cost

| | December 31, 2021 | December 31, 2020 |
|--------------------------|----------------------|----------------------|
| Restricted bank deposits | \$ <u>1,404,046</u> | <u>-</u> |

According to “Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds”, the Company had submitted an investment proposal and was approved by National Taxation Bureau, Ministry of Finance. Based on the regulation, the deposits are restricted only to the approved investment plan, and shall not be used for other purposes.

(d) Non-current financial asset at fair value through other comprehensive income

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Equity investments at fair value through other comprehensive income: | | |
| Listed companies | \$ 3,547,570 | 3,711,497 |
| Unlisted companies | 118,030 | 295,453 |
| Unlisted fund | 905,230 | 726,651 |
| Total | \$ <u>4,570,830</u> | <u>4,733,601</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- (i) The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represented those investments that the Company intended to hold for long-term for strategic purposes.

The Company sold portion of its shares in Alpha Networks Inc., AOpen Inc., and Airdog, Inc. with a fair value of \$81,996 during 2021, as well as disposed portion of its shares in Applied BioCode Corporation, IP Cathay II, L.P., AOpen Inc., DDD Group PLC and Audio Design Expert, Inc. with a fair value of \$12,058 during 2020, resulting in the Company to recognize the net losses of \$37,281 and \$243,810, respectively, which were accounted for as under other comprehensive income; then later on, were reclassified to retained earnings.

- (ii) For market risk, please refer to Note 6(x).

- (iii) The aforementioned financial assets were not pledged.

(e) Note and trade receivables

| | December 31, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| Trade receivables-measured at amortized cost | \$ 54,732,468 | 43,169,238 |
| Trade receivables-measured at FVOCI | 2,908,099 | 9,003,056 |
| Trade receivables-related parties-measured at amortized cost | 167,085,792 | 130,624,237 |
| Less: loss allowance | <u>(602,369)</u> | <u>(602,428)</u> |
| | <u>\$ 224,123,990</u> | <u>182,194,103</u> |

The Company had managed a portion of its trade receivables that was held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Company applied the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, note and trade receivables had been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance was determined as follows:

| | December 31, 2021 | | |
|-----------------------------|--|---|-------------------------|
| | Gross carrying amount of note and trade receivables | Weighted - average expected credit loss rate | Expected credit loss |
| Current | \$ 199,798,761 | 0.000%~0.275% | 75,332 |
| 1 to 60 days past due | 17,073,183 | 0.000%~5.907% | 20,567 |
| 61 to 180 days past due | 7,347,348 | 0.000%~13.207% | 1,668 |
| 181 to 300 days past due | 274 | 0.000%~34.167% | 26 |
| More than 301 days past due | 506,793 | 11.559%~100% | 504,408 |
| Total | <u>\$ 224,726,359</u> | | <u>602,001</u> |

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

| | December 31, 2020 | | |
|-----------------------------|--|---|-------------------------|
| | Gross carrying amount of note and trade receivables | Weighted - average expected credit loss rate | Expected credit loss |
| Current | \$ 168,199,628 | 0.000%~0.310% | 72,976 |
| 1 to 60 days past due | 11,927,721 | 0.000%~5.907% | 4,619 |
| 61 to 180 days past due | 2,134,958 | 0.000%~13.207% | 1,158 |
| 181 to 300 days past due | 13,831 | 0.000%~34.167% | 2,180 |
| More than 301 days past due | 520,393 | 15.726%~100% | 520,393 |
| Total | <u>\$ 182,796,531</u> | | <u>601,326</u> |

The movements in the allowance for note and trade receivables were as follows:

| | 2021 | 2020 |
|----------------------------|-------------------|----------------|
| Balance on January 1 | \$ 602,428 | 658,197 |
| Impairment losses reversed | (59) | (53,219) |
| Amounts written off | - | (2,550) |
| Balance on December 31 | <u>\$ 602,369</u> | <u>602,428</u> |

The Company entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Company does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Company derecognized the above trade receivables because it had transferred substantially all of the risks and rewards of their ownership, and it did not have any continuing involvement in them.

As of December 31, 2021 and 2020, the relevant information on trade receivables factored but unsettled was as follows:

Unit: USD in thousands

| Purchaser | December 31, 2021 | | | | | |
|------------------------|------------------------|---------------------------|-----------------|--------------------|---------------------------|------------|
| | Amount derecognized | Factoring credit limit | Amount advanced | | Range of Interest Rate | Collateral |
| | | | Paid | Unpaid | | |
| Financial institutions | \$ 1,090,662 | 2,558,000 (Note 1) | 1,090,662 | 1,467,338 (Note 2) | 0.45%~1.12% | - |

| Purchaser | December 31, 2020 | | | | | |
|------------------------|------------------------|---------------------------|-----------------|--------------------|---------------------------|------------------|
| | Amount derecognized | Factoring credit limit | Amount advanced | | Range of Interest Rate | Collateral |
| | | | Paid | Unpaid | | |
| Financial institutions | \$ 737,661 | 2,177,567 (Note 1) | 737,661 | 1,439,906 (Note 2) | 0.54%~1.49% | 621,000 (Note 2) |

(Note 1): For vendor financing transactions, the factoring credit limit was the credit line that the financial institution provided to the Company's customer.

(Note 2): The unpaid amount advanced and the collateral were shared by the Company and its subsidiary.

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As of December 31, 2021 and 2020, the note and trade receivables were not pledged.

For further credit risk information, please refer to Note 6(x).

(f) Other receivables

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Other current assets-other receivables | \$ 4,718,790 | 4,152,771 |
| Other receivables-related parties | 3,013,206 | 3,526,025 |
| Less: loss allowance | (459,776) | (480,898) |
| | <u>\$ 7,272,220</u> | <u>7,197,898</u> |

As of December 31, 2021 and 2020, there were no significant changes in credit quality and risk of the other receivables, and the overdue amounts were impaired.

The movements in the loss allowance for other receivables were as follows:

| | 2021 | 2020 |
|----------------------------|-------------------|----------------|
| Balance on January 1 | \$ 480,898 | 395,463 |
| Impairment loss recognized | 25,215 | 85,435 |
| Amounts written off | (46,337) | - |
| Balance on December 31 | <u>\$ 459,776</u> | <u>480,898</u> |

(g) Inventories

| | December 31, 2021 | December 31, 2020 |
|----------------------|----------------------|----------------------|
| Raw materials | \$ 13,376,196 | 7,113,221 |
| Work in progress | 698,980 | 531,906 |
| Finished goods | 7,498,133 | 10,332,475 |
| Inventory in transit | 10,794,708 | 6,889,522 |
| | <u>\$ 32,368,017</u> | <u>24,867,124</u> |

For the years ended December 31, 2021 and 2020, the details of cost of sales were as follows:

| | 2021 | 2020 |
|---|-----------------------|--------------------|
| Cost of goods sold | \$ 650,011,538 | 666,312,250 |
| Loss on valuation of inventories | 1,224,654 | 490,567 |
| Loss on supplier inventory reserve (reversed) | (234,596) | 90,968 |
| Income from sale of scraps | (24,867) | (28,999) |
| | <u>\$ 650,976,729</u> | <u>666,864,786</u> |

As of December 31, 2021 and 2020, the inventories were not pledged.

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Notes to the Parent Company Only Financial Statements

(h) Investments accounted for using equity method

As of December 31, 2021 and 2020, the components of investments accounted for using the equity method were as follows:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--------------|------------------------------|------------------------------|
| Subsidiaries | \$ 87,618,189 | 75,638,880 |
| Associates | <u>4,558,714</u> | <u>4,421,588</u> |
| | <u>\$ 92,176,903</u> | <u>80,060,468</u> |

(i) Subsidiaries

- 1) Please refer to the consolidated financial statements for the year ended December 31, 2021.
- 2) Disposal of part of equity ownership of subsidiaries without losing control

The Company disposed 2.59% of WYHQ's equity ownership in the fourth quarter of 2021, with the proceeds of \$3,855,501 which decreased its ownership from 44.85% to 42.26%. Since it had no effect on the control of the subsidiary, the equity change was regarded as an equity transaction.

The following summarizes the effect of changes in equity of the parent due to changes in the ownership interest of subsidiaries:

| | <u>2021</u> |
|---|---------------------|
| Book value of the non-controlling interest | \$ (675,768) |
| Consideration transferred from the non-controlling interest | 3,855,501 |
| Other equity | <u>(10,812)</u> |
| Capital surplus – difference between consideration and carrying amount of subsidiaries acquired or disposed | <u>\$ 3,168,921</u> |

(ii) Associates

- 1) As of December 31, 2021 and 2020, the fair value of investments in associates of the Company for which there were public price quotations were as follows:

| | <u>December 31, 2021</u> | | <u>December 31, 2020</u> | |
|--|--------------------------|-------------------|--------------------------|-------------------|
| | <u>Book value</u> | <u>Fair value</u> | <u>Book value</u> | <u>Fair value</u> |
| WNC | \$ 3,851,689 | 6,994,625 | 3,792,545 | 6,967,723 |
| Formosa Prosonic Industries Berhad (FPI) | 553,100 | 1,720,315 | 512,969 | 1,114,660 |
| T-Conn Precision Corporation (TPE) | <u>101,318</u> | <u>623,649</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 4,506,107</u> | <u>9,338,589</u> | <u>4,305,514</u> | <u>8,082,383</u> |

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- 2) For the years ended December 31, 2021 and 2020, the share of profits and other comprehensive income of associates recognized by the Company were as follows:

| | <u>2021</u> | <u>2020</u> |
|------------------------------|-------------------|-----------------|
| Attributable to the Company: | | |
| Net profit | \$ 451,727 | 433,351 |
| Other comprehensive income | <u>(62,151)</u> | <u>(13,604)</u> |
| Comprehensive income | <u>\$ 389,576</u> | <u>419,747</u> |

- 3) The financial information on associates was as follows (before being adjusted to the Company's proportionate share):

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-------------------|------------------------------|------------------------------|
| Total assets | <u>\$ 51,356,075</u> | <u>44,146,602</u> |
| Total liabilities | <u>\$ 30,724,851</u> | <u>24,456,557</u> |

| | <u>2021</u> | <u>2020</u> |
|---------|----------------------|-------------------|
| Revenue | <u>\$ 76,244,081</u> | <u>68,760,370</u> |
| Profit | <u>\$ 1,739,950</u> | <u>1,874,126</u> |

(iii) Collateral

As of December 31, 2021 and 2020 the investments in aforementioned equity-accounted investees were not pledged.

(iv) Judgement of whether the Group has substantive control over its investees

Although the Company was the first major shareholder of some of its associates, the Company failed to obtain more than half of the total number of their directors. It also failed to reach any contractual agreement with the other investors to align and exercise other voting rights. Therefore, the Company only has significant influence, but not control, over its associates.

- (v) The Company intended to dispose its entire shareholdings in WEKS and WJC to Luxshare Precision Industry Co. Ltd. based on the resolution approved during the Board meeting held in July 2020. The above disposals of \$12,018,229 had been reclassified as held-for-sale as of December 31, 2020, based on the book value of the equity-accounted investments. The Company disposed the aforesaid subsidiaries in January 2021, which resulted in losing control of subsidiaries. The detailed information please refer to the Note 6(k) of the consolidated financial statements for the year ended December 31, 2021.

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Notes to the Parent Company Only Financial Statements

(i) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows,

| | Land | Building and improvements | Machinery and equipment | Molding equipment | Research and development equipment | Office equipment | Other equipment | Total |
|--|---------------------|---------------------------|-------------------------|-------------------|------------------------------------|------------------|-----------------|-------------------|
| Cost or deemed cost: | | | | | | | | |
| Balance at January 1, 2021 | \$ 2,810,384 | 2,345,816 | 1,842,998 | 10,192,038 | 2,051,321 | 895,496 | 489,207 | 20,627,260 |
| Additions | - | 16,656 | 414,200 | 14,862 | 214,011 | 45,585 | 219,357 | 924,671 |
| Reclassification (Note) | - | - | 169,953 | 36,501 | 35,644 | 36 | - | 242,134 |
| Disposals | - | (530) | (199,620) | (4,430,812) | (41,493) | (75,342) | (1,805) | (4,749,602) |
| Balance at December 31, 2021 | <u>\$ 2,810,384</u> | <u>2,361,942</u> | <u>2,227,531</u> | <u>5,812,589</u> | <u>2,259,483</u> | <u>865,775</u> | <u>706,759</u> | <u>17,044,463</u> |
| Balance at January 1, 2020 | \$ 2,810,384 | 2,188,341 | 969,584 | 11,764,111 | 2,021,618 | 901,346 | 360,429 | 21,015,813 |
| Additions | - | 90,201 | 922,518 | 7,752 | 194,481 | 58,330 | 127,613 | 1,400,895 |
| Reclassification (Note) | - | 68,554 | 32,579 | 62,418 | 16,281 | 6,399 | 3,671 | 189,902 |
| Reclassified from expenses (as expenses) | - | (1,280) | 659 | - | (2,959) | (12) | 285 | (3,307) |
| Disposals | - | - | (82,342) | (1,642,243) | (178,100) | (70,567) | (2,791) | (1,976,043) |
| Balance at December 31, 2020 | <u>\$ 2,810,384</u> | <u>2,345,816</u> | <u>1,842,998</u> | <u>10,192,038</u> | <u>2,051,321</u> | <u>895,496</u> | <u>489,207</u> | <u>20,627,260</u> |
| Accumulated depreciation: | | | | | | | | |
| Balance at January 1, 2021 | \$ - | 829,161 | 630,892 | 10,147,785 | 1,720,900 | 782,599 | 330,953 | 14,442,290 |
| Depreciation | - | 100,337 | 251,821 | 73,282 | 154,050 | 44,492 | 105,773 | 729,755 |
| Disposals | - | (530) | (76,200) | (4,430,812) | (38,394) | (75,319) | (1,781) | (4,623,036) |
| Reclassification | - | (58) | - | - | - | - | 58 | - |
| Balance at December 31, 2021 | <u>\$ -</u> | <u>928,910</u> | <u>806,513</u> | <u>5,790,255</u> | <u>1,836,556</u> | <u>751,772</u> | <u>435,003</u> | <u>10,549,009</u> |
| Balance at January 1, 2020 | \$ - | 746,583 | 601,629 | 11,749,116 | 1,794,328 | 817,397 | 267,293 | 15,976,346 |
| Depreciation | - | 82,578 | 108,266 | 40,912 | 104,615 | 35,769 | 66,451 | 438,591 |
| Disposals | - | - | (79,003) | (1,642,243) | (178,043) | (70,567) | (2,791) | (1,972,647) |
| Balance at December 31, 2020 | <u>\$ -</u> | <u>829,161</u> | <u>630,892</u> | <u>10,147,785</u> | <u>1,720,900</u> | <u>782,599</u> | <u>330,953</u> | <u>14,442,290</u> |
| Carrying value: | | | | | | | | |
| Balance at December 31, 2021 | <u>\$ 2,810,384</u> | <u>1,433,032</u> | <u>1,421,018</u> | <u>22,334</u> | <u>422,927</u> | <u>114,003</u> | <u>271,756</u> | <u>6,495,454</u> |
| Balance at December 31, 2020 | <u>\$ 2,810,384</u> | <u>1,516,655</u> | <u>1,212,106</u> | <u>44,253</u> | <u>330,421</u> | <u>112,897</u> | <u>158,254</u> | <u>6,184,970</u> |
| Balance at January 1, 2020 | <u>\$ 2,810,384</u> | <u>1,441,758</u> | <u>367,955</u> | <u>14,995</u> | <u>227,290</u> | <u>83,949</u> | <u>93,136</u> | <u>5,039,467</u> |

(Note): Reclassifications are mainly transferring from other non-current assets-advance payments for equipment.

As of December 31, 2021 and 2020, the property, plant and equipment were not pledged.

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(j) Right-of-use assets

The Company leased many assets including land, buildings and improvements, office equipment, transportation and other equipment. Information about leases for which the Company as a lessee was as below:

| | Land | Building | Office equipment | Transportation equipment | Other equipment | Total |
|------------------------------|---------------------|------------------|------------------|--------------------------|-----------------|------------------|
| Cost: | | | | | | |
| Balance at January 1, 2021 | \$ 113,240 | 759,339 | 27,041 | 50,264 | 5,273 | 955,157 |
| Addition | 1,134,020 | 494,603 | 17,844 | 30,657 | 6,863 | 1,683,987 |
| Decrease | - | (136,794) | - | (4,226) | - | (141,020) |
| Balance at December 31, 2021 | <u>\$ 1,247,260</u> | <u>1,117,148</u> | <u>44,885</u> | <u>76,695</u> | <u>12,136</u> | <u>2,498,124</u> |
| Balance at January 1, 2020 | \$ 113,240 | 676,925 | 24,144 | 43,580 | 4,345 | 862,234 |
| Addition | - | 275,023 | 2,897 | 17,241 | 1,508 | 296,669 |
| Decrease | - | (192,609) | - | (10,557) | (580) | (203,746) |
| December 31, 2020 | <u>\$ 113,240</u> | <u>759,339</u> | <u>27,041</u> | <u>50,264</u> | <u>5,273</u> | <u>955,157</u> |
| Accumulated depreciation: | | | | | | |
| Balance at January 1, 2021 | \$ 59,864 | 380,429 | 10,326 | 21,047 | 2,259 | 473,925 |
| Depreciation | 15,400 | 253,684 | 8,012 | 18,653 | 2,248 | 297,997 |
| Decrease | - | (126,458) | - | (1,761) | - | (128,219) |
| Balance at December 31, 2021 | <u>\$ 75,264</u> | <u>507,655</u> | <u>18,338</u> | <u>37,939</u> | <u>4,507</u> | <u>643,703</u> |
| Balance at January 1, 2020 | \$ 53,988 | 388,144 | 4,132 | 16,852 | 1,771 | 464,887 |
| Depreciation | 5,876 | 184,237 | 6,194 | 12,476 | 1,068 | 209,851 |
| Decrease | - | (191,952) | - | (8,281) | (580) | (200,813) |
| December 31, 2020 | <u>\$ 59,864</u> | <u>380,429</u> | <u>10,326</u> | <u>21,047</u> | <u>2,259</u> | <u>473,925</u> |
| Carrying amount: | | | | | | |
| Balance at December 31, 2021 | <u>\$ 1,171,996</u> | <u>609,493</u> | <u>26,547</u> | <u>38,756</u> | <u>7,629</u> | <u>1,854,421</u> |
| Balance at December 31, 2020 | <u>\$ 53,376</u> | <u>378,910</u> | <u>16,715</u> | <u>29,217</u> | <u>3,014</u> | <u>481,232</u> |
| Balance at January 1, 2020 | <u>\$ 59,252</u> | <u>288,781</u> | <u>20,012</u> | <u>26,728</u> | <u>2,574</u> | <u>397,347</u> |

(k) Intangible assets

The cost and amortization of the intangible assets for the years ended December 31, 2021 and 2020 were as follows:

| | Patent | Software | Goodwill | Total |
|------------------------------|-------------------|----------------|----------------|------------------|
| Costs: | | | | |
| Balance at January 1, 2021 | \$ 265,896 | 565,412 | 561,485 | 1,392,793 |
| Additions | 48,272 | 296,708 | - | 344,980 |
| Disposal | (170,729) | (337,696) | - | (508,425) |
| Balance at December 31, 2021 | <u>\$ 143,439</u> | <u>524,424</u> | <u>561,485</u> | <u>1,229,348</u> |
| Balance at January 1, 2020 | \$ 265,896 | 531,265 | 561,485 | 1,358,646 |
| Additions | - | 288,204 | - | 288,204 |
| Disposal | - | (254,057) | - | (254,057) |
| Balance at December 31, 2020 | <u>\$ 265,896</u> | <u>565,412</u> | <u>561,485</u> | <u>1,392,793</u> |

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| | Patent | Software | Goodwill | Total |
|------------------------------|-------------------|----------------|----------------|----------------|
| Accumulated amortization: | | | | |
| Balance at January 1, 2021 | \$ 242,048 | 337,171 | - | 579,219 |
| Amortization | 22,501 | 253,066 | - | 275,567 |
| Disposal | (170,729) | (337,696) | - | (508,425) |
| Balance at December 31, 2021 | <u>\$ 93,820</u> | <u>252,541</u> | <u>-</u> | <u>346,361</u> |
| Balance at January 1, 2020 | \$ 222,573 | 365,863 | - | 588,436 |
| Amortization | 19,475 | 225,365 | - | 244,840 |
| Disposal | - | (254,057) | - | (254,057) |
| Balance at December 31, 2020 | <u>\$ 242,048</u> | <u>337,171</u> | <u>-</u> | <u>579,219</u> |
| Carrying amount: | | | | |
| Balance at December 31, 2021 | <u>\$ 49,619</u> | <u>271,883</u> | <u>561,485</u> | <u>882,987</u> |
| Balance at December 31, 2020 | <u>\$ 23,848</u> | <u>228,241</u> | <u>561,485</u> | <u>813,574</u> |
| Balance at January 1, 2020 | <u>\$ 43,323</u> | <u>165,402</u> | <u>561,485</u> | <u>770,210</u> |

(i) Impairment testing for goodwill

- 1) For the Company's impairment testing purpose, goodwill had been allocated to the operating units testing purpose. The units were the minimum level for the Company to supervise goodwill, and its level was not higher than Company's operating divisions.

The carrying amounts of goodwill were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| Developing and manufacturing services cash-generating units | <u>\$ 561,485</u> | <u>561,485</u> |

- 2) The recoverable amount of developing and manufacturing services cash-generating unit (CGU) was based on its value-in-use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of the value in use were as follows:

| | December 31, 2021 | December 31, 2020 |
|-------------------------|----------------------|----------------------|
| Revenue growth rate | 6.01 % | 6.78 % |
| After-tax discount rate | 2.74 % | 4.30 % |

The key assumptions represented the management's evaluation of the future industry trends, and of which, the external, internal and also historical information, were considered. There was no impairment occurred as of December 31, 2021 and 2020.

(ii) Collateral

As of December 31, 2021 and 2020, the intangible assets were not pledged.

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(l) Other current assets and non-current assets

| | December 31, 2021 | December 31, 2020 |
|--------------------------------|----------------------|----------------------|
| (i) Other current assets: | | |
| Other receivables, net | \$ 4,259,014 | 3,671,873 |
| Tax refundable | 117,769 | 73,217 |
| Prepaid royalties | 226,496 | 283,301 |
| Other prepayments | 313,237 | 163,811 |
| Current restricted assets | 384,053 | - |
| Others | 10,189 | 603 |
| | <u>\$ 5,310,758</u> | <u>4,192,805</u> |
| (ii) Other non-current assets: | | |
| Advance payments for equipment | \$ 30,369 | 33,520 |
| Investment property | 167,579 | 171,324 |
| Others | 381,133 | 272,954 |
| | <u>\$ 579,081</u> | <u>477,798</u> |

- Investment property comprised land and office buildings that were leased to the subsidiary under operating leases, including properties that are owned by the Company. The leases of investment properties contained an initial non-cancellable lease term of 9 years. The leases provided the lessees with options to extend at the end of the term.

- 1) The cost and accumulated depreciation of investment property for the years ended December 31, 2021 and 2020, were as follows:

| | Owned property | | |
|--|------------------|----------------|----------------|
| | Land | Buildings | Total |
| Cost: | | | |
| Balance at December 31, 2021 (same as balance at January 1, 2021) | <u>\$ 51,477</u> | <u>185,708</u> | <u>237,185</u> |
| Balance at December 31, 2020 (same as balance at January 1, 2020) | <u>\$ 51,477</u> | <u>185,708</u> | <u>237,185</u> |
| Accumulated depreciation: | | | |
| Balance at January 1, 2021 | \$ - | 65,861 | 65,861 |
| Depreciation | - | 3,745 | 3,745 |
| Balance at December 31, 2021 | <u>\$ -</u> | <u>69,606</u> | <u>69,606</u> |
| Balance at January 1, 2020 | \$ - | 62,116 | 62,116 |
| Depreciation | - | 3,745 | 3,745 |
| Balance at December 31, 2020 | <u>\$ -</u> | <u>65,861</u> | <u>65,861</u> |

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WISTRON CORPORATION
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| | Owned property | | Total |
|------------------------------|-----------------------|------------------|----------------|
| | Land | Buildings | |
| Carrying amount: | | | |
| Balance at December 31, 2021 | \$ <u>51,477</u> | <u>116,102</u> | <u>167,579</u> |
| Balance at December 31, 2020 | \$ <u>51,477</u> | <u>119,847</u> | <u>171,324</u> |
| Balance at January 1, 2020 | \$ <u>51,477</u> | <u>123,592</u> | <u>175,069</u> |

- 2) Rental income and direct operating expenses arising from investment property that generate rental income were as follows:

| | 2021 | 2020 |
|--|-----------------|--------------|
| Rent income | \$ <u>6,129</u> | <u>6,129</u> |
| Direct operating expense arising from investment property that generated rental income | \$ <u>3,745</u> | <u>3,745</u> |

- 3) The fair value of the investment property was measured as the cash flows the Company expected to receive, and which was discounted with a particular interest rate to reflect the market price. The yields applied to the net annual rentals used to determine the fair value of properties were 0.3% for the years ended December 31, 2021 and 2020.
- 4) As of December 31, 2021 and 2020, the investment property was not pledged.

(m) Bank loans

(i) Short-term loans

| | December 31, 2021 | | | |
|----------------------|--------------------------|------------------------------|---------------------|----------------------|
| | Currency | Interest rate collars | Expiration | Amount |
| Unsecured bank loans | USD | 0.57%~0.90% | 2022/1/3~2022/3/18 | \$ 61,181,079 |
| Unsecured bank loans | NTD | 0.75%~0.87% | 2022/1/3~2022/2/22 | 21,580,000 |
| Unsecured bank loans | EUR | 0.63% | 2022/1/13~2022/1/25 | 217,030 |
| Unsecured bank loans | CNY | 3.54%~3.90% | 2022/1/6 | 106,099 |
| Unsecured bank loans | AUD | 0.80% | 2022/1/14 | 60,134 |
| Total | | | | \$ <u>83,144,342</u> |
| Unused credit line | | | | \$ <u>39,141,661</u> |

| | December 31, 2020 | | | |
|----------------------|--------------------------|------------------------------|--------------------|----------------------|
| | Currency | Interest rate collars | Expiration | Amount |
| Unsecured bank loans | USD | 0.58%~1.26% | 2021/1/4~2021/2/18 | \$ 54,533,704 |
| Unsecured bank loans | NTD | 0.6%~1.02% | 2021/1/4~2021/3/30 | 12,579,900 |
| Unsecured bank loans | EUR | 0.65% | 2021/1/13 | 59,533 |
| Total | | | | \$ <u>67,173,137</u> |
| Unused credit line | | | | \$ <u>49,083,524</u> |

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(ii) Long-term loans

| | December 31, 2021 | | | |
|-----------------------|--------------------------|------------------------------|--------------------|----------------------|
| | Currency | Interest rate collars | Expiration | Amount |
| Unsecured bank loans | USD | 0.7%~1.17% | 2022/3/7~2024/3/10 | \$ 24,455,598 |
| Less: current portion | | | | (1,218,360) |
| Total | | | | \$ <u>23,237,238</u> |
| Unused credit line | | | | \$ <u>2,396,840</u> |

| | December 31, 2020 | | | |
|----------------------|--------------------------|------------------------------|--------------------|----------------------|
| | Currency | Interest rate collars | Expiration | Amount |
| Unsecured bank loans | USD | 0.75%~1.25% | 2022/3/7~2023/5/23 | \$ 18,352,308 |
| Unsecured bank loans | NTD | 0.6%~0.78% | 2022/7/23 | 1,980,000 |
| Total | | | | \$ <u>20,332,308</u> |
| Unused credit line | | | | \$ <u>446,288</u> |

(iii) Breach of covenant

On May 23, 2018, the Company entered into a 3-year loan agreement with Mega Bank (the lead bank) and 21 other participating banks, and which was extended on December 25, 2020, with significant terms as follows:

Total credit facility: USD450,000,000

Maturity date: The date 3 years after the first drawdown date, which should be within 6 months from the date the agreement was signed.

Availability period: Since the facility is revolving, each availability period should be more than 2 months and less than 6 months.

On December 31, 2019, the Company entered into a 3-year loan agreement with Mega Bank (the lead bank) and 8 other participating banks, with significant terms as follows:

Total credit facility: USD360,000,000

Maturity date: The date 3 years after the first drawdown date, which should be within 6 months from the date the agreement was signed.

Availability period: Since the facility is revolving, each availability period should be more than 2 months and less than 6 months.

According to the loan agreement, during the loan repayment periods, the Company must comply with certain financial covenants, such as current ratio, debt ratio, interest coverage ratio and tangible net assets, based on its audited annual consolidated financial statements and reviewed semi-annual consolidated financial statements. If a breach of contract occurs, the Company's credit facility will immediately be restricted and will no longer be available for use without the approval of the majority of banks involved.

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Notes to the Parent Company Only Financial Statements

(iv) The interest expenses for short-term and long-term loans for the years ended December 31, 2021 and 2020, were disclosed in Note 6(v).

(n) Lease liabilities

| | December 31, 2021 | December 31, 2020 |
|-------------|----------------------|----------------------|
| Current | \$ <u>291,158</u> | <u>193,487</u> |
| Non-current | \$ <u>1,274,736</u> | <u>285,193</u> |

For the disclosure of maturity analysis, please refer to Note 6(x).

The amounts recognized in profit or loss were as follows:

| | 2021 | 2020 |
|--|------------------|---------------|
| Interest on lease liabilities | \$ <u>23,412</u> | <u>7,705</u> |
| Variable lease payments not included in the measurement of lease liabilities | \$ <u>28,179</u> | <u>18,279</u> |
| Expenses relating to short term lease | \$ <u>11,286</u> | <u>15,807</u> |
| Expenses relating to leases of low-value assets | \$ <u>80</u> | <u>-</u> |

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

| | 2021 | 2020 |
|-------------------------------|-------------------|----------------|
| Total cash outflow for leases | \$ <u>647,436</u> | <u>249,715</u> |

(i) Leases of land, buildings and equipment

As of December 31, 2021, the Company leased land, buildings for its office spaces, factories, warehouses and staff dormitories. The leases of land ran for 20 to 40 years, and of buildings typically for 1 to 8 years. Furthermore, the Company leased office equipment, other equipment and transportation equipment, with lease terms typically for 1 to 5 years. Some leases contained extension options. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period were not included within lease liabilities.

As of December 31, 2021, there was not the occurrence of either a significant event or a significant change in circumstances and the reassessment of the lease required.

(ii) Other leases

In some cases, the Company also leased buildings, office equipment and transportation equipment with contract terms less than one year. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

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(o) Operating leases

The Company leased a number of offices, factories and facilities under operating leases. The Company had classified these leases as operating leases, since which was not transferred substantially all of the risks and rewards incidental to the ownership of the assets. For the years ended December 31, 2021 and 2020, rental income recognized in profit or loss, were \$41,360 and \$33,891, respectively.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

| | December 31, 2021 | December 31, 2020 |
|-----------------------------------|----------------------|----------------------|
| Less than one year | \$ 7,962 | 8,672 |
| Between one to five years | 31,156 | 33,987 |
| More than five years | <u>26,307</u> | <u>34,096</u> |
| Total undiscounted lease payments | \$ <u>65,425</u> | <u>76,755</u> |

(p) Employee benefits

(i) Defined benefit plans

The movements in the present value of the defined benefit obligations and net defined benefit liabilities were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Present value of defined benefit obligations | \$ 2,215,200 | 2,187,498 |
| Fair value of plan assets | <u>(1,206,402)</u> | <u>(1,151,677)</u> |
| Net defined benefit liabilities | \$ <u>1,008,798</u> | <u>1,035,821</u> |

The Company made defined benefit plan contributions to the pension fund accounts with Bank of Taiwan and Taipei Fubon Commercial Bank that provided pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitled a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocated 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.

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The Company's labor pension reserve account balance in Bank of Taiwan and Taipei Fubon Commercial Bank amounted to \$1,206,402 and \$1,151,677 as of December 31, 2021 and 2020, respectively. The utilization of the labor pension fund assets of the domestic entities of the Company included the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) The movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|------------------|
| Balance at January 1 | \$ 2,187,498 | 1,998,728 |
| Current service cost and interests | 21,493 | 30,534 |
| Benefit paid by the Company | (55,446) | (43,441) |
| Benefit paid by the plan | (59,056) | (74,303) |
| Net remeasurements of defined benefit liabilities | | |
| -Actuarial losses arising from changes in financial assumptions | - | 225,936 |
| -Experience adjustments | 65,078 | 50,044 |
| -Losses arising from changes in demographic assumptions | 55,633 | - |
| Balance at December 31 | <u>\$ 2,215,200</u> | <u>2,187,498</u> |

3) The movements in the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|------------------|
| Fair value of plan assets at January 1 | \$ 1,151,677 | 1,002,786 |
| Contribution paid by the Company | 95,959 | 186,892 |
| Benefit paid by the plan | (59,056) | (74,303) |
| Expected return on plan assets | 6,954 | 11,165 |
| Net remeasurements of defined benefit liabilities | | |
| >Returns on plan assets | 10,868 | 25,137 |
| Balance at December 31 | <u>\$ 1,206,402</u> | <u>1,151,677</u> |

(Continued)

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2021 and 2020, were as follow:

| | <u>2021</u> | <u>2020</u> |
|---|------------------|---------------|
| Current service cost | \$ 8,204 | 8,396 |
| Net interest on the net defined benefit liabilities | 13,289 | 22,138 |
| Net remeasurements of defined benefit liabilities | | |
| -Loss on plan assets | 10,868 | 25,137 |
| Accrual returns on plan assets | (17,822) | (36,302) |
| | <u>\$ 14,539</u> | <u>19,369</u> |
| | <u>2021</u> | <u>2020</u> |
| Cost of sales | \$ 10,327 | 9,926 |
| Selling expenses | 1,140 | 1,481 |
| Administrative expenses | 2,080 | 3,931 |
| Research and development expenses | 992 | 4,031 |
| | <u>\$ 14,539</u> | <u>19,369</u> |

5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income

As of December 31, 2021 and 2020, the Company's remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

| | <u>2021</u> | <u>2020</u> |
|----------------------------|---------------------|----------------|
| Balance at January 1 | \$ 892,558 | 641,715 |
| Recognized during the year | 109,843 | 250,843 |
| Balance at December 31 | <u>\$ 1,002,401</u> | <u>892,558</u> |

6) Actuarial assumptions

The Company's principal actuarial assumptions at the reporting dates were as follows:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-------------------------|--------------------------|--------------------------|
| Discount rate | 0.625 % | 0.625 % |
| Future salary increases | 3.500 % | 3.500 % |

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after December 31, 2021 was \$45,476.

The weighted average lifetime of the defined benefits plans was 14.02 years.

(Continued)

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7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

| | Effects to the defined benefit obligation | |
|-------------------------|--|-----------------------|
| | Increase 0.25% | Decrease 0.25% |
| December 31, 2021 | | |
| Discount rate | \$ (58,550) | 60,776 |
| Future salary increases | 57,898 | (56,130) |
| December 31, 2020 | | |
| Discount rate | (60,793) | 63,285 |
| Future salary increases | 60,318 | (58,307) |

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

The method and assumptions used on current sensitivity analysis was the same as those of the prior year.

(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 the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside \$473,544 and \$425,680 of the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2021 and 2020, respectively.

(q) Income Taxes

(i) Income tax expense

1) The details of income tax expense (benefit) for the years ended December 31, 2021 and 2020, were as follows:

| | 2021 | 2020 |
|--|-------------------|-----------------|
| Current tax expense (benefit) | | |
| Current period | \$ (17,823) | 597,742 |
| Prior period adjustments | (5,652) | 15,806 |
| | <u>(23,475)</u> | <u>613,548</u> |
| Deferred tax expense (benefit) | | |
| Origination and reversal of temporary difference | 318,526 | (633,098) |
| Income tax expense (benefit) | <u>\$ 295,051</u> | <u>(19,550)</u> |

(Continued)

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2) The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

| | 2021 | 2020 |
|--|---------------|----------------|
| Items that will not be reclassified subsequently to profit or loss: | | |
| Remeasurements of the net defined benefit plans | \$ (21,969) | (50,169) |
| Unrealized gains (losses) on equity instruments at fair value through other comprehensive income | 35,561 | (47,824) |
| | <u>13,592</u> | <u>(2,345)</u> |

3) The reconciliation of income tax expense (benefit) and profit before tax for the years ended December 31, 2021 and 2020 were as follows:

| | 2021 | 2020 |
|--|----------------------|------------------|
| Profit before tax | <u>\$ 10,763,081</u> | <u>8,662,212</u> |
| Estimated income tax calculated based on financial income before tax at the Company's statutory tax rate | | |
| | \$ 2,152,616 | 1,732,442 |
| Tax-exempt income | (839,621) | (901,733) |
| Prior-period tax adjustments | (5,652) | 15,806 |
| Change in unrecognized temporary differences | (1,014,592) | (918,069) |
| Others | 2,300 | 52,004 |
| | <u>\$ 295,051</u> | <u>(19,550)</u> |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

a) Unrecognized deferred income tax assets

| | December 31, 2021 | December 31, 2020 |
|----------------------------------|--------------------------|--------------------------|
| Deductible temporary differences | <u>\$ 2,465,464</u> | <u>1,383,228</u> |

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b) Unrecognized deferred tax assets and liabilities on investments

As of December 31, 2021 and 2020, the temporary differences associated with investments in subsidiaries which not recognized as deferred income tax assets and liabilities were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| The temporary differences associated with investment in subsidiaries (tax amount): | | |
| Unrecognized deferred tax assets | \$ 1,571,851 | 1,142,968 |
| Unrecognized deferred tax liabilities | \$ 7,074,468 | 4,977,640 |

2) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

| | Recognized share of loss of subsidiaries and associates accounted for equity method | Unrealized exchange loss | Refund liability | Allowance for inventory obsolescence and accrued expenses | Unearned revenue | Others | Total |
|--|---|--------------------------------|---------------------|---|---------------------|----------------|------------------|
| Deferred tax assets: | | | | | | | |
| Balance at January 1, 2021 | \$ 409,107 | - | 2,600,917 | 481,426 | 907,021 | 858,256 | 5,256,727 |
| Recognized in profit or loss | (223,720) | - | 237,886 | (75,187) | (212,085) | 31,300 | (241,806) |
| Recognized in other comprehensive income | - | - | - | - | - | 22,050 | 22,050 |
| Balance at December 31, 2021 | \$ 185,387 | - | 2,838,803 | 406,239 | 694,936 | 911,606 | 5,036,971 |
| Balance at January 1, 2020 | \$ 409,107 | 131,705 | 1,704,095 | 417,766 | 910,554 | 811,735 | 4,384,962 |
| Recognized in profit or loss | - | (131,705) | 896,822 | 63,660 | (3,533) | 38,703 | 863,947 |
| Recognized in other comprehensive income | - | - | - | - | - | 7,818 | 7,818 |
| Balance at December 31, 2020 | \$ 409,107 | - | 2,600,917 | 481,426 | 907,021 | 858,256 | 5,256,727 |
| Deferred tax liabilities: | | | | | | | |
| Balance at January 1, 2021 | \$ 2,187,370 | - | 318,891 | - | 214,762 | - | 2,721,023 |
| Recognized in profit or loss | (134,586) | - | 223,648 | - | (12,342) | - | 76,720 |
| Recognized in other comprehensive income | - | - | - | - | 35,642 | - | 35,642 |
| Balance at December 31, 2021 | \$ 2,052,784 | - | 542,539 | - | 238,062 | - | 2,833,385 |
| Balance at January 1, 2020 | \$ 2,379,004 | - | - | - | 105,697 | - | 2,484,701 |
| Recognized in profit or loss | (191,634) | - | 318,891 | - | 103,592 | - | 230,849 |
| Recognized in other comprehensive income | - | - | - | - | 5,473 | - | 5,473 |
| Balance at December 31, 2020 | \$ 2,187,370 | - | 318,891 | - | 214,762 | - | 2,721,023 |

(iii) The Company's tax returns for the years through 2019 were examined and approved by the Taiwan National Tax Administration.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(r) Capital and Other Equities

(i) Capital

As of December 31, 2021 and 2020, the Company's authorized ordinary shares consisted of 4,000,000,000 shares, with a par value of \$10 per share, of which 2,903,252,000 and 2,840,612,000 shares, respectively, were issued and outstanding.

The Company issued 63,000,000 new restricted shares, amounting to \$630,000, to its employees based on a resolution decided during the shareholders' meeting held on June 18, 2020, with the record date set on February 18, 2021, upon the Board's approval. The relevant registration procedures had been completed. However, the Company retired 240,000 and 120,000 restricted shares, amounting to \$2,400 and \$1,200 respectively, as resolved at the meeting of the Board of Directors on August 5, 2021 and November 5, 2021, respectively. The relevant registration procedures had been completed as of the reporting date.

(ii) Treasury Shares

1) In order to motivate the employees and improve the operating performance, the Company's Board of Directors approved a resolution to repurchase its own common stock as treasury shares in accordance with the requirements under section 28(2) of the Securities and Exchange Act on March 24, 2020. As of December 31, 2021, the treasury shares the Company repurchased were 58,769,000 shares with the total amounts of \$1,607,259.

2) Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within five years from the date of share repurchase. Those that were not transferred within the said limit shall be deemed as not issued by the Company and should be cancelled. Furthermore, treasury shares cannot be pledged for debts, and treasury shares do not carry any shareholder rights until they are transferred.

(iii) Capital surplus

Balances of capital surplus at the reporting dates were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|------------------------------|------------------------------|
| A premium issuance of common stock in exchange for the net assets of the DMS business of AI | \$ 1,800,000 | 1,800,000 |
| A premium issuance of common shares for cash | 20,223,928 | 20,223,928 |
| Surplus arising from equity-accounted investees | 6,174,363 | 2,484,466 |
| Restricted shares to employees | 381,944 | 1,008,344 |
| Employee stock options | 109,898 | 109,898 |
| Transaction of treasury shares | 57,257 | 57,257 |
| Other | 87,134 | 76,118 |
| | \$ 28,834,524 | 25,760,011 |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

In accordance with Companies Act, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(iv) Retained Earning

The Company's Articles of Incorporation provide that, when allocating the net profit for each fiscal year, the Company shall first offset its losses in previous years and then set aside the legal reserve at 10% of net profit until the accumulated legal reserve equals the Company's capital; and also set aside special capital reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 10% of the remaining earnings. The appropriations of earnings are approved by the Company's Board of Directors in its meeting and presented for approval by the Company's shareholders in its meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

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

On November 21, 2012, the other unearned remuneration for restricted employee shares was not accounted for as contra account of other shareholders' equity in accordance with Decree No.1010051600 issued by the Securities and Futures Bureau.

3) Dividends

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of stock dividend is not lower than ten percent of total distribution of dividends.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

4) Earnings Distribution

The appropriations of 2020 and 2019 earnings have been approved during by the shareholders' meeting held on July 20, 2021 and June 18, 2020, respectively. The appropriations were as follows:

| | 2020 | 2019 |
|----------------|---------------------|------------------|
| Cash dividends | \$ 6,258,655 | 5,681,224 |

5) Other equity (net of tax)

| | Exchange differences on translation of foreign financial statements | | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | | Deferred compensation arising from issuance of restricted shares |
|--|---|------------------|------------------|---|------------------|-----------------|--|
| | The Company | Subsidiaries | Associates | The Company | Subsidiaries | Associates | |
| | The Company | Subsidiaries | Associates | The Company | Subsidiaries | Associates | |
| Balance at January 1, 2021 | \$ (5,943,716) | (323,652) | (258,415) | 603,038 | (886,615) | (37,161) | (999,742) |
| Foreign currency translation differences (net of tax) | (2,094,753) | (50,179) | (72,046) | - | - | - | - |
| Disposal of part of the equity of the subsidiary company | 10,810 | 525 | - | 2 | 2 | - | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. | - | - | - | (268,076) | 643,314 | 3,499 | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income. | - | - | - | 37,281 | (154,506) | - | - |
| Deferred compensation arising from issuance of restricted shares | - | - | - | - | - | - | 348,855 |
| Balance at December 31, 2021 | \$ (8,027,659) | (373,306) | (330,461) | 372,245 | (397,805) | (33,662) | (650,887) |
| | | | | | | | |
| | Exchange differences on translation of foreign financial statements | | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | | Deferred compensation arising from issuance of restricted shares |
| | The Company | Subsidiaries | Associates | The Company | Subsidiaries | Associates | |
| | The Company | Subsidiaries | Associates | The Company | Subsidiaries | Associates | |
| Balance at January 1, 2020 | \$ (2,064,834) | (649,335) | (238,012) | 528,472 | (1,060,364) | (52,051) | - |
| Foreign currency translation differences (net of tax) | (3,878,882) | 325,683 | (20,403) | - | - | - | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. | - | - | - | (169,244) | 77,853 | 14,890 | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income. | - | - | - | 243,810 | 95,896 | - | - |
| Deferred compensation arising from issuance of restricted shares | - | - | - | - | - | - | (999,742) |
| Balance at December 31, 2020 | \$ (5,943,716) | (323,652) | (258,415) | 603,038 | (886,615) | (37,161) | (999,742) |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(s) Share-based payment

(i) Restricted shares to employees

- 1) A resolution was approved during the shareholders' meeting on June 18, 2020, for a capital increase, wherein the Company issued 63,000,000 new shares of restricted stocks to those full-time employees who meet the Company's requirements. The above transaction had been registered with, and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. Furthermore, on December 23, 2020, the Board of Directors approved to issue all the restricted stocks, with the issuance date set on February 18, 2021, wherein the fair value on the grant date amounted to \$30 per share. However, the Company retired 240,000 and 120,000 restricted shares, amounting to \$2,400 and \$1,200, respectively, as resolved at the meeting of the Board of Directors on August 5, 2021 and November 5, 2021, respectively. The relevant registration procedures had been completed as of the reporting date.

Those employees who were granted the restricted stock awards are entitled to purchase shares without remuneration, with the condition that these employees continue to provide services to the Company for at least 2 years, 3 years and 4 years (from the grant date), while 34%, 33% and 33% of the restricted stocks are vested respectively depending on the completion of both the Company and their personal performance in each year. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or disposed, by any other means to third parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. In addition, the appropriated dividends are also kept by a trust. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares without compensation and cancel the shares thereafter.

2) Determining the fair value of equity instruments granted

The Company adopted the Black-Scholes model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model was as follows:

| | |
|--|-----------------|
| Stock price at grant date (in dollars) | 30 |
| Exercise price (in dollars) | 0 |
| Expected life of the option | 4 years |
| Expected volatility | 28.33%~29.87% |
| Risk-free interest rate | 0.1130%~0.1505% |

- 3) The Company recognized the salary cost of \$348,855 and \$8,602 from the issuance of restricted employee shares for the years ended December 31, 2021 and 2020, respectively.
- 4) The Company has recovered the cash dividends of \$528 distributed this year for those employees who did not meet the vesting conditions in August 2021. The relevant registration procedures had been completed.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Treasury shares transfer to employees

- 1) The Company transferred 58,769,000 shares repurchased in 2020 to employees based on the resolution approved during the Board meeting held on November 12, 2020. The treasury shares were granted to the full-time employees of the subsidiary at home and aboard who meet the specific requirement
- 2) The Company adopted the Black-Sholes model to calculate the fair value of the treasury shares at the grant date. The assumptions adopted in this valuation model were as follows:

| | <u>2020</u> |
|--|-------------|
| Fair value at grant date (in dollars) | 1.87 |
| Stock price at grant date (in dollars) | 29.20 |
| Exercise price (in dollars) | 27.35 |
| Expected life of the option | 0.03 year |
| Expected volatility | 28.224% |
| Risk-free interest rate | 0.2907% |

- 3) The Company recognized the compensation costs of \$109,898 for the stock option plan for the year ended December 31, 2020.

(t) Earnings per share ("EPS")

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|------------------|
| Basic earnings per share: | | |
| Net profit belonging to ordinary shareholders | <u>\$ 10,468,030</u> | <u>8,681,762</u> |
| Weighted average ordinary shares outstanding (in thousands) | <u>2,781,843</u> | <u>2,802,027</u> |
| Basic EPS (in dollars) | <u>\$ 3.76</u> | <u>3.10</u> |
| Diluted EPS: | | |
| Net profit belonging to ordinary shareholders | <u>\$ 10,468,030</u> | <u>8,681,762</u> |
| Weighted average ordinary shares outstanding (in thousands) | 2,781,843 | 2,802,027 |
| Effect of potentially dilutive ordinary shares (in thousands): | | |
| Employees' remuneration | 75,918 | 63,649 |
| Restricted shares to employees | <u>15,221</u> | <u>-</u> |
| Weighted average ordinary shares outstanding plus the effect of potentially dilutive ordinary shares (in thousands) | <u>2,872,982</u> | <u>2,865,676</u> |
| Diluted EPS (in dollars) | <u>\$ 3.64</u> | <u>3.03</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|--------------------|
| Primary geographical markets | | |
| United states | \$ 204,605,525 | 197,917,415 |
| China | 100,753,547 | 155,143,005 |
| Europe | 197,243,179 | 169,660,027 |
| Others | <u>167,838,329</u> | <u>164,965,705</u> |
| | <u>\$ 670,440,580</u> | <u>687,686,152</u> |
| Major products | | |
| Computer, Communication & Consumer electronics | \$ 568,738,872 | 559,751,398 |
| Others | <u>101,701,708</u> | <u>127,934,754</u> |
| | <u>\$ 670,440,580</u> | <u>687,686,152</u> |

(ii) Contract balances

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>January 1, 2020</u> |
|---------------------------------------|------------------------------|------------------------------|----------------------------|
| Note receivables | \$ - | - | 41,035 |
| Trade receivables | 57,640,567 | 52,172,294 | 69,480,549 |
| Trade receivables-related parties | 167,085,792 | 130,624,237 | 153,326,860 |
| Less: loss allowance | <u>(602,369)</u> | <u>(602,428)</u> | <u>(658,197)</u> |
| | <u>\$ 224,123,990</u> | <u>182,194,103</u> | <u>222,190,247</u> |
| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>January 1, 2020</u> |
| Current contract liabilities-warranty | <u>\$ 2,283,411</u> | <u>1,735,880</u> | <u>1,565,181</u> |
| Current refund liability | <u>\$ 10,434,341</u> | <u>9,560,522</u> | <u>6,177,579</u> |

For details on note and trade receivables and loss allowance, please refer to Note 6(e).

The contract liabilities were primarily related to the advance received from customers due to the warranty service. The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of both years were \$572,756 and \$577,450, respectively.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(v) Non-operating income and expenses

(i) Interest income

The details of interest income for the years ended December 31, 2021 and 2020 were as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------|------------------|---------------|
| Interest income | <u>\$ 74,049</u> | <u>81,898</u> |

(ii) Other income

The details of other income for the years ended December 31, 2021 and 2020 were as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------|-------------------|----------------|
| Dividend income | \$ 183,476 | 85,050 |
| Rental income | 41,360 | 33,891 |
| Total | <u>\$ 224,836</u> | <u>118,941</u> |

(iii) Other gain and loss

The details of other gain and loss for the years ended December 31, 2021 and 2020 were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|---------------|
| Foreign exchange gains, net | \$ 235,050 | 782,320 |
| Losses on disposal of investments, net | (1,654) | (3,495) |
| Gains on disposal of property plant and equipment, net | 16,737 | 7,178 |
| Losses on financial assets or liabilities at fair value through profit or loss, net | (20,189) | (881,086) |
| Other investment gain (loss), net | (86,540) | 265 |
| Others | 113,910 | 117,915 |
| Total | <u>\$ 257,314</u> | <u>23,097</u> |

(iv) Finance costs

| | <u>2021</u> | <u>2020</u> |
|------------------|---------------------|--------------------|
| Interest Expense | <u>\$ (970,365)</u> | <u>(1,270,967)</u> |

(w) Employees' and directors' remuneration

According to the Company's Article of Incorporation, if the Company incur profit for the year (excluding the amounts of remuneration to employees and directors), the Company shall recognize the remuneration to employees and directors by the following rules. However, if the Company have accumulated deficits, it shall reserve the amount for offsetting deficits.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- (i) The Company shall allocate not less than 5% of annual profits as employees' remuneration. The Company may distribute in the ways of shares or cash to the employees, the employees of subsidiaries of the Company, which depends on certain specific requirements determined by the Board of Directors.
- (ii) The Company shall allocate not more than 1% of annual profit as the remuneration to directors in cash.

The Company recognized the remuneration to employees and directors as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|---------------------|------------------|
| Employee's remuneration | \$ 1,921,750 | 1,546,640 |
| Directors' remuneration | 102,493 | 102,078 |
| | <u>\$ 2,024,243</u> | <u>1,648,718</u> |

The amounts were 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 were accounted for under cost of sales and operating expenses in 2021 and 2020. 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. Shares distributed as employees' remuneration were calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

The amounts, as stated in financial statements, were the same with those of actual distributions for 2021 and 2020. The remuneration to employees in 2020 was paid in cash. Related information would be available at the Market Observation Post System website.

(x) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amounts of financial assets represented the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Company's majority customers were in high-tech industries. To reduce concentration of credit risk, the Company evaluated its customers' financial positions periodically and requires its customers to provide collateral or promissory notes, if necessary. Besides, the Company periodically evaluated the recoverability of trade receivables and recognized as loss allowances for doubtful accounts. Furthermore, it bought insurance for the trade receivables. As of December 31, 2021 and 2020, 67% and 71% of the Company's trade receivables were concentrated on 5 and 6 specific customers, respectively. Therefore, the Company was exposed to credit risk.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including the impact of estimated interest payments.

| | <u>Carrying amount</u> | <u>Contractual cash flow</u> | <u>Within 1 year</u> | <u>1-5 years</u> | <u>More than 5 years</u> |
|---|------------------------|------------------------------|----------------------|-------------------|--------------------------|
| As of December 31, 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | \$ 83,144,342 | 83,214,068 | 83,214,068 | - | - |
| Note and trade payables (including related parties) | 156,334,468 | 156,334,468 | 156,334,468 | - | - |
| Other payables (including related parties) | 12,884,522 | 12,884,522 | 12,884,522 | - | - |
| Lease liabilities | 1,565,894 | 1,990,063 | 318,837 | 448,573 | 1,222,653 |
| Long-term loans (including current portion) | 24,455,598 | 24,877,367 | 1,219,953 | 23,657,414 | - |
| Subtotal | <u>278,384,824</u> | <u>279,300,488</u> | <u>253,971,848</u> | <u>24,105,987</u> | <u>1,222,653</u> |
| Derivative financial liabilities | | | | | |
| Foreign currency swap contacts: | | | | | |
| Outflow | 9,224 | 3,608,924 | 3,608,924 | - | - |
| Inflow | - | (3,599,700) | (3,599,700) | - | - |
| Carrying amount | <u>9,224</u> | <u>9,224</u> | <u>9,224</u> | <u>-</u> | <u>-</u> |
| Foreign currency forward contracts: | | | | | |
| Outflow | 18,834 | 18,834 | 18,834 | - | - |
| Carrying amount | <u>18,834</u> | <u>18,834</u> | <u>18,834</u> | <u>-</u> | <u>-</u> |
| Subtotal | <u>28,058</u> | <u>28,058</u> | <u>28,058</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 278,412,882</u> | <u>279,328,546</u> | <u>253,999,906</u> | <u>24,105,987</u> | <u>1,222,653</u> |
| As of December 31, 2020 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | \$ 67,173,137 | 67,196,070 | 67,196,070 | - | - |
| Note and trade payables (including related parties) | 130,097,841 | 130,097,841 | 130,097,841 | - | - |
| Other payables (including related parties) | 13,175,450 | 13,175,450 | 13,175,450 | - | - |
| Lease liabilities | 478,680 | 492,573 | 199,735 | 264,271 | 28,567 |
| Long-term loans | 20,332,308 | 20,869,492 | - | 20,869,492 | - |
| Subtotal | <u>231,257,416</u> | <u>231,831,426</u> | <u>210,669,096</u> | <u>21,133,763</u> | <u>28,567</u> |
| Derivative financial liabilities | | | | | |
| Foreign currency swap contacts: | | | | | |
| Outflow | 2,133 | 2,852,933 | 2,852,933 | - | - |
| Inflow | - | (2,850,800) | (2,850,800) | - | - |
| Carrying amount | <u>2,133</u> | <u>2,133</u> | <u>2,133</u> | <u>-</u> | <u>-</u> |
| Foreign currency forward contracts: | | | | | |
| Outflow | 6,444 | 6,444 | 6,444 | - | - |
| Carrying amount | <u>6,444</u> | <u>6,444</u> | <u>6,444</u> | <u>-</u> | <u>-</u> |
| Subtotal | <u>8,577</u> | <u>8,577</u> | <u>8,577</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 231,265,993</u> | <u>231,840,003</u> | <u>210,677,673</u> | <u>21,133,763</u> | <u>28,567</u> |

The Company did not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(Continued)

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(iii) Market risk

1) Currency risk

a) Exposure to currency risk

The Company's significant exposures to foreign currency risk were as follows:

| | December 31, 2021 | | | December 31, 2020 | | | | |
|------------------------------|---------------------------------|---------------|--------|---------------------------------|---------------|----------|--------|-------------|
| | Foreign currency (in thousands) | Exchange rate | TWD | Foreign currency (in thousands) | Exchange rate | TWD | | |
| Financial assets | | | | | | | | |
| Monetary items | | | | | | | | |
| USD | 8,318,690 | USD/NTD= | 27.690 | 230,344,526 | 6,625,238 | USD/NTD= | 28.508 | 188,872,282 |
| Non-monetary items | | | | | | | | |
| USD | 2,375,609 | USD/NTD= | 27.690 | 65,780,626 | 1,880,287 | USD/NTD= | 28.508 | 53,603,234 |
| Financial liabilities | | | | | | | | |
| Monetary items | | | | | | | | |
| USD | 9,410,890 | USD/NTD= | 27.690 | 260,587,540 | 7,800,236 | USD/NTD= | 28.508 | 222,369,120 |

b) Currency risk sensitivity analysis

The Company's exposure to foreign currency risk arose from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables (including related parties), other receivables (including related parties), loans, trade payables (including related parties) and other payables (including related parties) that were denominated in foreign currency.

A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD as of December 31, 2021 and 2020, would increase (decrease) the net profit after tax by \$1,209,721 and \$1,339,874, respectively. The analysis assumes that all other variables remain constant.

2) Interest analysis

The interest risk for financial liabilities of the Company would be explained in liquidity risk management stated in this note.

The following sensitivity analysis was based on the risk exposure to interest rates on non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumed the variable rate liabilities were outstanding for the whole year on the reporting date.

If the interest rate change by 25 basis points, the Company's net profit after tax would change by \$109,491 and \$112,951 for the years ended December 31, 2021 and 2020, respectively, with all other variable factors that remained constant. This was mainly due to the Company's borrowings in floating variable rate.

(Continued)

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Notes to the Parent Company Only Financial Statements

3) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting dates were performed using the same basis for the profit or loss as illustrated below:

| | 2021 | 2020 |
|--|---|---|
| Price of securities at reporting date | After-tax other comprehensive income | After-tax other comprehensive income |
| Increasing 3% | \$ <u>130,444</u> | <u>136,576</u> |
| Decreasing 3% | \$ <u>(130,444)</u> | <u>(136,576)</u> |

4) Fair value information

a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income was measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount was reasonably close to the fair value, and, disclosure of fair value information was not required:

| | December 31, 2021 | | | | |
|--|-----------------------|------------------|---------------|------------------|------------------|
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Current financial assets at fair value through profit or loss | | | | | |
| Derivative financial assets | \$ <u>9,004</u> | - | <u>9,004</u> | - | <u>9,004</u> |
| Current financial assets at fair value through other comprehensive income | | | | | |
| Trade receivables | \$ <u>2,908,099</u> | - | - | - | - |
| Non-current financial assets at fair value through other comprehensive income | | | | | |
| Equity instruments | \$ <u>4,570,830</u> | <u>3,547,570</u> | - | <u>1,023,260</u> | <u>4,570,830</u> |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | \$ 3,463,976 | - | - | - | - |
| Restricted deposits | 1,795,472 | - | - | - | - |
| Note and trade receivables (including related parties) | 221,215,891 | - | - | - | - |
| Other receivables (including related parties) | <u>7,272,220</u> | - | - | - | - |
| Subtotal | \$ <u>233,747,559</u> | - | - | - | - |
| Refundable deposits | \$ <u>373,761</u> | - | - | - | - |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | \$ <u>28,058</u> | - | <u>28,058</u> | - | <u>28,058</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

| | December 31, 2021 | | | | |
|--|-----------------------|------------------|----------------|------------------|------------------|
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term loans | \$ 83,144,342 | - | - | - | - |
| Note and trade payables (including related parties) | 156,334,468 | - | - | - | - |
| Other payables (including related parties) | 12,884,522 | - | - | - | - |
| Lease liabilities | 1,565,894 | - | - | - | - |
| Long-term loans (including current portion) | 24,455,598 | - | - | - | - |
| Subtotal | <u>\$ 278,384,824</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| December 31, 2020 | | | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Current financial assets at fair value through profit or loss | | | | | |
| Derivative financial assets | \$ 207,817 | - | 207,817 | - | 207,817 |
| Money market fund | 20,017 | - | 20,017 | - | 20,017 |
| Subtotal | <u>\$ 227,834</u> | <u>-</u> | <u>227,834</u> | <u>-</u> | <u>227,834</u> |
| Current financial assets at fair value through other comprehensive income | | | | | |
| Trade receivables | <u>\$ 9,003,056</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Non-current financial assets at fair value through other comprehensive income | | | | | |
| Equity instruments | <u>\$ 4,733,601</u> | <u>3,711,497</u> | <u>-</u> | <u>1,022,104</u> | <u>4,733,601</u> |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | \$ 3,907,196 | - | - | - | - |
| Restricted deposits | 1,993 | - | - | - | - |
| Trade receivables (including related parties) | 173,191,047 | - | - | - | - |
| Other receivables (including related parties) | 7,197,898 | - | - | - | - |
| Subtotal | <u>\$ 184,298,134</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Refundable deposits | <u>\$ 270,933</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | <u>\$ 8,577</u> | <u>-</u> | <u>8,577</u> | <u>-</u> | <u>8,577</u> |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term loans | \$ 67,173,137 | - | - | - | - |
| Note and trade payables (including related parties) | 130,097,841 | - | - | - | - |
| Other payables (including related parties) | 13,175,450 | - | - | - | - |
| Lease liabilities | 478,680 | - | - | - | - |
| Long-term loans | 20,332,308 | - | - | - | - |
| Subtotal | <u>\$ 231,257,416</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

b) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

The fair value of financial instruments which traded in an active market was based on the quoted market price. The quotation announced by the stock exchange center or exchange center of central government bond, might be regarded as the fair value of the listed equity securities and debt instruments which was traded in an active market.

A financial instrument was regarded as being quoted in an active market if quoted prices were readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions taking place 'regularly' was a matter of judgment and depended on the facts and circumstances of the market for the instrument.

Quoted market prices might not be indicative of the fair value of an instrument if the activity in the market was infrequent, the market was not well-established, only small volumes were traded, or bid-ask spreads were very wide. Determining whether a market was active involves judgment.

The listed stock was traded in the active market and its fair value was based on the quoted market price accordingly.

Measurements of fair value of financial instruments without an active market were based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that could be extrapolated from either similar financial instruments or discounted cash flow method or the market transaction prices of the similar companies or other valuation techniques, including models, was calculated based on available market data at the reporting date.

The financial instrument of the Company was not traded in an active market, its fair value was determined basing on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value was discounted for its lack of liquidity in the market.

ii) Derivative financial instruments

Measurement of the fair value of derivative instruments was based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

Fair value of forward currency was usually determined by the forward currency exchange rate.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

c) Transfer between Level 1 and Level 3:

The Company held an investment in equity shares of Applied BioCode Corporation, which was classified as fair value through other comprehensive income. The fair value of the investment was previously categorized as level 3 as of December 31, 2019. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. In June 2020, Applied BioCode Corporation, listed its equity shares on an exchange and they were currently actively traded in that market. Because the equity shares now had a published price quotation in an active market, the fair value measurement was transferred from level 3 to level 1 of the fair value hierarchy in June 2020.

The Company held investments in equity shares of Clientron Corp. and Plexbio Corporation, Ltd., which were classified as fair value through other comprehensive income. In the fourth quarter of 2021, both entities listed their equity shares in emerging stock market, and they were actively traded. Besides, the equity shares of Innovium Inc., the Company held, were swapped to the shares of Marvell Technology, Inc., which were actively traded as well. As stated above, the fair value measurement was transferred from level 3 to level 1 of the fair value hierarchy in October 2021.

d) Changes between Level 3

The movements in the reconciliation of Level 3 fair values during the years ended December 31, 2021 and 2020 were as follows:

| | Fair value through other comprehensive income | | Total |
|-----------------------------------|---|---|------------------|
| | Unquoted equity instruments | Non-derivative financial assets mandatorily measured at fair value through profit or loss | |
| January 1, 2021 | 1,022,104 | | |
| Total gains and losses recognized | | | |
| in other comprehensive income | 18,361 | | |
| Purchased | 192,228 | | |
| Disposal and return of capital | (40,491) | | |
| Effect of tax | 7,386 | | |
| Transfers out of level 3 | (176,328) | | |
| December 31, 2021 | <u>1,023,260</u> | | |
| | Fair value through other comprehensive income | | Total |
| | Fair value through profit or loss | Unquoted equity instruments | |
| January 1, 2020 | \$ 136,114 | 792,186 | 928,300 |
| Total gains and losses recognized | | | |
| in profit or loss | (136,114) | - | (136,114) |
| in other comprehensive income | - | 213,868 | 213,868 |
| Purchased | - | 254,979 | 254,979 |
| Disposal and return of capital | - | (252,845) | (252,845) |
| Effect of tax | - | 47,824 | 47,824 |
| Transfers out of level 3 | - | (33,908) | (33,908) |
| December 31, 2020 | <u>\$ -</u> | <u>1,022,104</u> | <u>1,022,104</u> |

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For the years ended December 31, 2021 and 2020, total gains and losses that were included in "other gains and losses" and "unrealized gains and losses from financial assets measured at fair value through other comprehensive income" were as follows:

| | 2021 | 2020 |
|---|------------------|---------------|
| Total gains and losses recognized: | | |
| in profit or loss, and presented in "other gains and losses" | \$ - | (136,114) |
| in other comprehensive income, and presented in "unrealized gains and losses from financial assets measured at fair value through other comprehensive income" | 18,361 | 213,868 |
| | <u>\$ 18,361</u> | <u>77,754</u> |

e) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Company's financial instruments that used level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – debt investments" and "financial assets measured at fair value through other comprehensive income – equity investments".

Most of the fair value measurements categorized within level 3 used the single and significant unobservable input. Equity investments without an active market contained multiple significant unobservable inputs. The significant unobservable inputs of the equity investments were independent from each other, as a result, there was no relevance between them.

Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|--|--|---|
| Financial assets measured at fair value through other comprehensive income – equity investments without an active market | Comparable listed companies approach - equity method | Price – book ratio (as of December 31, 2021, were 2.02~3.36 and December 31, 2020, were 1.37~2.85) | The estimated fair value would increase if the multiplier was higher |
| | | Market liquidity discount rate (as of December 31, 2021 and 2020, were 20%) | The estimated fair value would decrease if market liquidity discount rate was higher |
| | Net asset value method | Net asset value | Not applicable |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- f) Fair value measurements in level 3 – sensitivity analysis of reasonably possible alternative assumptions.

The Company's measurement on the fair value of financial instruments was deemed reasonable despite different valuation models or assumptions might lead to different results. For fair value measurements in level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

| | Inputs | Increase or decrease | Profit or loss | | Other comprehensive income | |
|---|--------------------------------|----------------------|----------------|-------------|----------------------------|-------------|
| | | | Favorable | Unfavorable | Favorable | Unfavorable |
| December 31, 2021 | | | | | | |
| Financial assets at fair value through other comprehensive income | Price book ratio | 5% | - | - | 5,901 | (5,901) |
| | Market liquidity discount rate | 5% | - | - | 5,901 | (5,901) |
| | Net assets value method | 5% | - | - | 45,261 | (45,261) |
| December 31, 2020 | | | | | | |
| Financial assets at fair value through other comprehensive income | Price book ratio | 5% | - | - | 14,773 | (14,773) |
| | Market liquidity discount rate | 5% | - | - | 14,773 | (14,773) |
| | Net asset value method | 5% | - | - | 36,333 | (36,333) |

The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships with another input.

5) Offsetting financial assets and financial liabilities

The Company had financial instrument transactions applicable to the Section 42 of International Financial Reporting Standards No. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions were recognized in the net amount of the balance sheets.

The following tables presented the aforesaid offsetting financial assets and financial liabilities.

Unit: Foreign currency in thousand

| December 31, 2021 | | | | | | |
|---|--|--|---|--|--------------------------|------------------------|
| Financial assets that were offset based on an enforceable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet(d) | | |
| | | | | Financial instruments | Cash collateral received | Net amount (e)=(c)-(d) |
| Other non-current assets | USD 1,106,480 | 1,106,480 | - | - | - | - |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

| December 31, 2021 | | | | | | |
|--|---|--|--|--|--------------------------|------------------------|
| Financial liabilities that were offset based on an enforceable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet(d) | | |
| | | | | Financial instruments | Cash collateral received | Net amount (e)=(c)-(d) |
| Short-term loans | USD 1,106,480 | 1,106,480 | - | - | - | - |
| December 31, 2020 | | | | | | |
| Financial assets that were offset based on an enforceable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet(d) | | |
| | | | | Financial instruments | Cash collateral received | Net amount (e)=(c)-(d) |
| Other non-current assets | USD 883,552 | 883,552 | - | - | - | - |
| December 31, 2020 | | | | | | |
| Financial liabilities that were offset based on an enforceable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not offset in the balance sheet(d) | | |
| | | | | Financial instruments | Cash collateral received | Net amount (e)=(c)-(d) |
| Short-term loans | USD 883,552 | 883,552 | - | - | - | - |

(y) Financial risk management

- (i) By using financial instruments, the Company was exposed to risks as below:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risks was listed below. The Company's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

- (ii) Risk management framework

The Company's finance management department provided business services for the overall internal department. It set the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Company minimized the risk exposure through derivative financial instruments. The Shareholder's meeting regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments to which the Company was exposed to. The Company's internal auditors continued with the review of the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. Derivative contracts of the company with several financial institutions were intended to manage foreign currency exchange and interest rate fluctuation risks.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

The chief of finance management department arranged a meeting to review the strategy and performance, then reported the results to Chief Financial Officer and Chairman periodically.

(iii) Credit risk

Credit risk was the risk of financial loss to the Company if a customer or counterparty to financial instruments failed to meet its contractual obligations that arose principally from the Company's note and trade receivables and investments.

1) Note and trade receivables

The Company's credit policy was transacting with creditworthy customers, and obtained collateral to mitigate risks arising from financial loss due to default. The Company would transact with corporations of credit ratings equivalent to investment grade and such ratings were provided by independent rating agencies. Where it was not possible to obtain such information, the Company would assess the ratings based on other publicly available financial information and transactions records with its major customers. The Company continued to monitor the exposure to credit risk and counterparty credit rating, and evaluated the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

2) Investments

The credit risk exposure in the bank deposits, other financial instruments and equity instruments were 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, publicly-traded stocks companies and non publicly-traded stocks companies, there were no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Company's policy, the Company could only provide guarantee to which was listed under the regulation. The Company did not provide guarantees to any non-consolidated subsidiaries as of December 31, 2021 and 2020.

(iv) Liquidity risk

The Company maintained sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervised the bank loan facilities and ensured in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Company. As of December 31, 2021 and 2020, the Company had unused credit facilities for short-term and long-term loans of \$41,538,501 and \$49,529,812, respectively.

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WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(v) Market risk

Market risk was the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices would affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management was to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company was exposed to currency risk on sales, purchases and borrowings that were denominated in a currency other than the respective functional currencies of the Company's entities, the New Taiwan Dollars. The currencies used in these transactions were denominated in TWD, EUR, USD, JPY and CNY.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influenced the Company's future cash flow. The Company entering into forward and swap contracts were intended to manage the exchange rate risk due to the Company's current and future demands for foreign currency. The contract periods were decided in consideration of the Company's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Company would settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Company's short-term loans, long-term loans and advances from factoring of trade receivables bore floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influenced the Company's future cash flow. The Company reduced the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Company monitored the risk arising from its security instruments, which were held for monitoring cash flow requirements and unused capital. The management of the Company monitored the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio were managed on an individual basis, and all buy-and-sell decisions were approved by the Board of Directors.

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Notes to the Parent Company Only Financial Statements

(z) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company managed its capital structure to ensure it had sufficient financial resources to sustain proper liquidity, to invest in capital expenditures, as well as research and development expenses, to repay debts, and to distribute dividends in accordance with its plan. The management pursued the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aimed to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio regularly.

The Company controlled the capital structure through regularly reviewing debt-to-equity ratio. The debt-to-equity ratio of the Company as of December 31, 2021 and 2020, were as follow:

| | December 31, 2021 | December 31, 2020 |
|-------------------------------------|-----------------------|----------------------|
| Total liabilities | \$ 303,495,215 | 257,395,876 |
| Less: cash and cash equivalents | <u>(3,463,976)</u> | <u>(3,907,196)</u> |
| Net debt | 300,031,239 | 253,488,680 |
| Total equity | <u>77,916,938</u> | <u>71,565,777</u> |
| Adjusted equity | <u>\$ 377,948,177</u> | <u>325,054,457</u> |
| Debt-to-equity ratio at December 31 | <u>79.38%</u> | <u>77.98%</u> |

(Note): Adjusted equity included total equity and net debt.

As of December 31, 2021, the Company's capital management strategy was consistent with the prior years.

(aa) Financing activities not affecting current cash flow

For the years ended December 31, 2021 and 2020, reconciliations of liabilities arising from financing activities were as follows:

| | January 1, 2021 | Cash flows | Non-cash changes | | December 31, 2021 |
|---|----------------------|-------------------|---|------------------|----------------------|
| | | | Effect of changes in foreign exchange rates | Others | |
| Short-term loans | \$ 67,173,137 | 17,645,264 | (1,674,059) | - | 83,144,342 |
| Long-term loans (including current portion) | 20,332,308 | 4,762,505 | (656,152) | 16,937 | 24,455,598 |
| Lease liabilities | 478,680 | (584,479) | - | 1,671,693 | 1,565,894 |
| Guarantee deposits | 600,830 | (315,761) | (3,023) | - | 282,046 |
| Total liabilities from financing activities | <u>\$ 88,584,955</u> | <u>21,507,529</u> | <u>(2,333,234)</u> | <u>1,688,630</u> | <u>109,447,880</u> |

| | January 1, 2020 | Cash flows | Non-cash changes | | December 31, 2020 |
|---|----------------------|-------------------|---|----------------|----------------------|
| | | | Effect of changes in foreign exchange rates | Others | |
| Short-term loans | \$ 21,865,014 | 47,693,047 | (2,384,924) | - | 67,173,137 |
| Long-term loans | 18,159,452 | 2,877,150 | (720,719) | 16,425 | 20,332,308 |
| Lease liabilities | 392,800 | (207,924) | - | 293,804 | 478,680 |
| Guarantee deposits | 937,857 | (320,680) | (16,347) | - | 600,830 |
| Total liabilities from financing activities | <u>\$ 41,355,123</u> | <u>50,041,593</u> | <u>(3,121,990)</u> | <u>310,229</u> | <u>88,584,955</u> |

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Notes to the Parent Company Only Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings were entities that had transactions with the Company during the periods covered in the consolidated financial statements.

| Names of the related party | Relationship |
|--|--------------------------|
| Weshtek Information Technology Services Co., Ltd., Shanghai (WESH) | The Company's subsidiary |
| SMS (Kunshan) Co., Ltd. (WMKS) | The Company's subsidiary |
| Wistron InfoComm Technology Service (Kunshan) Co., Ltd. (WRKS) | The Company's subsidiary |
| Abilliant Corporation (WAC) | The Company's subsidiary |
| Wistron Medical Tech (Chongqing) CO., LTD. (WMCQ) | The Company's subsidiary |
| LE BEN Investment Ltd. (WLB) | The Company's subsidiary |
| International Standards Labs. (ISL) | The Company's subsidiary |
| Wise Cap Limited Company (WCL) | The Company's subsidiary |
| WIEDU CORPORATION (WETW) | The Company's subsidiary |
| Wistron Medical Tech Holding Company (WMH) | The Company's subsidiary |
| Wistron Investment (Jiangsu) Co., Ltd. (WJC) (Note 1) | The Company's subsidiary |
| Wistron Hong Kong Limited (WHK) | The Company's subsidiary |
| Wistron InfoComm (Shanghai) Corporation (WSH) | The Company's subsidiary |
| Wistron InfoComm (Zhongshan) Corporation (WZS) | The Company's subsidiary |
| Wistron InfoComm (Chengdu) Co., Ltd. (WCD) | The Company's subsidiary |
| Wistron InfoComm (Kunshan) Co., Ltd. (WAKS) | The Company's subsidiary |
| Wistron InfoComm (CHONGQING) Co., Ltd. (WCQ) | The Company's subsidiary |
| Wistron InfoComm (Taizhou) Co., Ltd. (WTZ) | The Company's subsidiary |
| Wistron Digital Technology Holding Company (WDH) | The Company's subsidiary |
| Wistron Medical Technology Corporation (WMT) | The Company's subsidiary |
| Wistron Optronics (Shanghai) Co., Ltd. (WOSH) | The Company's subsidiary |
| Wistron Optronics (Kunshan) Co., Ltd. (WOOK) | The Company's subsidiary |
| SMS InfoComm (Singapore) Pte. Ltd. (WSSG) | The Company's subsidiary |
| Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. (WEKS) (Note 1) | The Company's subsidiary |
| Wistron Advanced Materials(Kunshan) Co., Ltd. (WGKS) | The Company's subsidiary |
| Wiwynn Technology Service KunShan Ltd. (WYKS) | The Company's subsidiary |
| Wiwynn Corporation (WYHQ) | The Company's subsidiary |
| Wistron InfoComm Technology (Zhongshan) Co., Ltd. (WTZS) | The Company's subsidiary |
| ANWITH TECHNOLOGY CORPORATION (WCHQ) | The Company's subsidiary |
| WiAdvance Technology Corporation (AGI) | The Company's subsidiary |
| SMS Infocomm Global Service (CQ) (WSCQ) | The Company's subsidiary |
| Wistron Service (Kunshan) Corp. (WSKS) | The Company's subsidiary |

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| Names of the related party | Relationship |
|--|--------------------------|
| XTRONICS (Kunshan) Electronics Technology Co., Ltd. (XTRKS) | The Company's subsidiary |
| Wisuccess Asset Management Corporation (WCA) | The Company's subsidiary |
| KAUHSIUNG OPTO-ELECTRONICS INC. (KOE) | The Company's subsidiary |
| All Holding Corporation (AIIH) | The Company's subsidiary |
| Anwith Corporation (ANC) (Note 2) | The Company's subsidiary |
| ANWITH SERVICE CO., LTD. (WSTH) (Note 3) | The Company's subsidiary |
| B Temia Asia Pte Ltd. (BTA) | The Company's subsidiary |
| Cowin Worldwide Corporation (Cowin) | The Company's subsidiary |
| Creator Technology B.V. (WCT) | The Company's subsidiary |
| ICT Service Management Solutions (India) Private Limited (WIN) | The Company's subsidiary |
| Keevgo Japan K.K. (KJP) | The Company's subsidiary |
| Polymer Vision B.V. (WPV) (Note 4) | The Company's subsidiary |
| Service Management Solutions Colombia S.A.S. (WSCO) (Note 5) | The Company's subsidiary |
| Service Management Solutions Mexico S.A. de C.V. (WSMX) | The Company's subsidiary |
| SMS InfoComm (Czech) s.r.o. (WSCZ) | The Company's subsidiary |
| Smartply India Private Limited (STI) | The Company's subsidiary |
| SMS INFOCOMM (MALAYSIA) SDN. BHD. (WSMY) | The Company's subsidiary |
| SMS InfoComm Chile Servicios Limitada (WSCL) (Note 6) | The Company's subsidiary |
| SMS InfoComm Corporation (WTX) | The Company's subsidiary |
| SMS InfoComm Technology Services and Management Solutions Ltd. (WBR) | The Company's subsidiary |
| SMS InfoComm Technology Services Limited Company (WTR) | The Company's subsidiary |
| WiEDU Holding Co., Ltd. (WEDH) | The Company's subsidiary |
| WiEdu Hong Kong Limited (WEHK) | The Company's subsidiary |
| WIEDU SDN. BHD. (WEMY) | The Company's subsidiary |
| Win Smart Co., Ltd. (Win Smart) | The Company's subsidiary |
| WinDisplay Corporation (WDC) (Note 7) | The Company's subsidiary |
| WiseCap (Hong Kong) Limited (WCHK) | The Company's subsidiary |
| Wistron Advanced Materials (Hong Kong) Limited (WGHK) | The Company's subsidiary |
| Wistron Europe Holding Cooperatie U.A. (WEH) | The Company's subsidiary |
| Wistron GreenTech (Texas) Corporation (WGTX) | The Company's subsidiary |
| Wistron Hong Kong Holding Limited (WHHK) | The Company's subsidiary |
| Wistron InfoComm (Czech), s.r.o. (WCCZ) | The Company's subsidiary |
| Wistron InfoComm (Philippines) Corporation (WSPH) | The Company's subsidiary |
| Wistron InfoComm Manufacturing (India) Private Limited (WMMI) | The Company's subsidiary |
| Wistron InfoComm Technology (America) Corporation (WITX) | The Company's subsidiary |
| Wistron InfoComm Technology (Texas) Corporation (WITT) | The Company's subsidiary |
| WISTRON INFOCOMM MEXICO SA de CU (WIMX) | The Company's subsidiary |
| Wistron Investment (Sichuan) Co., Ltd. (WSC) | The Company's subsidiary |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

| Names of the related party | Relationship |
|--|-----------------------------------|
| Wistron K.K. (WJP) | The Company's subsidiary |
| Wistron LLC (WLLC) | The Company's subsidiary |
| Wistron Mexico, S.A. de C.V. (WMX) | The Company's subsidiary |
| Wistron Mobile Solutions Corporation (WCH) | The Company's subsidiary |
| Wistron Technology (Malaysia) Sdn. Bhd. (WMMY) | The Company's subsidiary |
| Wistron Technology Service (America) Corporation (WTS) | The Company's subsidiary |
| WisVision Corporation (WVS) | The Company's subsidiary |
| Wiwynn International Corporation (WYUS) | The Company's subsidiary |
| Wiwynn Korea Ltd. (WYKR) | The Company's subsidiary |
| Wiwynn Mexico, S.A. de C.V. (WYMX) | The Company's subsidiary |
| Wiwynn Technology Service Hong Kong Limited (WYHK) | The Company's subsidiary |
| Wiwynn Technology Service Japan, Inc. (WYJP) | The Company's subsidiary |
| WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD. (WYMY) | The Company's subsidiary |
| Wistron InfoComm (Vietnam) Co., Ltd. (WVN) | The Company's subsidiary |
| Wistron AiEDGE Corporation (WAUS) | The Company's subsidiary |
| Wistron InfoComm Computer (Chengdu) Co., Ltd (WCCD) | The Company's subsidiary |
| WIBASE INDUSTRIAL SULVIONS INC. (WIS) | The Company's subsidiary |
| KEEOGO MALAYSIA SDN. BHD (KMY) | The Company's associate |
| T-CONN PRECISION CORPORATION (TPE) | The Company's associate |
| Join-Link International Technology Co. Ltd. (JLH) | The Company's associate |
| Maya International Company, Ltd. (MAYA) | The Company's associate |
| Wistron NeWeb Corporation (WNC) | The Company's associate |
| NEWEB VIETNAM CO., LTD. (NVNM) | The Company's associate |
| Fullerton Ltd. (FLT) | The Company's associate |
| Wistron Information Technology and Services Corporation (WITS) | The Company's associate |
| Formosa Prosonic Industries Berhad (FPI) | The Company's associate |
| LIAN-YI (FAR EAST) LTD. (LYF) | The Company's associate |
| HSIEH-YUH TECHNOLOGY CO., LTD (HVBVI) | The Company's associate |
| Wistron Humanities Foundation | The Company's other related party |

(Note 1): Win Smart Co. Ltd. disposed 100% of shareholdings in WEKS and WJC to Luxshare Precision Industry Co. Ltd. in January 2021.

(Note 2): ANC was liquidated in the third quarter of 2021.

(Note 3): WSTH was liquidated in the first quarter of 2020.

(Note 4): WPV was liquidated in the first quarter of 2020.

(Note 5): WSCO was liquidated in the second quarter of 2021.

(Note 6): WSCL was liquidated in the second quarter of 2021.

(Note 7): WDC was liquidated in the third quarter of 2020.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(b) Related party transactions

(i) Sales

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

| | Sales | |
|--------------|---------------------------------------|---------------------|
| | 2021 | 2020 |
| Subsidiaries | | |
| WMMY | \$ 215,496,500 | - |
| WYHQ | 54,586,920 | 49,927,413 |
| WITX | 36,196,220 | 25,663,752 |
| AIIH | 34,312,740 | 200,151,306 |
| Others | 11,252,628 | 15,868,930 |
| Associates | 548,172 | 640,211 |
| | \$ 352,393,180 | 292,251,612 |
| | Receivables from related party | |
| | December 31, | December 31, |
| | 2021 | 2020 |
| Subsidiaries | | |
| WMMY | \$ 69,973,762 | 35,869 |
| WZS | 25,032,575 | 8,415,208 |
| WITX | 19,308,549 | 13,723,212 |
| WCQ | 17,581,293 | 6,070,242 |
| AIIH | 302,748 | 54,895,708 |
| WEKS | - | 17,851,457 |
| Others | 34,772,807 | 29,343,433 |
| Associates | 114,058 | 289,108 |
| | \$ 167,085,792 | 130,624,237 |

The selling prices and payment terms of trade receivables from related parties were based on varied economic environment and market forms. The above selling prices and payment terms with related parties were not significantly different from those with third-party customers.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Purchases

The amounts of significant purchase transactions and outstanding balances between the Company and related parties were as follows:

| | Purchases | |
|--------------|----------------------------------|---------------------|
| | 2021 | 2020 |
| Subsidiaries | | |
| WCD | \$ 257,492,812 | 174,327,275 |
| WZS | 112,869,317 | 58,575,541 |
| WAKS | 76,546,183 | 75,812,575 |
| WEKS | - | 125,013,397 |
| Others | 123,360,762 | 175,872,278 |
| Associates | 1,447,944 | 1,484,356 |
| | \$ 571,717,018 | 611,085,422 |
| | Payables to related party | |
| | December 31, | December 31, |
| | 2021 | 2020 |
| Subsidiaries | | |
| WCD | \$ 46,713,940 | 22,688,573 |
| WZS | 28,082,355 | 21,740,565 |
| WCQ | 24,365,997 | 6,636,981 |
| WAKS | 2,877,913 | 11,872,878 |
| WEKS | - | 16,851,226 |
| Others | 15,934,103 | 9,449,366 |
| Associates | 118,525 | 224,986 |
| | \$ 118,092,833 | 89,464,575 |

Trading terms of purchase transactions with related parties were not significantly different from those with third-party vendors.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(iii) Rental income and its outstanding balances were as follow:

| | Rental income | |
|--------------|---|---------------------|
| | 2021 | 2020 |
| Subsidiaries | | |
| ISL | \$ 6,218 | 6,218 |
| WMT | 1,201 | 1,200 |
| Others | 785 | 408 |
| Associates | - | 57 |
| | <u>\$ 8,204</u> | <u>7,883</u> |
| | Other receivables resulted from rental | |
| | December 31, | December 31, |
| | 2021 | 2020 |
| Subsidiaries | | |
| ISL | \$ 1,632 | 1,632 |
| Others | 120 | 245 |
| | <u>\$ 1,752</u> | <u>1,877</u> |

(iv) Property transactions, operating expenses and their outstanding balances were as follows:

| | Proceeds | |
|--------------------|-------------------|--------------|
| | 2021 | 2020 |
| Disposal of assets | | |
| Subsidiaries | | |
| WVN | \$ 116,536 | - |
| WZS | - | 3,132 |
| Others | 9,584 | 264 |
| | <u>\$ 126,120</u> | <u>3,396</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

| | Acquisition price | |
|---|------------------------------|---------------------|
| | 2021 | 2020 |
| Acquisition of assets | | |
| Subsidiaries | | |
| WMMI | \$ 83,829 | - |
| WITT | 15,382 | - |
| WCT | 48,272 | - |
| AGI | 124,608 | 125,712 |
| Others | 5,739 | 15,097 |
| Associates | 12,015 | - |
| | <u>\$ 289,845</u> | <u>140,809</u> |
| | Contribution expenses | |
| | 2021 | 2020 |
| Contribution | | |
| Other related party | <u>\$ 29,213</u> | <u>21,122</u> |
| | Other receivables | |
| | December 31, | December 31, |
| | 2021 | 2020 |
| Receivables from disposal of assets | | |
| Subsidiary | | |
| WSPH | <u>\$ 4,210</u> | <u>-</u> |
| | Other payables | |
| | December 31, | December 31, |
| | 2021 | 2020 |
| Payables resulting from acquisition of assets | | |
| Subsidiaries | | |
| WITT | \$ 15,330 | - |
| AGI | 469 | - |
| WZS | - | 7,160 |
| | <u>\$ 15,799</u> | <u>7,160</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(v) Financing to related parties

The loans to related parties were as follows:

| 2021 | | | | | | |
|------|-------------------------------------|-----------------------------|------------------|---------------|-----------------|----------------------|
| | Date of maximum outstanding balance | Maximum outstanding balance | Ending balance | Interest rate | Interest income | Interest receivables |
| WMMI | 2021.8 | \$ 1,258,470 | 1,246,050 | 1.49% | 29,046 | 6,925 |
| WSPH | 2021.2 | 570,620 | 359,970 | 1.50% | 4,616 | 3,669 |
| KOE | 2021.12 | 2,000,000 | 600,000 | 1.00% | 66 | 59 |
| | | <u>\$ 3,829,090</u> | <u>2,206,020</u> | | <u>33,728</u> | <u>10,653</u> |
| 2020 | | | | | | |
| | Date of maximum outstanding balance | Maximum outstanding balance | Ending balance | Interest rate | Interest income | Interest receivables |
| WMMI | 2020.8 | \$ 1,364,850 | 1,282,860 | 1.50% | 31,056 | 6,690 |

(vi) Advances to related parties

The Company paid certain expenses on behalf of related parties including purchase, warranty expense, repair expense and other disbursements were as follows:

| | <u>Other receivables to related parties</u> | |
|--------------|---|--------------------------|
| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
| Subsidiaries | | |
| WITX | \$ 521,071 | 28,469 |
| WZS | 110,949 | 83,194 |
| WMMI | 10 | 1,564,989 |
| WEKS | - | 307,540 |
| Others | 155,384 | 249,299 |
| Associates | 3,157 | 1,107 |
| | <u>\$ 790,571</u> | <u>2,234,598</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(vii) Advances from related parties

Related parties paid certain expenses on behalf of the Company, including warranty expenses, traveling expenses, and salaries for overseas employees were as follows:

| | <u>Other payables to related parties</u> | |
|---------------|--|--------------------------|
| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
| Subsidiaries: | | |
| WCD | \$ 304,092 | 5,467 |
| WTZS | 187,503 | 137,812 |
| AIIH | - | 445,216 |
| Cowin | - | 132,744 |
| WCCZ | - | 118,454 |
| Others | 231,203 | 99,952 |
| Associates | 74,919 | 7,190 |
| | <u>\$ 797,717</u> | <u>946,835</u> |

(viii) Receivables from related parties resulting from the above transactions were as follows:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-------------------------------------|--------------------------|--------------------------|
| Other receivable-related parties: | | |
| Rental receivables | \$ 1,752 | 1,877 |
| Receivables from disposal of assets | 4,210 | - |
| Financing and interest receivables | 2,216,673 | 1,289,550 |
| Other receivables | 790,571 | 2,234,598 |
| | <u>\$ 3,013,206</u> | <u>3,526,025</u> |

(ix) Payables to related parties resulting from the above transactions were as follows:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|--------------------------|
| Other payables-related parties: | | |
| Payables resulting from acquisition of assets | \$ 15,799 | 7,160 |
| Other payables | 797,717 | 946,835 |
| | <u>\$ 813,516</u> | <u>953,995</u> |

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(c) Transactions with key management personnel

Key management personnel remuneration:

| | 2021 | 2020 |
|------------------------------|------------------|---------------|
| Short-term employee benefits | \$ 94,865 | 82,986 |
| Post-employment benefits | 2,293 | 1,981 |
| Other long-term benefits | 1,230 | 1,020 |
| | <u>\$ 98,388</u> | <u>85,987</u> |

(8) Pledged assets:

The carrying values of pledged assets were as follow:

| Pledged assets | Object | December 31, 2021 | December 31, 2020 |
|--|--------------|----------------------|----------------------|
| Other non-current assets-restricted deposits | Stand by L/C | <u>\$ 7,373</u> | <u>1,993</u> |

(9) Commitments and contingencies:

- (a) In June of 2016, Alacritech filed a lawsuit against the Company to the United States District Court for the Eastern District of Texas. The accused products were servers and network interface devices. Based on the decision of Court of Appeals for the Federal Circuit, some claims were returned to the US Patent Trial and Appeal Board to re-examine the validity of the patent. The Company still could not assess the possible impact on its financial losses.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

- (a) The appropriation of earnings for 2021 that was approved at the Board of Directors meeting on March 16, 2022, was as follows:

| | 2021 |
|--------------------------|---------------------|
| Ordinary share dividends | |
| Cash dividends | <u>\$ 6,257,863</u> |

The aforesaid appropriation of earnings for 2021 is to be presented for approval in the shareholders' meeting to be held in June 2022.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

(12) Other:

- (a) Total personnel, depreciation and amortization expenses categorized by function were as follows:

| | 2021 | | | 2020 | | |
|----------------------------|---------------|--------------------|------------|---------------|--------------------|------------|
| | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Personnel expenses | | | | | | |
| Salaries | 2,291,615 | 11,535,471 | 13,827,086 | 1,956,807 | 10,483,904 | 12,440,711 |
| Labor and health insurance | 187,446 | 758,170 | 945,616 | 140,743 | 646,475 | 787,218 |
| Pension | 75,580 | 412,503 | 488,083 | 65,038 | 380,011 | 445,049 |
| Remuneration of directors | - | 103,263 | 103,263 | - | 102,688 | 102,688 |
| Others | 140,109 | 250,231 | 390,340 | 105,797 | 231,150 | 336,947 |
| Depreciation (Note) | 467,225 | 560,527 | 1,027,752 | 228,355 | 420,087 | 648,442 |
| Amortization | 883 | 274,684 | 275,567 | 92 | 244,748 | 244,840 |

(Note) : The depreciation of the investment property for the years ended December 31, 2021 and 2020, amounted to \$3,745, which was recognized under other gains and losses.

For the years ended December 31, 2021 and 2020, the information on numbers of employees and employee benefit expense of the Company was as follows:

| | 2021 | 2020 |
|---|-----------------|---------------|
| Numbers of employees | <u>9,839</u> | <u>8,861</u> |
| Numbers of directors (non-employee) | <u>7</u> | <u>7</u> |
| Average employee benefit expense | <u>\$ 1,592</u> | <u>1,582</u> |
| Average employee salary expense | <u>\$ 1,406</u> | <u>1,405</u> |
| Percentage of increase in average employee salary expense | <u>0.07 %</u> | <u>4.38 %</u> |
| Supervisor's remuneration | <u>\$ -</u> | <u>-</u> |

The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

- (i) The remunerations to directors were in accordance with No. 11 and No.16 of the Company's Articles of Incorporation wherein if the Company incurs profit for the year (excluding the amounts of remuneration to employees and directors), the Company shall allocate not more than 1% of annual profit as the remuneration to directors by taking into consideration the Company's overall operating performance and the individual value of the services provided to the Company.
- (ii) The remuneration to the general managers and deputy general managers is divided into fixed and variable portions as follows, wherein the variable part dominates.
- 1) Fixed remuneration: including salary, annual bonus and employee benefit by taking into account the standards of the industry.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- 2) Variable remuneration: including performance bonus, remuneration (cash and stocks) and stock options based on the Company's operation and individual performance. The higher the performance, the greater the variable of remuneration. The indicators of evaluation are as below:
- a) Financial indicators: Revenue, net profit and growth rate.
 - b) Non-financial indicators: market and customer service indicators, organization and internal processes, such as quality management, as well as the growth and development of each employee (e.g. employee retention and cultivation).

The proportion of each goal is determined at the beginning of the year based on the Company's performance within the domestic and international business environment, as well as projected future risks. The variable remuneration is reviewed and approved by the Salary and Remuneration Committee and the Board of Directors according to the results of goal achievement at the end of the year. The better the operating performance, the higher the proportion of variable remuneration.

(13) Other disclosures:

- (a) Information on significant transactions:

The following was 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, 2021:

- (i) Financings to other parties: Please see Table 1 attached.
- (ii) Guarantee and Endorsement for other parties: Please see Table 2 attached.
- (iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of share capital: Please see Table 4 attached.
- (v) Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital : None.
- (vi) Disposition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital : None.
- (vii) Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital : Please see Table 5 attached.
- (viii) Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of share capital : Please see Table 6 attached.
- (ix) Derivative transactions : Please refer to Note 6(b) for related information.

(Continued)

WISTRON CORPORATION
Notes to the Parent Company Only Financial Statements

- (b) Information on investees (excluded investment in Mainland China):
Information on investees for the year ended December 31, 2021: Please see Table 7 attached.
- (c) Information on investment in Mainland China : Please see Table 8 attached.
- (d) Major shareholders: No shareholding was more than 5% as of December 31, 2021.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2021.

Wistron Corporation
Statement of Cash and Cash Equivalents
December 31, 2021
(Expressed in thousands of New Taiwan Dollars / Foreign Currencies)

| Item | Description | Amount |
|---------------------------|---------------|---------------------|
| Cash on hand | | \$ 22,116 |
| | EUR 5.00 | |
| | USD 0.033 | |
| | NTD 21,950 | |
| Demand and check deposits | | 3,255,215 |
| | USD 66,036 | |
| | AUD 137 | |
| | EUR 62 | |
| | GBP 0.2 | |
| | HKD 4,528 | |
| | JPY 1,204,783 | |
| | PLN 679 | |
| | RMB 135 | |
| | SGD 229 | |
| | CZK 2,181 | |
| | NTD 1,102,934 | |
| Time deposits | | 186,645 |
| | USD 5,000 | |
| | RMB 11,100 | |
| Total | | \$ 3,463,976 |

Note 1: The ending rates of foreign currency deposits on December 31, 2021 were as follows:

EUR/NTD=31.317
USD/NTD=27.690
AUD/NTD=20.045
GBP/NTD=37.318
HKD/NTD=3.551
JPY/NTD=0.241
PLN/NTD=6.821
RMB/NTD=4.348
SGD/NTD=20.463
CZK/NTD=1.255

Note 2: The period of time deposits was 5 days, and the annual rate ranges between 0.162% and 1.75%.

Wistron Corporation
Statement of Financial Assets Measured at Fair Value through Profit or Loss
- Current - Derivative Financial Instruments Not Used for Hedging (1)
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| Description | Name of financial instrument | Notional amounts (in thousands) | Fair value (in thousands of NTD) |
|-------------------------------------|--|------------------------------------|--|
| Citi Bank | Sell foreign currency forward contract | USD 20,000 | \$ 1,282 |
| DBS Bank | Buy foreign currency forward contract | USD 2,000 | 102 |
| DBS Bank | Buy foreign currency forward contract | USD 5,000 | 40 |
| DBS Bank | Buy foreign currency forward contract | USD 2,000 | 35 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 1 |
| United Overseas Bank | Buy foreign currency forward contract | USD 6,000 | 531 |
| United Overseas Bank | Buy foreign currency forward contract | USD 3,000 | 372 |
| United Overseas Bank | Buy foreign currency forward contract | USD 10,000 | 263 |
| United Overseas Bank | Buy foreign currency forward contract | USD 3,000 | 262 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 256 |
| United Overseas Bank | Buy foreign currency forward contract | USD 3,000 | 250 |
| United Overseas Bank | Buy foreign currency forward contract | USD 4,000 | 242 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 240 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 233 |
| United Overseas Bank | Buy foreign currency forward contract | USD 5,000 | 223 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 167 |
| United Overseas Bank | Buy foreign currency forward contract | USD 3,000 | 143 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 143 |
| United Overseas Bank | Buy foreign currency forward contract | USD 3,000 | 128 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 125 |
| United Overseas Bank | Buy foreign currency forward contract | USD 5,000 | 119 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 116 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 109 |
| United Overseas Bank | Buy foreign currency forward contract | USD 4,000 | 95 |
| United Overseas Bank | Buy foreign currency forward contract | USD 4,000 | 94 |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | 91 |
| United Overseas Bank | Buy foreign currency forward contract | USD 5,000 | 46 |
| United Overseas Bank | Buy foreign currency forward contract | USD 1,000 | 42 |
| United Overseas Bank | Buy foreign currency forward contract | USD 5,000 | 13 |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | 113 |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | 16 |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | 6 |
| Far Eastern International Bank | Buy foreign currency swap contract | USD 15,000 | 206 |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | 245 |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | 218 |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | 211 |
| Deutsche Bank | Buy foreign currency forward contract | USD 7,000 | 193 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 152 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 146 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 112 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 112 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 104 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 41 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 34 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 34 |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | 24 |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | 13 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | 238 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | 191 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | 177 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | 170 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 87 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 83 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 69 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | 35 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | 35 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 32 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 29 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 25 |

Wistron Corporation

Statement of Financial Assets Measured at Fair Value through Profit or Loss

- Current - Derivative Financial Instruments Not Used for Hedging (2)

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

| Description | Name of financial instrument | Notional amounts (in thousands) | Fair value (in thousands of NTD) |
|--|---------------------------------------|------------------------------------|--|
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 25 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | 23 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 1,000 | 22 |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | 20 |
| Financial assets measured at fair value through profit or loss-current | | | |
| Taishin Bank | Buy foreign currency swap contract | USD 10,000 | (864) |
| Taishin Bank | Buy foreign currency swap contract | USD 15,000 | (445) |
| ESUN Bank | Buy foreign currency swap contract | USD 10,000 | (818) |
| ESUN Bank | Buy foreign currency swap contract | USD 20,000 | (502) |
| DBS Bank | Buy foreign currency forward contract | USD 6,000 | (441) |
| DBS Bank | Buy foreign currency forward contract | USD 2,000 | (217) |
| DBS Bank | Buy foreign currency forward contract | USD 3,000 | (188) |
| DBS Bank | Buy foreign currency forward contract | USD 6,000 | (173) |
| DBS Bank | Buy foreign currency forward contract | USD 4,000 | (67) |
| DBS Bank | Buy foreign currency forward contract | USD 4,000 | (32) |
| DBS Bank | Buy foreign currency forward contract | USD 4,000 | (27) |
| First Bank | Buy foreign currency swap contract | USD 15,000 | (2,183) |
| KGI Bank | Buy foreign currency swap contract | USD 10,000 | (1,106) |
| KGI Bank | Buy foreign currency swap contract | USD 15,000 | (371) |
| United Overseas Bank | Buy foreign currency forward contract | USD 4,000 | (298) |
| United Overseas Bank | Buy foreign currency forward contract | USD 3,000 | (186) |
| United Overseas Bank | Buy foreign currency forward contract | USD 5,000 | (181) |
| United Overseas Bank | Buy foreign currency forward contract | USD 3,000 | (146) |
| United Overseas Bank | Buy foreign currency forward contract | USD 5,000 | (131) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (127) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (108) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (93) |
| United Overseas Bank | Buy foreign currency forward contract | USD 1,000 | (88) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (67) |
| United Overseas Bank | Buy foreign currency forward contract | USD 10,000 | (57) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (49) |
| United Overseas Bank | Buy foreign currency forward contract | USD 8,000 | (31) |
| United Overseas Bank | Buy foreign currency forward contract | USD 10,000 | (25) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (24) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (14) |
| United Overseas Bank | Buy foreign currency forward contract | USD 6,000 | (9) |
| United Overseas Bank | Buy foreign currency forward contract | USD 10,000 | (7) |
| United Overseas Bank | Buy foreign currency forward contract | USD 2,000 | (6) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 7,000 | (1,119) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 6,000 | (877) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 10,000 | (836) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 6,000 | (710) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (296) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (296) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (257) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (239) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (187) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (167) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 3,000 | (165) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 4,000 | (135) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (62) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (51) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (49) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (45) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (31) |
| Oversea-Chinese Banking Corporation | Buy foreign currency forward contract | USD 2,000 | (17) |

Wistron Corporation

Statement of Financial Assets Measured at Fair Value through Profit or Loss

- Current - Derivative Financial Instruments Not Used for Hedging (3)

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

| Description | Name of financial instrument | Notional amounts (in thousands) | Fair value (in thousands of NTD) |
|---|---------------------------------------|------------------------------------|--|
| Chang Hwa Bank | Buy foreign currency swap contract | USD 10,000 | (1,171) |
| Bank of Taiwan | Buy foreign currency swap contract | USD 15,000 | (1,456) |
| Bank of Taiwan | Buy foreign currency swap contract | USD 10,000 | (308) |
| Deutsche Bank | Buy foreign currency forward contract | USD 6,000 | (849) |
| Deutsche Bank | Buy foreign currency forward contract | USD 11,000 | (689) |
| Deutsche Bank | Buy foreign currency forward contract | USD 6,000 | (604) |
| Deutsche Bank | Buy foreign currency forward contract | USD 6,000 | (414) |
| Deutsche Bank | Buy foreign currency forward contract | USD 6,000 | (409) |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | (383) |
| Deutsche Bank | Buy foreign currency forward contract | USD 5,000 | (313) |
| Deutsche Bank | Buy foreign currency forward contract | USD 5,000 | (268) |
| Deutsche Bank | Buy foreign currency forward contract | USD 5,000 | (268) |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | (224) |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | (197) |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | (197) |
| Deutsche Bank | Buy foreign currency forward contract | USD 5,000 | (188) |
| Deutsche Bank | Buy foreign currency forward contract | USD 5,000 | (177) |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | (167) |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | (122) |
| Deutsche Bank | Buy foreign currency forward contract | USD 1,000 | (44) |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | (21) |
| Deutsche Bank | Buy foreign currency forward contract | USD 3,000 | (17) |
| Deutsche Bank | Buy foreign currency forward contract | USD 2,000 | (1) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 9,000 | (1,143) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 7,000 | (954) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | (400) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 5,000 | (351) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 5,000 | (326) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 5,000 | (323) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | (312) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | (229) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 4,000 | (158) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 1,000 | (137) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | (118) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | (115) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | (111) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 3,000 | (103) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | (57) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 1,000 | (40) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | (33) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | (27) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 1,000 | (9) |
| J.P. Morgan Private Bank | Buy foreign currency forward contract | USD 2,000 | (5) |
| Financial liabilities measured at fair value through profit or loss-current | | | |
| | | | (28,058) |
| | | | <u>\$ (19,054)</u> |

Wistron Corporation
Statement of Note and Trade Receivables
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| Item | Amount |
|-----------------------|----------------------|
| Client J | \$ 16,672,195 |
| Client H | 10,380,274 |
| Client B | 4,124,770 |
| Client L | 4,009,588 |
| Client C | 3,278,661 |
| Others (less than 5%) | 19,175,079 |
| Less: loss allowance | (602,369) |
| | <u>\$ 57,038,198</u> |

Statement of Inventories
December 31, 2021

| Item | Amount | |
|---|----------------------|----------------------|
| | Cost | Net realizable value |
| Raw materials | \$ 13,494,942 | 14,078,366 |
| Work in progress | 750,000 | 753,981 |
| Finished goods | 7,561,029 | 7,790,562 |
| Inventory in transit | 10,794,708 | 10,823,550 |
| Subtotal | 32,600,679 | <u>33,446,459</u> |
| Less: provision of valuation of inventories | (232,662) | |
| Total | <u>\$ 32,368,017</u> | |

Wistron Corporation
Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income - Current
January 1 to December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| Name | Beginning Balance | | Increase | | Decrease | | Gains (Losses) on Valuation | | Deferred Income Tax Assets (Liabilities) | | Ending Balance | | Collateral |
|---|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-----------------------------|---------------------|--|------------------|---------------------|---------------------|------------|
| | Shares or units | Amount | Shares or units | Amount | Shares or units | Amount | Shares or units | Amount | Shares or units | Amount | Shares or units | Amount | |
| Alpha Networks Inc. | 19,448 | \$ 607,744 | - | - | (120) | (3,750) | 44,454 | 676 | - | 19,328 | 648,448 | None | |
| Gamania Digital Entertainment Co., Ltd. | 1,126 | 78,738 | - | - | - | - | 676 | - | - | 1,126 | 79,414 | None | |
| Super Dragon Technology Co., Ltd. | 5,676 | 112,101 | - | - | - | - | (14,190) | - | - | 5,676 | 97,911 | None | |
| Global Lighting Technologies Inc. | 20,914 | 2,342,416 | - | - | - | - | (606,518) | - | - | 20,914 | 1,735,898 | None | |
| ARBOR Technology Corp. | 4,634 | 122,335 | 45 | - | - | - | (18,470) | - | - | 4,679 | 103,865 | None | |
| AOpen Inc. | 7,941 | 123,078 | - | - | (2,194) | (40,106) | 177,633 | - | - | 5,747 | 260,605 | None | |
| FineMat Applied Materials Co., Ltd. | 4,589 | 203,075 | - | - | - | - | 66,773 | - | - | 4,589 | 269,848 | None | |
| Clientron Corp. | 917 | 22,189 | - | - | - | - | 8,642 | - | - | 917 | 30,831 | None | |
| Plexbio Corporation, LTD | 1,227 | 14,366 | - | - | - | - | 7,137 | - | - | 1,227 | 21,503 | None | |
| Applied BioCode Corporation | 2,075 | 122,010 | - | - | - | - | (32,785) | - | - | 2,075 | 89,225 | None | |
| Marvell Technology, Inc. | - | - | 87 | 145,478 | - | - | 51,635 | 12,909 | - | 87 | 210,022 | None | |
| Howe advanced Ltd. | 4,000 | - | - | - | - | - | - | - | - | 4,000 | - | None | |
| Litee Systems, Ltd. | 3,528 | - | - | - | - | - | - | - | - | 3,528 | - | None | |
| Zeo, Inc. | 779 | - | - | - | - | - | - | - | - | 779 | - | None | |
| Janus Technologies, Inc | 864 | - | - | - | - | - | - | - | - | 864 | - | None | |
| Vmedia Research Inc. | 2,000 | - | - | - | - | - | - | - | - | 2,000 | - | None | |
| Tube Inc. | 17,009 | 93,105 | - | - | - | - | 2,000 | - | 500 | 17,009 | 95,605 | None | |
| Tactus Technology Inc. | 7 | - | - | - | - | - | - | - | - | 7 | - | None | |
| Airdog, Inc. | 3,536 | - | - | - | (3,536) | - | - | - | - | - | - | None | |
| Videri Inc. | 226 | 18,329 | - | - | - | - | 2,618 | - | 655 | 226 | 21,602 | None | |
| Scenera, Inc. | 645 | 2,134 | - | - | - | - | (1,049) | - | (262) | 645 | 823 | None | |
| Innovium Inc. | 493 | 145,330 | - | - | (494) | (145,478) | - | - | - | - | - | None | |
| IP Fund Six Co., Ltd. | 6,000 | 62,968 | - | 148 | (1,093) | (10,929) | (9,209) | - | - | 4,907 | 42,830 | None | |
| Corsa Fund 2012.L.P. | - | 10,900 | - | - | - | (1,890) | 1,174 | 294 | - | - | 10,478 | None | |
| JAFCO Asia Technology Fund VI | - | 257,873 | - | - | - | (27,103) | (27,666) | (6,916) | - | - | 196,188 | None | |
| Kibou Fund L.P. | - | 43,562 | - | - | - | (3,56) | (5,668) | (1,417) | - | - | 36,121 | None | |
| Fenox Venture Company XIV, L.P. | - | - | - | - | - | (213) | 170 | 43 | - | - | - | None | |
| Vertex V (C.I.) Fund L.P. | - | 114,695 | - | 25,245 | - | - | 114,666 | 28,667 | - | - | 283,273 | None | |
| China Renewable Energy Fund, L.P. | - | 219,373 | - | 110,835 | - | - | (56,716) | (14,178) | - | - | 259,314 | None | |
| JAFCO Taiwan I Venture Capital L.P. | - | 17,280 | - | - | - | - | 3,747 | - | - | - | 77,027 | None | |
| Total | <u>\$ 4,733,601</u> | <u>\$ 4,733,601</u> | <u>\$ 337,706</u> | <u>\$ 337,706</u> | <u>\$ (229,825)</u> | <u>\$ (229,825)</u> | <u>\$ (290,946)</u> | <u>\$ (290,946)</u> | <u>\$ 20,295</u> | <u>\$ 20,295</u> | <u>\$ 4,570,830</u> | <u>\$ 4,570,830</u> | |

Wistron Corporation
Statement of Note and Trade Payables
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| Item | Amount |
|-----------------------|----------------------|
| Vendor I | \$ 7,399,471 |
| Vendor J | 6,257,903 |
| Vendor K | 3,250,228 |
| Vendor D | 2,807,144 |
| Vendor G | 2,264,857 |
| Others (less than 5%) | <u>16,262,032</u> |
| Total | <u>\$ 38,241,635</u> |

Statement of Other Current Liabilities

| Item | Amount |
|--|----------------------|
| Salary and bonus payable (including remuneration of employees and directors) | \$ 5,778,350 |
| Provision of valuation of inventories for suppliers | 1,798,532 |
| Deferred revenue | 6,778,447 |
| Others (less than 5%) | <u>5,956,029</u> |
| Total | <u>\$ 20,311,358</u> |

Wistron Corporation
Statement of Long-Term Loans
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| Bank | Period | Interest Rate | Loan Commitments | Collateral | Amount | |
|---|---------------------|---------------|------------------|------------|--|-------------------|
| | | | | | Current Amount Expired within one year | Amount |
| Mega Bank and other 22 financial institutions | 2018/5/23~2023/5/23 | 1.07%~1.17% | \$ 12,460,500 | None | \$ - | 12,460,500 |
| Mega Bank and other 9 financial institutions | 2021/3/10~2024/3/10 | 0.97% | 9,968,400 | None | - | 9,968,400 |
| KGI Bank | 2019/3/7~2022/3/7 | 0.70%~0.71% | 1,400,000 | None | 1,218,360 | - |
| DBS Bank | 2021/3/15~2023/3/14 | 0.73% | 830,700 | None | - | 830,700 |
| Less : Arrangement fees | | | - | | - | (22,362) |
| | | | | | <u>\$ 1,218,360</u> | <u>23,237,238</u> |

Wistron Corporation
Statement of Lease Liabilities
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| Item | Description | Leasing term | Discount Rate(%) | Ending Balance |
|-------------------------------|----------------------------|--------------|------------------|----------------------------|
| Land | For factory and office use | 20~40 years | 1.67%~2.58% | \$ 898,813 |
| Buildings and Construction | For office use | 1~8 years | 1.10%~1.81% | 592,769 |
| Office Equipment | For operating use | 4~5 years | 1.48%~1.75% | 29,594 |
| Transportation Equipment | For operating use | 1~5 years | 1.30%~1.75% | 37,221 |
| Other Equipment | For operating use | 5 years | 1.59%~1.75% | <u>7,497</u> |
| Subtotal | | | | 1,565,894 |
| Less : Current Portion | | | | <u>(291,158)</u> |
| Lease Liabilities-Non-Current | | | | <u><u>\$ 1,274,736</u></u> |

Statement of Other Non-Current Liabilities

| Item | Amount |
|---------------------------------|----------------------------|
| Net defined benefit liabilities | \$ 1,008,798 |
| Guarantee deposits | <u>282,046</u> |
| Total | <u><u>\$ 1,290,844</u></u> |

Wistron Corporation
Statement of Cost of Sales
For the Year Ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| Item | Amount |
|---|------------------------------|
| Raw materials | |
| Beginning balance of raw materials | \$ 7,460,561 |
| Add: Purchases | 652,497,651 |
| Less: Ending balance of raw materials | (13,675,734) |
| Reclassified to other accounts | <u>(47,718)</u> |
| Raw materials used | 646,234,760 |
| Direct labor | 1,147,838 |
| Manufacturing overhead | <u>3,226,207</u> |
| Total manufacturing cost | 650,608,805 |
| Add: Beginning balance of work-in-process inventory | 547,766 |
| Less: Ending balance of work-in-process inventory | (755,195) |
| Reclassified to other accounts | <u>(43,814)</u> |
| Coast of finished goods | 650,357,562 |
| Add: Beginning balance of finished goods | 17,232,809 |
| Less: Ending balance of finished goods | (18,169,750) |
| Reclassified to other accounts | <u>(142,436)</u> |
| Subtotal | 649,278,185 |
| Add: Software royalty fees | 733,353 |
| Loss on valuation of inventories | 1,224,654 |
| Loss on supplier inventory reserve | (234,596) |
| Less: Income from sale of scraps | <u>(24,867)</u> |
| Total cost of sales | <u><u>\$ 650,976,729</u></u> |

Wistron Corporation
Statement of Operating Expenses
For the Year Ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Selling Expenses</u> | <u>Administrative Expenses</u> | <u>Research and Development Expenses</u> |
|----------------------------------|-------------------------|--------------------------------|--|
| Salary and related expenses | \$ 1,164,265 | 1,804,427 | 10,090,946 |
| Repairs and maintenance expenses | 2,208 | 179,935 | 69,308 |
| Freight | 1,010,811 | 269 | 22,025 |
| Insurance fees | 172,119 | 6,818 | 443 |
| Professional service fees | 65,680 | 817,296 | 279,235 |
| Import and export expenses | 238,748 | - | 158 |
| Amortization | 1,863 | 203,378 | 69,443 |
| Welfare funds | 345,526 | - | - |
| Inspection and testing expenses | 12,896 | 64 | 751,164 |
| Sundry purchase | 39,920 | 21,209 | 1,807,463 |
| Others (less than 5%) | 246,844 | 421,752 | 1,580,850 |
| Total | \$ 3,300,880 | 3,455,148 | 14,671,035 |

Wistron Corporation
Others
December 31, 2021 and 2020

| <u>Item</u> | <u>Description</u> |
|---|-------------------------|
| Statements of trade receivables-related parties and other receivables-related parties | Disclosure in Note 7 |
| Statement of other current assets | Disclosure in Note 6(l) |
| Statement of movement of property, plant and equipment | Disclosure in Note 6(i) |
| Statement of movement of accumulated depreciation of property, plant and equipment | Disclosure in Note 6(i) |
| Statement of right-of-use assets | Disclosure in Note 6(j) |
| Statement of movement of intangible assets | Disclosure in Note 6(k) |
| Statement of other non-current assets | Disclosure in Note 6(l) |
| Statement of movement of investment property | Disclosure in Note 6(l) |
| Statement of movement of accumulated depreciation of investment property | Disclosure in Note 6(l) |
| Statement of deferred tax assets and liabilities | Disclosure in Note 6(q) |
| Statements of trade payables-related parties and other payables-related parties | Disclosure in Note 7 |
| Statement of contract liabilities and refund liability | Disclosure in Note 6(u) |
| Statement of the revenue | Disclosure in Note 6(u) |
| Statement of the interest income | Disclosure in Note 6(v) |
| Statement of the other income | Disclosure in Note 6(v) |
| Statement of the other gain and loss | Disclosure in Note 6(v) |
| Statement of the financial costs | Disclosure in Note 6(v) |

WISTRON CORPORATION
Notes to the Parent-Company-Only Financial Statements

Table 1 Financing to other parties
(December 31, 2021)

| No. | Creditor | Borrower | Financial statement account | Related party | Maximum outstanding balance for the period | Ending balance | Actual amount drawn down | Interest Rate | Nature of financing (Note 2) | Amount of transaction | Reasons for short-term financing | Allowance for doubtful accounts | Collateral | | Ceiling on total financing granted | Notes |
|-----|-------------|-------------------------------|-----------------------------|---------------|--|----------------|--------------------------|---------------|------------------------------|-----------------------|----------------------------------|---------------------------------|------------|------------|------------------------------------|-------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The company | WMMI | Other receivables | Yes | 1,283,895 | - | - | 1.50% | 1 | 1,609,728 | N/A | - | - | 38,958,469 | (Note 1, Note 3 and Note 4) | |
| 0 | The company | WZS shared with WAKS (Note 5) | Other receivables | Yes | 1,278,540 | - | - | 2.50%-5.00% | 2 | 4,926,418 | Operating Capital | - | - | 38,958,469 | (Note 1, Note 3 and Note 4) | |
| 0 | The company | WAMY | Other receivables | Yes | 1,283,895 | 1,246,050 | 359,970 | 1.50% | 1 | 738,350 | N/A | - | - | 38,958,469 | (Note 1, Note 3 and Note 4) | |
| 0 | The company | WSPH | Other receivables | Yes | 570,620 | 553,800 | 1,246,050 | 1.49% | 1 | 9,697,311 | N/A | - | - | 38,958,469 | (Note 1, Note 3 and Note 4) | |
| 0 | The company | WMMI | Other receivables | Yes | 1,288,570 | 1,246,050 | 1,246,050 | 1.49% | 1 | 454,573 | N/A | - | - | 38,958,469 | (Note 1, Note 3 and Note 4) | |
| 0 | The company | WSPH | Other receivables | Yes | 417,150 | 415,350 | - | 1.50% | 1 | - | Operating Capital | - | - | 38,958,469 | (Note 1, Note 3 and Note 4) | |
| 0 | The company | KOPE | Other receivables | Yes | 2,000,000 | 2,000,000 | 600,000 | 1.00% | 2 | - | Operating Capital | - | - | 38,958,469 | (Note 1, Note 3 and Note 4) | |

(Note 1) The total amount available for financing purposes shall not exceed 50% of the Company's net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% of the Company's net worth.

(Note 2) Nature of financing:

1 For entities that the Company has business transactions with.

2 For entities with short-term financing needs.

3 The limit on financing granted to the entities that the Company has business transactions with:

(1) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of the Company.

(2) For entities in which the Company, directly or indirectly, owned below 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and the Company, respectively.

(3) For other borrowers, the amount available for financing shall not exceed 25% of net worth of the borrower and 5% of net worth of the Company.

(Note 4) For entities with short-term financing needs, the amount available for financing shall not exceed 10% of net worth of the Company.

(TWD : expressed in thousands)

Table 2 Guarantees and endorsements for other parties
(December 31, 2021)

| No. | Endorser / Guarantor | Party being endorsed/guaranteed | | Relationship with the company (Note 10) | Limits on endorsements/ guarantees provided to each entity (Note 2 and Note 4) | Maximum outstanding balance for the period | Ending balance | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Rate of accumulated endorsements/ guarantee to net asset value of the endorser/ guarantor | Ceiling on total amount of endorsements/ guarantees provided (Note 1 and Note 3) | Endorsement/ guarantees provided by parent company | Endorsement/ guarantees provided by a subsidiary | Endorsement/ guarantees provided to the party in Mainland China |
|-----|----------------------|--|---|---|--|--|----------------|--------------------------|--|---|--|--|--|---|
| | | Name | Relationship with the company (Note 10) | | | | | | | | | | | |
| 0 | The Company | WJP | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 935,360 | 650,700 | 650,700 | - | 0.84% | 77,916,938 | Y | N | N |
| 0 | The Company | WZS shared with WAKS (Note 5) | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 28,531 | 27,690 | 27,690 | - | 0.04% | 77,916,938 | Y | N | N |
| 0 | The Company | WCCZ | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 57,062 | 55,380 | 453,161 | - | 0.07% | 77,916,938 | Y | N | N |
| 0 | The Company | WBR | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 798,868 | 775,320 | 798,868 | - | 0.38% | 77,916,938 | Y | N | N |
| 0 | The Company | WIN | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 2,099,655 | 2,090,595 | 1,813,695 | - | 2.68% | 77,916,938 | Y | N | N |
| 0 | The Company | WSSG | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 8,176,140 | 7,171,710 | 6,202,560 | - | 9.20% | 77,916,938 | Y | N | N |
| 0 | The Company | WTX | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 1,027,116 | 996,840 | 290,745 | - | 1.28% | 77,916,938 | Y | N | N |
| 0 | The Company | WGTX | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 299,576 | 290,745 | 290,745 | - | 0.37% | 77,916,938 | Y | N | N |
| 0 | The Company | WZS | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 2,931,066 | 2,919,138 | 1,949,988 | - | 3.75% | 77,916,938 | Y | N | N |
| 0 | The Company | WSMX | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 746,739 | 553,800 | 553,800 | - | 0.71% | 77,916,938 | Y | N | N |
| 0 | The Company | WGS | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 570,620 | 553,800 | 276,900 | - | 0.71% | 77,916,938 | Y | N | N |
| 0 | The Company | WCCZ shared with WSCZ | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 3,247,542 | 3,147,290 | 3,147,290 | - | 4.04% | 77,916,938 | Y | N | N |
| 0 | The Company | WAKS | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 570,620 | 553,800 | 553,800 | - | 0.71% | 77,916,938 | Y | N | N |
| 0 | The Company | WAKS shared with WITZ and WGRS (Note 6) | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 570,620 | 553,800 | 553,800 | - | 0.71% | 77,916,938 | Y | N | N |
| 0 | The Company | WTR | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 28,531 | 27,690 | 27,690 | - | 0.04% | 77,916,938 | Y | N | N |
| 0 | The Company | WZS shared with WGRS and WSKS | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 285,310 | 34,613 | 34,613 | - | 0.04% | 77,916,938 | Y | N | N |
| 0 | The Company | WCH | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 35,664 | 34,613 | 34,613 | - | 0.04% | 77,916,938 | Y | N | N |
| 0 | The Company | AGI | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 202,000 | 202,000 | 202,000 | - | 0.26% | 77,916,938 | Y | N | N |
| 0 | The Company | WSCQ | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 2,054,232 | 1,993,680 | 886,080 | - | 2.86% | 77,916,938 | Y | N | N |
| 0 | The Company | WCHQ | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 120,000 | 60,000 | 60,000 | - | 0.08% | 77,916,938 | Y | N | N |
| 0 | The Company | WSCQ share with WMCO | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 427,965 | 415,350 | 415,350 | - | 0.53% | 77,916,938 | Y | N | N |
| 0 | The Company | WMMI share with WIN | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 1,661,400 | 1,661,400 | 830,700 | - | 2.13% | 77,916,938 | Y | N | N |
| 0 | The Company | WLB | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 400,000 | 400,000 | 200,000 | - | 0.51% | 77,916,938 | Y | N | N |
| 0 | The Company | WCL | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 1,400,000 | 1,400,000 | 600,000 | - | 1.80% | 77,916,938 | Y | N | N |
| 0 | The Company | WMMI | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 4,922,370 | 4,901,130 | 4,070,430 | - | 6.29% | 77,916,938 | Y | N | N |
| 0 | The Company | WMMY | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 4,935,863 | 4,790,370 | 3,378,180 | - | 6.15% | 77,916,938 | Y | N | N |
| 0 | The Company | WITT | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 827,399 | 803,010 | 803,010 | - | 1.03% | 77,916,938 | Y | N | N |
| 0 | The Company | WMX | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 285,310 | - | - | - | - | 77,916,938 | Y | N | N |
| 0 | The Company | WETW | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 350,000 | 275,000 | 225,000 | - | 0.35% | 77,916,938 | Y | N | N |
| 0 | The Company | WVN | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 10,051,470 | 10,051,470 | 5,482,620 | - | 12.90% | 77,916,938 | Y | N | N |
| 0 | The Company | WIMX | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 3,615,300 | 2,769,000 | 1,661,400 | - | 3.55% | 77,916,938 | Y | N | N |
| 0 | The Company | WSPH shared with WCCZ, WMX and WITX (Note 7) | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 1,283,895 | 1,246,050 | 1,246,050 | - | 1.60% | 77,916,938 | Y | N | N |
| 0 | The Company | WAKS shared with WZS, WCD and WCO (Note 7) | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 1,283,895 | 1,246,050 | 1,246,050 | - | 1.60% | 77,916,938 | Y | N | N |
| 0 | The Company | WIS | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 128,390 | 124,605 | 124,605 | - | 0.16% | 77,916,938 | Y | N | N |
| 0 | The Company | XTRKS | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 664,560 | 664,560 | 664,560 | - | 0.85% | 77,916,938 | Y | N | N |
| 0 | The Company | WAKS shared with XTRKS and WOOK | WZS shared with WAKS (Note 5) | 2 | 23,375,081 | 556,200 | - | - | - | - | 77,916,938 | Y | N | N |

(TWD : expressed in thousands)

WISTRON CORPORATION
Notes to the Parent-Company-Only Financial Statements

WISTRON CORPORATION Notes to the Parent-Company-Only Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2021)

| No. | Endorser / Guarantor | Party being endorsed/guaranteed | | Limits on endorsements/ guarantees provided to each entity (Note 2 and Note 4) | Maximum outstanding balance for the period | Ending balance | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee to net asset value of the endorser / guarantor | Ceiling on total amount of endorsements / guarantees provided (Note 1 and Note 3) | Endorsement/ guarantees provided by parent company | Endorsement / guarantees provided by a subsidiary | Endorsement / guarantees provided to the party in Mainland China |
|-----|----------------------|--|---|---|---|----------------|-----------------------------|---|---|---|--|--|---|
| | | Name | Relationship with the company (Note 10) | | | | | | | | | | |
| 0 | The Company | WSPH shared with WCCZ, WMX, WITX and WSSG (Note 8) | 2 | 23,375,081 | 540,750 | 538,417 | - | - | 0.69% | 77,916,938 | Y | N | N |
| 0 | The Company | WAKS shared with WZS, WCD and WCO (Note 8) | 2 | 23,375,081 | 432,600 | 430,733 | - | - | 0.55% | 77,916,938 | Y | N | Y |

(TWD : expressed in thousands)

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed the Company's net worth, which was audited by Certified Public Accountant.
(Note 2) The 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.
(Note 3) The total 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.
(Note 4) 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, which was audited by Certified Public Accountant.
(Note 5) The credit line shared by Covin, WZS and WAKS amounted to USD3,000,000.
(Note 6) The credit line shared by WAKS, WITX and WGS amounted to USD20,000,000, while the maximum credit line for each entity was USD10,000,000.
(Note 7) The credit line shared by WSPH, WCCZ, WMX, WITX, WAKS, WZS, WCD and WCO amounted to USD90,000,000.
(Note 8) The credit line shared by WSPH, WCCZ, WMX, WITX, WSSG, WAKS, WZS, WCD and WCO amounted to USD35,000,000.
(Note 9) Since the Board of Directors of the Company approved the quota to be renewed in advance, a total of NTD2,184,500 is a double-counted quota.
(Note 10) Relationship with the Company:

- An entity that is with business relationship.
- A Subsidiary which owned more than 50% by the guarantor.
- An investee owned more than 50% in total by both the guarantor and its subsidiary.
- An investee owned more than 90% by the guarantor or its subsidiary.
- Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
- An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- The companies in the same industry provide among themselves, joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

WISTRON CORPORATION Notes to the Parent-Company-Only Financial Statements

Table 3 Market securities held (excluding investment in subsidiaries, associates and joint ventures)
(December 31, 2021)

| Securities held by | Category and name of securities | Relationship | Financial statement account | December 31, 2021 | | | | | Notes |
|--------------------|---|--------------|---|-------------------|------------|----------------------------|------------|---|-------|
| | | | | Number of shares | Book value | Percentage of Ownership | Fair Value | Highest percentage of shares during period | |
| The Company | Alpha Networks, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 19,328 | 648,448 | 3.57% | 648,448 | 3.59% | - |
| The Company | Gamania Digital Entertainment Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 1,126 | 79,414 | 0.64% | 79,414 | 0.64% | - |
| The Company | Super Dragon Technology Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 5,676 | 97,911 | 5.50% | 97,911 | 5.50% | - |
| The Company | Gibbit Lighting Technologies Inc. | - | Non-current financial assets at fair value through other comprehensive income | 20,914 | 1,755,898 | 15.97% | 1,755,898 | 15.97% | - |
| The Company | ARBOR Technology Corp. | - | Non-current financial assets at fair value through other comprehensive income | 4,679 | 103,865 | 6.29% | 103,865 | 6.65% | - |
| The Company | AOpen Inc. | - | Non-current financial assets at fair value through other comprehensive income | 5,747 | 260,605 | 8.04% | 260,605 | 11.11% | - |
| The Company | FineMat Applied Materials Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 4,589 | 269,848 | 6.91% | 269,848 | 6.91% | - |
| The Company | Chentron Corp. | - | Non-current financial assets at fair value through other comprehensive income | 917 | 30,831 | 1.44% | 30,831 | 1.44% | - |
| The Company | Plexbio Corporation, LTD | - | Non-current financial assets at fair value through other comprehensive income | 1,227 | 21,503 | 1.18% | 21,503 | 1.18% | - |
| The Company | Howeadvanced Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 4,000 | - | 13.91% | - | 13.91% | - |
| The Company | ABC-KY | - | Non-current financial assets at fair value through other comprehensive income | 2,075 | 89,225 | 2.54% | 89,225 | 2.54% | - |
| The Company | Lite Systems, Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 3,528 | - | 29.51% | - | 29.51% | - |
| The Company | Zeo, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 779 | - | 6.57% | - | 6.57% | - |
| The Company | Janus Technologies, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 864 | - | 4.01% | - | 4.01% | - |
| The Company | Vivella Research | - | Non-current financial assets at fair value through other comprehensive income | 2,000 | - | 7.69% | - | 7.69% | - |
| The Company | Tube Inc. | - | Non-current financial assets at fair value through other comprehensive income | 17,009 | 95,605 | 22.08% | 95,605 | 22.08% | - |
| The Company | Tactus Technology Inc. | - | Non-current financial assets at fair value through other comprehensive income | 7 | - | 0.06% | - | 0.06% | - |
| The Company | Vidari Inc. | - | Non-current financial assets at fair value through other comprehensive income | 226 | 21,602 | 3.17% | 21,602 | 3.26% | - |
| The Company | Seenera, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 645 | 823 | 12.89% | 823 | 12.89% | - |
| The Company | Marvell Technology, Inc. | - | Non-current financial assets at fair value through other comprehensive income | 87 | 210,022 | 0.01% | 210,022 | 0.01% | - |
| The Company | IP Fund Six Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 4,907 | 42,830 | 10.71% | 42,830 | 10.71% | - |
| The Company | Corsa Fund 2012 L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 10,478 | 20.00% | 10,478 | 20.00% | - |
| The Company | Jafco AT Fund VI L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 196,188 | 6.67% | 196,188 | 6.67% | - |
| The Company | Kibou Fund L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 36,121 | 12.78% | 36,121 | 12.78% | - |
| The Company | Vertex V (C.I.) Fund L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 283,273 | 3.11% | 283,273 | 3.11% | - |
| The Company | China Renewable Energy Fund, L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 259,314 | 9.01% | 259,314 | 9.01% | - |
| The Company | JAFCO Taiwan I Venture Capital L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | 77,026 | 4.97% | 77,026 | 4.97% | - |
| The Company | Fenox Venture Company XIV, L.P. | - | Non-current financial assets at fair value through other comprehensive income | - | - | 99.00% | - | 99.00% | - |

(TWD : expressed in thousands)

WISTRON CORPORATION
Notes to the Parent-Company-Only Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of share capital
(December 31, 2021)

| Securities held by | Category and name of securities | Financial statement account | Counter - party | Relationship with the investor | Beginning balance | | Addition | | Disposal | | Ending balance | |
|--------------------|---------------------------------|-----------------------------|-----------------|--------------------------------|-------------------|------------|--------------|-----------|--------------|---------|----------------|------------|
| | | | | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount |
| The Company | WCL | Equity-accounted investees | (Note 1) | subsidary | - | 2,429,090 | - | 3,100,000 | - | - | - | 6,395,134 |
| The Company | WEA | Equity-accounted investees | (Note 1) | subsidary | - | - | 70,000 | 700,000 | - | - | - | 698,349 |
| The Company | WYHQ | Equity-accounted investees | (Note 2) | subsidary | 78,418 | 10,994,740 | - | - | 3,855,501 | 675,768 | 3,179,733 | 11,567,668 |

(Note 1) Issued ordinary shares for cash.

(Note 2) Sold of equity-accounted investees

(TWD : expressed in thousands)

WISTRON CORPORATION

Note to the Parent-Company-Only Financial Statements

Table 5 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital
(December 31, 2021)

| Purchaser/Seller | Related Party | Relationship | Transaction | | Differences in transaction terms compared to third party transactions | | | Note and trade receivables (payables) | | | |
|------------------|---------------|--------------|----------------|-------------|---|-------------|------------|---------------------------------------|---------|---|--------|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | Balance | Percentage of total note and trade receivables (payables) | |
| The company | WJP | Subsidiary | Sales | 1,781,572 | 0.27% | OA90 | - | - | - | 1,032,364 | 0.46% |
| The company | AIH | Subsidiary | Sales | 34,312,740 | 5.12% | OA90 | - | - | - | 302,748 | 0.14% |
| The company | WTX | Subsidiary | Sales | 2,813,279 | 0.42% | OA90 | - | - | - | 1,088,875 | 0.49% |
| The company | WMKS | Subsidiary | Sales | 922,320 | 0.14% | OA90 | - | - | - | 318,340 | 0.14% |
| The company | WZS | Subsidiary | Sales | 838,388 | 0.13% | OA90 | - | - | - | 25,032,575 | 11.17% |
| The company | WITX | Subsidiary | Sales | 36,196,220 | 5.40% | OA150 | - | - | - | 19,308,549 | 8.62% |
| The company | WSMX | Subsidiary | Sales | 141,880 | 0.02% | OA60 | - | - | - | 36,476 | 0.02% |
| The company | WSCZ | Subsidiary | Sales | 2,127,842 | 0.32% | OA90 | - | - | - | 464,429 | 0.21% |
| The company | FPI | Associate | Sales | 543,075 | 0.08% | OA120 | - | - | - | 113,406 | 0.05% |
| The company | WSSG | Subsidiary | Sales | 1,253,680 | 0.19% | OA90 | - | - | - | 511,704 | 0.23% |
| The company | WIS | Subsidiary | Sales | 860,018 | 0.13% | OA60 | - | - | - | 255,004 | 0.11% |
| The company | WMMY | Subsidiary | Sales | 215,496,500 | 32.14% | OA90 | - | - | - | 69,973,764 | 31.22% |
| The company | WYHQ | Subsidiary | Sales | 54,586,920 | 8.14% | OA45 | - | - | - | 8,904,876 | 3.97% |
| The company | WYUS | Subsidiary | Sales | 287,805 | 0.04% | OA45 | - | - | - | 203,837 | 0.09% |
| The company | WZS | Subsidiary | Purchase | 112,869,317 | 17.36% | OA90 | - | - | - | (28,082,355) | 17.96% |
| The company | WITX | Subsidiary | Purchase | 171,325 | 0.03% | OA90 | - | - | - | (43) | - |
| The company | WAKS | Subsidiary | Purchase | 76,546,183 | 11.78% | OA90 | - | - | - | (2,877,913) | 1.84% |
| The company | WSKS | Subsidiary | Purchase | 4,481,749 | 0.69% | OA60 | - | - | - | (929,268) | 0.59% |
| The company | WTZ | Subsidiary | Purchase | 501,265 | 0.08% | OA60 | - | - | - | (230) | - |
| The company | WCQ | Subsidiary | Purchase | 54,032,532 | 8.31% | OA90 | - | - | - | (24,365,997) | 15.59% |
| The company | WCD | Subsidiary | Purchase | 257,492,812 | 39.61% | OA30 | - | - | - | (46,713,940) | 29.88% |
| The company | WSCZ | Subsidiary | Purchase | 251,464 | 0.04% | OA60 | - | - | - | (18,474) | 0.01% |
| The company | WSCQ | Subsidiary | Purchase | 8,896,236 | 1.37% | OA60 | - | - | - | (1,257,084) | 0.80% |
| The company | FPI | Associate | Purchase | 1,405,040 | 0.22% | OA50 | - | - | - | (104,956) | 0.07% |

(TWD : expressed in thousands)

WISTRON CORPORATION

Note to the Parent-Company-Only Financial Statements

Table 5 Total purchases from or sales to related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

(TWD : expressed in thousands)

| Purchaser/Seller | Related Party | Relationship | Transaction | | Differences in transaction terms compared to third party transactions | | | Note and trade receivables (payables) | | |
|------------------|---------------|--------------|----------------|------------|---|-------------|------------|---------------------------------------|-------------|---|
| | | | Purchase/Sales | Amount | Percentage of total purchases / sales | Credit term | Unit price | Payment Terms | Balance | Percentage of total note and trade receivables (payables) |
| The company | WSSG | Subsidiary | Purchase | 163,662 | 0.03% | OA60 | - | - | (76,382) | 0.05% |
| The company | WSPH | Subsidiary | Purchase | 390,303 | 0.06% | OA30 | - | - | (46,670) | 0.03% |
| The company | WMMY | Subsidiary | Purchase | 8,637,983 | 1.33% | OA90 | - | - | (1,411,992) | 0.90% |
| The company | WMMI | Subsidiary | Purchase | 26,840,088 | 4.13% | OA45 | - | - | (8,278,966) | 5.30% |
| The company | WOOK | Subsidiary | Purchase | 17,226,031 | 2.65% | OA90 | - | - | (2,494,035) | 1.60% |
| The company | WCCD | Subsidiary | Purchase | 277,838 | 0.04% | OA90 | - | - | (206,561) | 0.13% |
| The company | WYHQ | Subsidiary | Purchase | 975,902 | 0.15% | OA90 | - | - | (665,123) | 0.43% |
| The company | WYUS | Subsidiary | Purchase | 334,787 | 0.05% | OA60 | - | - | (102,831) | 0.07% |

Table 6 Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of share capital (December 31, 2021)

| Company Name | Related Party | Relationship | Balance of receivables from related party | Turnover rate | Overdue receivables | | Amounts collected subsequent to the balance sheet date |
|-------------------|---------------|--------------|---|---------------|---------------------|--------------|--|
| | | | | | Amount | Action taken | |
| The company | WJP | Subsidiary | 1,032,364 | 221.83% | 492,187 | Collecting | 211,904 |
| The company | AIH | Subsidiary | 302,748 | 124.32% | 302,748 | Collecting | 302,748 |
| The company | WTX | Subsidiary | 1,088,875 | 305.86% | 407,855 | Collecting | 205,575 |
| The company | WMKS | Subsidiary | 318,340 | 377.12% | 53 | Collecting | 82,858 |
| The company | WZS | Subsidiary | 25,032,575 | 5.01% | 12,137,653 | Collecting | 7,992,863 |
| The company | WITX | Subsidiary | 19,308,549 | 219.16% | 8,014,862 | Collecting | 2,132,146 |
| The company | WAKS | Subsidiary | 1,885,419 | - | 131 | Collecting | 1,384,503 |
| The company | WTZ | Subsidiary | 1,837,914 | - | 999,061 | Collecting | 323,706 |
| The company | WCQ | Subsidiary | 17,581,293 | - | 215,295 | Collecting | 3,322,800 |
| The company | WCD | Subsidiary | 1,459,475 | 1.84% | 1,216,007 | Collecting | 300,343 |
| The company | WSCZ | Subsidiary | 464,429 | 544.85% | 79 | Collecting | 192,943 |
| The company | FPI | Associate | 113,406 | 273.06% | 122 | Collecting | 40,701 |
| The company | WSSG | Subsidiary | 511,704 | 319.34% | 98,727 | Collecting | 98,756 |
| The company | WIS | Subsidiary | 255,004 | 435.17% | - | - | 137,587 |
| The company | WMMY | Subsidiary | 69,973,764 | 615.62% | 63 | Collecting | 32,111,544 |
| The company | WMMI | Subsidiary | 16,101,291 | - | - | - | 4,553,715 |
| The company | WOOK | Subsidiary | 562,401 | - | - | - | 562,401 |
| The company | WYHQ | Subsidiary | 8,904,876 | 577.86% | 3,945 | Collecting | 8,904,876 |
| The company | WYUS | Subsidiary | 203,837 | 189.45% | 7 | Collecting | - |
| Other receivables | | | | | | | |
| The company | KOE | Subsidiary | 601,245 | - | - | - | - |
| The company | WITX | Subsidiary | 521,071 | - | 147,253 | Collecting | - |
| The company | WMMI | Subsidiary | 1,252,985 | - | - | - | - |
| The company | WSPH | Subsidiary | 367,864 | - | 245 | Collecting | 9,104 |
| The company | WZS | Subsidiary | 110,949 | - | - | - | - |

WISTRON CORPORATION Notes to the Parent-Company-Only Financial Statements

Table 7 Information on investees (excluding investees in Mainland China)
(December 31, 2021)

| Name of the investor | Name of investee | Location | Major operations | Ending balance | | Beginning balance | Shares | Ending balance | | Highest percentages of shares during the period | Net income (losses) of the investee | Investment income (losses) | Notes |
|----------------------|------------------|-------------|--|----------------|------------|-------------------|------------|----------------|------------|---|-------------------------------------|----------------------------|-------|
| | | | | Ending balance | Book value | | | Shareholding | Book value | | | | |
| The company | WMX | Mexico | Server and consumer electronics product manufacturing | 1,354,618 | 16,004,371 | 1,354,618 | 16,004,371 | 100.00% | 1,071,912 | 100.00% | (62,624) | (62,624) | - |
| The company | WTX | U.S.A. | Sales and maintenance service center in Northern America | 386,196 | 4,833 | 386,196 | 4,833 | 100.00% | 1,776,231 | 100.00% | 157,339 | 157,339 | - |
| The company | AIH | B.V.I. | Investment and holding | 6,041,478 | 347,486 | 6,041,478 | 347,486 | 100.00% | 4,951,534 | 100.00% | 231,452 | 231,452 | - |
| The company | COWIN | B.V.I. | Investment and holding | 6,802,868 | 215,394 | 6,858,764 | 215,394 | 100.00% | 16,099,715 | 100.00% | 943,620 | 943,620 | - |
| The company | Win Smart | B.V.I. | Investment and holding | 4,274,611 | 104,065 | 14,894,651 | 104,065 | 100.00% | 22,775,282 | 100.00% | 2,202,576 | 2,202,576 | - |
| The company | WCL | Taiwan | Investment consultant and business management consultant | 4,312,000 | - | 1,212,000 | - | 100.00% | 6,305,134 | 100.00% | 538,267 | 538,267 | - |
| The company | ISL | Taiwan | Safety and EMI testing | 14,603 | 2,434 | 14,603 | 2,434 | 100.00% | 113,820 | 100.00% | 24,195 | 24,195 | - |
| The company | WSPH | Philippines | Sales and maintenance service center in Asia | 2,853,068 | 139,567 | 2,853,068 | 139,567 | 100.00% | 28,330 | 100.00% | (44,808) | (44,808) | - |
| The company | WLLC | U.S.A. | Investment and holding | 2,118,814 | 12,005 | 2,118,814 | 12,005 | 100.00% | 2,596,642 | 100.00% | 85,082 | 85,082 | - |
| The company | WVVS | B.V.I. | Investment and holding | 398,221 | - | 398,221 | - | 100.00% | 841,533 | 100.00% | 175,744 | 175,744 | - |
| The company | WEH | Netherlands | Investment and holding | 1,421,024 | - | 1,421,024 | - | 99.99% | 377,098 | 99.99% | 9,899 | 9,899 | - |
| The company | WBR | Brazil | Sales and maintenance service center | 623,794 | 37,243 | 623,794 | 37,243 | 99.99% | 327,435 | 99.99% | 33,466 | 33,466 | - |
| The company | WTR | Turkey | Sales and maintenance service center | 46,650 | 22 | 46,650 | 22 | 99.90% | 74,694 | 99.90% | 42,252 | 42,252 | - |
| The company | WGTX | U.S.A. | Recycling service of information technology products | 859,795 | 13 | 859,795 | 13 | 100.00% | 144,479 | 100.00% | 13,851 | 13,851 | - |
| The company | WGHK | Hong Kong | Investment and holding | 1,003,476 | 33,500 | 1,003,476 | 33,500 | 100.00% | 45,667 | 100.00% | 13,189 | 13,189 | - |
| The company | WMMY | Malaysia | Consumer electronic product manufacturing | 2,095,629 | 267,425 | 2,095,629 | 267,425 | 100.00% | 5,754,472 | 100.00% | 4,781,169 | 4,781,169 | - |
| The company | WSMX | Mexico | Sales and maintenance service center | 89,134 | 36,429 | 89,134 | 36,429 | 100.00% | (156,493) | 100.00% | (58,742) | (58,742) | - |
| The company | WYHQ | Taiwan | Research, development, sales and service of information products | 1,680,238 | 73,895 | 1,783,104 | 73,895 | 42.26% | 11,567,668 | 44.83% | 8,648,012 | 3,845,598 | - |
| The company | WEDH | Seychelles | Investment and holding | 170,148 | 5,700 | 170,148 | 5,700 | 100.00% | 1,806 | 100.00% | (2,333) | (2,333) | - |
| The company | WCHK | Hong Kong | Investment and holding | 225,494 | 58,446 | 225,494 | 58,446 | 100.00% | 1,197,027 | 100.00% | 519,762 | 519,762 | - |
| The company | WCHQ | Taiwan | Sales and maintenance of computer products and electronic information products | 10,000 | 1,000 | 10,000 | 1,000 | 100.00% | 18,020 | 100.00% | 4,428 | 4,428 | - |
| The company | WCCZ | Czech Rep. | Electronic product manufacturing | 121,527 | - | 121,527 | - | 100.00% | 2,242,570 | 100.00% | 282,025 | 282,025 | - |
| The company | WEHK | Hong Kong | Investment and holding | 397,542 | 16,426 | 397,542 | 16,426 | 100.00% | 3,783 | 100.00% | 45,245 | 45,245 | - |
| The company | AGI | Taiwan | Software solution integrator | 2,570 | 1 | 2,570 | 1 | 0.01% | 17 | 0.01% | (4) | (4) | - |
| The company | WSSG | Singapore | Sales and maintenance service center | 4,797,805 | 157,489 | 4,797,805 | 157,489 | 100.00% | 2,008,610 | 100.00% | (983,983) | (983,983) | - |
| The company | WMH | Taiwan | Investment and holding | 1,800,000 | 205,056 | 1,800,000 | 205,056 | 100.00% | 2,118,460 | 100.00% | (152,453) | (152,453) | - |
| The company | WDH | Taiwan | Investment and holding | 2,800,000 | 280,000 | 2,800,000 | 280,000 | 100.00% | 1,687,380 | 100.00% | (381,129) | (381,129) | - |
| The company | WTS | U.S.A. | Sales development and customer service | 10,348 | 35 | 10,348 | 35 | 100.00% | 15,585 | 100.00% | 2,366 | 2,366 | - |
| The company | WCH | U.S.A. | Investment and rental | 589,520 | 20 | 589,520 | 20 | 100.00% | 433,780 | 100.00% | (7,567) | (7,567) | - |
| The company | WIMX | Mexico | Real property rental and management | 910,394 | 13,340,990 | 910,394 | 13,340,990 | 100.00% | 1,090,414 | 100.00% | (17,811) | (17,811) | - |
| The company | WVN | Vietnam | Assembly and sales of Notebook and LCD monitor | 1,346,288 | - | 1,346,288 | - | 100.00% | 1,216,181 | 100.00% | (16,384) | (16,384) | - |
| The company | WSCZ | Czech Rep. | Sales and maintenance service center | 282,833 | - | 282,833 | - | 100.00% | 538,622 | 100.00% | 181,187 | 181,187 | - |
| The company | WIS | Taiwan | Design, sales and service of network communication products | 214,656 | 17,888 | 214,656 | 17,888 | 46.10% | 255,001 | 46.10% | 40,659 | 40,659 | - |
| The company | WCA | Taiwan | Real property rental and management | 700,000 | - | 700,000 | - | 100.00% | 698,369 | 100.00% | (1,631) | (1,631) | - |
| The company | WNC | Taiwan | Manufactures and sales of wireless receiver products | 585,487 | 89,675 | 585,487 | 89,675 | 22.61% | 3,851,689 | 22.61% | 1,232,154 | 278,072 | - |
| The company | JLH | Taiwan | Sales of audio system of vehicles and components | 578,889 | 20,261 | 578,889 | 20,261 | 34.14% | 18,645 | 37.99% | (48,325) | (48,325) | - |
| The company | TPE | Taiwan | Wholesale and retail of electronic materials | 26,088 | 4,487 | 26,088 | 4,487 | 12.82% | 101,318 | 13.65% | 236,484 | 30,685 | - |

WISTRON CORPORATION Notes to the Parent-Company-Only Financial Statements

Table 7 Information on investees (excluding investees in Mainland China)
(December 31, 2021)

| Name of the investor | Name of investee | Location | Major operations | Ending balance | | Beginning balance | Shares | Ending balance | | Highest percentages of shares during the period | Net income (losses) of the investee | Investment income (losses) | Notes |
|----------------------|------------------------------------|------------|---|----------------|------------|-------------------|--------|----------------|------------|---|-------------------------------------|----------------------------|-------|
| | | | | Ending balance | Book value | | | Shareholding | Book value | | | | |
| The company | ISGTG | Seychelles | Research, design and sales of information technology products | 160,025 | \$ | 160,025 | \$ | 40.00% | - | 40.00% | - | - | - |
| The company | ISGTC | Hong Kong | Research, design and sales of information technology products | 160,000 | \$ | 160,000 | \$ | 40.00% | - | 40.00% | - | - | - |
| The company | HCL | B.V.I. | Investment and holding | 96,045 | - | 96,045 | - | 30.00% | 66,608 | 30.00% | (1,168) | (350) | - |
| The company | Fernosa Prosonic Industries Berhad | Malaysia | Manufacturing of audio and booster | 513,565 | 69,260 | 513,565 | 69,260 | 27.39% | 553,100 | 28.00% | 464,091 | 161,122 | - |
| The company | NICE Licensing LLC | Japan | Promote NICE Standard | 4,191 | - | 4,191 | - | 20.00% | 2,042 | 20.00% | (9,424) | (1,885) | - |

WISTRON CORPORATION
Note to the Parent-Company-Only Financial Statements

Table 8 Information on investment in Mainland China
1. Information on investment in Mainland China:

| Investee in Mainland China | Main Businesses and Products | Total amounts of paid-in capital | Method of investment | Accumulated amounts of remittance from investment as of January 1, 2021 | Investment flows | | Highest percentage of shares during the period | Direct / indirect shareholding by the Company | Investment income (losses) recognized by the Company | Carrying amount of the investment as of December 31, 2021 | Accumulated inward remittance of earnings as of December 31, 2021 | Note |
|---|---|----------------------------------|----------------------|---|------------------|--------|--|---|--|---|---|------|
| | | | | | Outflow | Inflow | | | | | | |
| Wistron InfoComm (Zhongshan) Corporation | Manufacture and sales of information technology products | 7,984,698 (Note 3) | (Note 25) 2 | 7,984,739 (Note 3) | - | - | 100.00% | 100.00% | 13,365,536 (Note 20) 2 | 19,327,126 | - | - |
| Wistron InfoComm (Shanghai) Corporation | Research, development, design, testing and sales of computers software | 31,691 | (Note 25) 2 | 31,691 | - | - | 100.00% | 100.00% | 2,538 | 46,652 | - | - |
| Wistron InfoComm Technology (Zhongshan) Co., Ltd. | Human resource services and sales of LCD monitor | 67,510 | (Note 25) 2 | 67,510 | - | - | 100.00% | 100.00% | 176,900 (Note 20) 2 | 759,514 | - | - |
| Wistron InfoComm (Kunshan) Co., Ltd. | Manufacture and sales of information technology products | 1,085,212 (Note 2) | (Note 25) 2 | 1,085,212 (Note 2) | - | - | 100.00% | 100.00% | 665,701 (Note 20) 2 | 103,888,58 | - | - |
| Wistron Service (Kunshan) Corp. | Sales and maintenance services center in Asia | 12,287 | (Note 25) 2 | 12,287 | - | - | 100.00% | 100.00% | 76,821 | 758,121 | - | - |
| SMS (Kunshan) Co., Ltd. | Sales and maintenance services center in Mainland China | 806,230 | (Note 25) 2 | 806,230 | - | - | 100.00% | 100.00% | 95,513 (Note 20) 2 | 1,896,690 | - | - |
| Wistron InfoComm (Taizhou) Co., Ltd. | Manufacture and sales of LCD monitor and touch display module | 4,932,664 | (Note 25) 2 | 4,929,489 | - | - | 100.00% | 100.00% | (916,131) (Note 20) 2 | (5,063,967) | - | - |
| WISE PRECISION (KUNSHAN) CO., LTD. | Manufacture and sales of computer shell and mold plastic | 795,220 | (Note 25) 2 | 231,014 (Note 3) | - | - | 24.88% | 28.88% | (177) (Note 20) 2 | 164,546 | - | - |
| T-CONN PRECISION(ZHONGSHAN) CORPORATION | Prediction of telecommunication equipment and compiling for special purpose | 234,991 | (Note 25) 2 | 85,873 (Note 3) | - | - | 22.68% | 21.30% | 21,431 (Note 20) 2 | 59,957 | - | - |
| Wistron Optronics (Kunshan) Co., Ltd. | Prediction of telecommunication products and components | 3,337,656 | (Note 25) 2 | 3,632,413 | - | - | 100.00% | 100.00% | 74,794 (Note 20) 2 | 35,147,76 | - | - |
| Wistron Optronics (Shanghai) Co., Ltd. | Sales of communication products and components | 131,684 | (Note 18) | 131,684 | - | - | 100.00% | 100.00% | 5,344 (Note 20) 2 | 73,996 | - | - |
| HSEH-YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. | Production and management of new-type electronic components | 626,685 | (Note 18) | 79,232 | - | - | 26.08% | 26.08% | - | - | - | - |
| LIAN-YI PRECISION (ZHONGSHAN) INC. | Manufacture of high-temperature resistant insulation materials and molded electronic components | 1,124,931 | (Note 25) 2 | 332,795 | - | - | 24.88% | 28.88% | (63,236) (Note 20) 2 | (146,463) | - | - |
| WIS PRECISION (TAIZHOU) CO., LTD. | Sales of precision metal parts of computer, server and the peripheral | 2,226,002 | (Note 25) 2 | 643,101 | - | - | 24.88% | 28.88% | (87,217) (Note 20) 2 | 625,862 | - | - |
| Hance Technology (Kunshan) Co., Ltd. | Research and development of electronic high-tech materials | 316,917 | (Note 25) 2 | 128,115 | - | - | 20.02% | 20.02% | 10,626 (Note 20) 2 | 210,520 | - | - |
| Wistron Advance (Materials)Kunshan) Co., Ltd. | Research, manufacture, and sales of electronic regeneration ecofriendly plastic goods | 953,939 | (Note 25) 2 | 953,939 | - | - | 100.00% | 100.00% | 13,276 | 35,807 | - | - |
| Zongshan Global Lighting Technology Limited Co. | Sales of LOP, backlight and related light-electronic components | 445,625 | (Note 25) 2 | 72,807 | - | - | 15.97% | 15.97% | - | 66,331 | - | - |
| Wistron InfoComm (CHONGQING) Co.Ltd. | Assembly and sales of Notebook computer | 583,623 | (Note 25) 2 | 583,623 | - | - | 100.00% | 100.00% | 48,842 (Note 20) 2 | 5,161,589 | - | - |
| Wistron Investment (Sichuan) Co., Ltd. | Investment and holding | 2,201,866 | (Note 25) 2 | 2,501,466 (Note 3) | - | - | 100.00% | 100.00% | 2,501,466 (Note 3) | 2,502,362 | - | - |
| Wistron InfoComm (Chengdu) Co., Ltd. | Assembly and sales of Notebook computer | 2,296,624 | (Note 25) 2 | 2,296,624 (Note 3) | - | - | 100.00% | 100.00% | 942,265 (Note 20) 2 | 2,207,063 | - | - |
| Wistron InfoComm Technology Service (Kunshan) Co., Ltd. | Research and development of electronic calculator and other electronic products | 59,942 | (Note 25) 2 | 9,942 | - | - | 100.00% | 100.00% | (14,013) (Note 20) 2 | 114,155 | - | - |
| Weshtek Information Technology Services Co., Ltd., Shanghai | Development of internet platform, providing of application services and consulting | 31,324 | (Note 19) | 22,449 (Note 19) | - | - | 100.00% | 100.00% | (745) (Note 20) 2 | 2,545 | - | - |
| Shenzhen Keen High Technologies Ltd. | Manufacture of digital photo frame, MP3, MP4 and GPS | 198,448 | (Note 25) 2 | 11,110 (Note 6) 3 | - | - | 15.17% | 15.17% | - | - | - | - |
| SMS InfoComm(Taizhou) Co.,Ltd. | Sales and distribution of computer products and components | 126,838 | (Note 25) 2 | 126,838 | - | - | 100.00% | 100.00% | 106,140 (Note 20) 2 | 371,649 | - | - |
| Kunshan Changshun Precision Die Casting Co., Ltd. | Sales and distribution of Zuo-Ai Alloy precision casting process, LCD monitor of supporting frame and electronic tool series | 194,500 | (Note 25) 2 | - | - | - | 14.31% | 14.31% | (602) (Note 20) 2 | 5,880 | - | - |
| ICA Inc. | Research, design, manufacture, sales, and maintenance of fire-fight terminals | 16,659 | (Note 25) 2 | 16,659 | - | - | 50.78% | 48.08% | 2,407 (Note 20) 2 | 44,473 | - | - |
| Wistron Medical Tech (Chongqing) CO., LTD. | Production of medical equipment | 89,510 | (Note 25) 2 | - | - | - | 20.00% | 20.00% | (2,010) (Note 20) 2 | 4,896 | - | - |
| Nanjing Xueshi (Kunshan) Electronics Technology Co., Ltd. | Virtual image Head-up display and new energy car high-power charging device | 94,800 | (Note 25) 2 | - | - | - | 91.76% | 91.76% | (25,076) (Note 20) 2 | 65,450 | - | - |
| XTRONICS(Kunshan)Electronics Technology Co., Ltd. | Research and development, production and sales of automotive electronics, automotive parts, smart consumer equipment and ISM antennas | 316,197 | (Note 25) 2 | - | - | - | 33.41% | 33.41% | (658) (Note 20) 2 | 132,262 | - | - |
| Wistron InfoComm Computer(Chengdu)Co.,Ltd | Assembly and sales of Notebook computer | 24,258 | (Note 25) 2 | - | - | - | 100.00% | 100.00% | 101,744 (Note 20) 2 | 200,326 | - | - |

(TWD : expressed in thousands)

2. Limitation on investment in Mainland China

| Company | Accumulated amounts investment in Mainland China as of December 31, 2021 (Note 1), (Note 2), (Note 3), (Note 4), (Note 5), (Note 7), (Note 8), (Note 9), (Note 10), (Note 11), (Note 12), (Note 13), (Note 14), (Note 19), (Note 20), (Note 21), (Note 22) and (Note 23) | Investment amounts authorized by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4) and (Note 15) | Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 16) |
|---------------------|--|--|---|
| Wistron Corporation | 24,440,904 (USD788,612,330) | 13,840,144 (USD499,196,500&CNY4,000,000) | - |

(TWD : expressed in thousands)

(Note 1) The Company invested the amount of USD5,150,000 (approximately TWD149,551) in BRIVISION OPTRONICS (L) CORP, acquiring 50.99% of its share; therefore, resulting in an indirect ownership of BrV Vision Optronics (Zhongshan) Corp. with the same amount of shares. The application to transfer the investment in Mainland China has been authorized by the Investment Commission, MOEA on January 17, 2013. Therefore, the accumulated investment amount in Mainland China will be revised in accordance with the amount authorized by the Investment Commission. Also, Cowin, one of 100% owned subsidiaries of the Company, merged with BRIVISION OPTRONICS(L) CORP. by exchanging 1 share for 1.89 share on November 14, 2013. After the merger, Cowin became the existing company, while BrVvision was liquidated in the first quarter of 2015. Therefore, 100% ownership of BrV Vision Optronics (Zhongshan) Corp. was transferred to Cowin Worldwide Corporation in the second quarter of 2014.

(Note 2) Wistron InfoComm (Zhongshan) Corporation, in which the Company indirectly owned 100% of its shares, merged with BrV Vision Optronics (Zhongshan) Corp. in the second quarter of 2015, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD218,050,000 (approximately TWD6,872,015), which was authorized by the Investment Commission on July 31, 2015. Also, Wistron InfoComm (Zhongshan) Corporation merged with AII Technology (Zhong Shan) Co., Ltd., one of 100% owned subsidiaries of the Company, in the first quarter of 2017, resulting in an increase in the investment capital of Wistron InfoComm (Zhongshan) Corporation to USD234,000,000 (approximately TWD7,394,179), which was authorized by Investment Commission on December 26, 2016.

(Note 3) On January 24, 2005, the Company applied to the Investment Commission for the revision of the amount of its indirect investment in T - CONN PRECISION (Zhongshan) CORPORATION from USD638,000 to USD550,000, and the application was authorized on February 15, 2005. Also, Super Elite Ltd. acquired Hong Kong Conitek Electronics Co. Ltd. by issuing new shares through stock exchange, resulting in a decrease in the of the Company's investment amount in T - CONN PRECISION (Zhongshan) CORPORATION by USD3,995 (approximately TWD9,793), and the application was authorized by the Investment Commission on May 17, 2012.

(Note 4) The Company indirectly invested in the capital of Wistron Optronics (Kunshan) Co., Ltd. and Wistron Optronics (Shanghai) Corporation, through Wistron Optronics Corporation (WOC) and its subsidiary, WinDisplay, amounting to TWD64,701 and TWD4,877, respectively. However, on March 10, 2007, WOC was merged with WOD Co., Ltd (WOD), a fully owned subsidiaries of the Company. After the merger, WOD became the existing company while WOC being the dissolved entity, who transferred its investment amount, which had been authorized by the Investment Commission on June 14, 2007, to WOD. On the other hand, AIIH transferred the shares of WinDisplay and its subsidiaries to WOD on June 25, 2007 in accordance with the agreement. The Company applied for the transfer of investment amount, which had been authorized by the Investment Commission on July 18, 2007. Therefore, the accumulated investment amount in Mainland China would be revised in accordance with the amount authorized by Investment Commission. On August 17, 2007, WOD Co., Ltd. was renamed as Wistron Optronics Corporation.

(Note 5) The investment in Wistron InfoComm (Chengdu) Co., Ltd., through Wistron Investment (Sichuan) Co., Ltd., was authorized by the Investment Commission. The amount of accumulated investment in Mainland China had increased by USD83,500,000 (approximately TWD2,501,366).

(Note 6) The Board of Directors of Shenzhen Keen High Technologies Ltd., in which the Company indirectly invested in, the court ruled that the application for bankruptcy and liquidation procedures was completed on December 29, 2016.

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(Note 7) Shenzhen Jin Zhi Feng Electronic Co., Ltd. in which the Company indirectly invested in, had completed the cancellation of its business registration. The said investment capital amounting to USD2,331,508.7, which entitled the Company to a full ownership of the entity, had been remitted to KJF Technology Ltd. and was authorized by the Investment Commission on January 12, 2015. However, according to the regulation, the remittance to Mainland China amounting to USD104,452 (approximately TWD3,155) was included in the accumulated investment amount.

(Note 8) Dong Guan Comtek Electronics Co., Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY449,415.79, which entitled the Company to a full ownership of the entity, had been remitted to Hong Kong Comtek Electronics Co. Ltd. and was authorized by the Investment Commission on July 15, 2013. However, according to the regulation, the remittance to Mainland China amounting to USD179,344 (approximately TWD5,371), was included in the accumulated investment amounts.

(Note 9) Top - Glory Electronic (Zhongshan) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD18,268.22, which entitled the Company to a full ownership of the entity, had been remitted to Super Elite Ltd. and was authorized by the Investment Commission on March 25, 2010. However, according to the regulation, the remittance to Mainland China amounting to USD33,000 (TWD1,071) was included in the accumulated investment amounts.

(Note 10) Changshu Pu Yuan electronics Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD3,895,791.97, which entitled the Company to a full ownership of the entity, had been remitted to Park Orchid, which was liquidated afterwards. The capital incurred from the liquidation of Park Orchid amounting to USD2,461,084.65 was remitted to Win Smart. With that said, the capital amount of USD2,461,084.65 entitled the Company to a 46.875% ownership of Win Smart. Therefore, the accumulated investment amount in Mainland China was revised to USD2,812,500 on April 24, 2012, and was authorized by the Investment Commission on April 30, 2012. However, according to the regulation, the remittance to Mainland China amounting to USD2,812,500 (TWD84,714) was included in the accumulated investment amounts.

(Note 11) Wistron optronics (Shanghai) Corporation, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD58,823.63, which entitled the Company to a full ownership of the entity, had been remitted to WDC and was authorized by the Investment Commission on December 16, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD1 was included in the accumulated investment amounts.

(Note 12) Wistron Service (Shanghai) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD6,507.67 (approximately TWD196), which entitled the Company to a full ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on March 6, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment was authorized by the Investment Commission on December 8, 2011. However, according to the regulation, the remittance to Mainland China amounting to USD133,492.33 (approximately TWD4,350) was included in the accumulated investment amounts.

(Note 13) WIT Precision (Taizhou) Co., Ltd., in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD18,577.5 (approximately TWD556), which entitled the Company to a 30% ownership of the entity, had been remitted to Taiwan and was authorized by the Investment Commission on September 18, 2012. The amount resulted in a decrease in the authorized investment amount. Also, the cancellation of investment of the Company had already been authorized. However, according to the regulation, the remittance amounting to USD1,241,422.5 (approximately TWD39,449) was included in the accumulated investment amounts.

(Note 14) Zhongshan Deyi Electrical Equipment Co., Ltd.(Deyi), in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD525,684.97, which entitled the Company to a full ownership of the entity, had been remitted to FULLERTON LTD. On October 22, 2013, the Company applied for a revision of its indirect investment in Deyi amounting to USD161,314, which had been authorized by the Investment Commission on October 28, 2013. Afterwards, the cancellation of investment of the Company was authorized by the Investment Commission on November 4, 2013. However, according to the regulation, the remittance to Mainland China amounting to (approximately TWD5,121) was included in the accumulated investment amounts.

(Note 15) The amounts translated were using the spot rates on December 31, 2021.

(Note 16) On December 7, 2020, the Company obtained the Certificate of Qualified Operating Headquarters, which was issued by the Department of Industrial Development, Ministry of Economic Affairs, in accordance with the revised "Approval Guidelines for Engagement in Investments or Technological Cooperation in Mainland China" and "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" that was announced on August 22, 2008. Therefore, the Company was not restricted or limited, in anyway, regarding the investment amount in Mainland China.

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(Note 17) Wistron InfoComm (CHONGQING) Co. Ltd., one of the fully directly owned subsidiaries of the Company, used its own capital to invest in ICA Inc.; the transaction was not restricted or limited, in anyway, regarding the investment amount in Mainland China.

(Note 18) HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. merged with BrVision Optronics (Zhongshan) Corp. in the fourth quarter of 2016, both entities are fully owned subsidiaries of the Company, resulting in an increase in the investment capital of HSIEH - YUH ELECTRONICS TECHNOLOGY (ZHONG SHAN) CO., LTD. to USD2,452,912 (approximately TWD79,722), which was authorized by the Investment Commission on November 30, 2016.

(Note 19) The Company invested the amount of USD16,961 (approximately TWD513) in WIEDU HONG KONG LIMITED, acquiring 18.73% of its share; therefore, resulting in an indirect ownership of Weshtek Information Technology Services Co., Ltd., Shanghai (Weshtek), which entitled the Company to a full ownership of Weshtek.

(Note 20) The indirect investment in Wistron Investment (Jiangsu) Co., Ltd. a holding company, through Win Smart Co., Ltd. with amount of USD200,000,000, was authorized by the Investment Commission on December 18, 2017. Till the second quarter of 2019, the remittance to Mainland China was only USD100,000,000 (approximately TWD3,117,440). Wistron Investment (Jiangsu) Co., Ltd. invested the amount of USD100,000,000 (approximately TWD3,055,830) in Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. acquiring 78.13% of its share in the fourth quarter of 2019. The cancellation of the original investment plan of USD 100,000,000 which had not been implemented was authorized by the Investment Commission on November 13, 2020. The application that Win Smart Co., Ltd. disposed the entire shares of Wistron Investment (Jiangsu) Co., Ltd. and Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. was authorized by the Investment Commission on February 18, 2021. The investment amounting to USD 380,000,000 (approximately TWD10,620,040) was remitted to Taiwan through W in Smart Co afterwards. However, according to the regulation, the remittances to Mainland China amounting to USD 100,000,000 (approximately TWD3,117,440) for Wistron Investment (Jiangsu) Co., Ltd. and USD28,000,000 (approximately TWD 939,420) for Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. were included in the accumulated investment amounts.

(Note 21) Wistron InfoComm (Qingdao) Co., Ltd. Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD7,123,297.09, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG HOLDING LIMITED, and was authorized by the Investment Commission on March 14, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD6,000,000 (approximately TWD179,436), was included in the accumulated investment amounts.

(Note 22) Wiyynn Technology Service (Beijing) Limited, in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to CNY7,543.21, which entitled the Company to a full ownership of the entity, had been remitted to WIN SMART CO., LTD. and was authorized by the Investment Commission on May 18, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD2,599,788.94 (approximately TWD86,742) was included in the accumulated investment amounts.

(Note 23) ANWITH (Kunshan) CO.,LTD. in which the Company indirectly invested in, had completed the cancellation of its business registration and liquidation. The said investment capital amounting to USD2,023,982.58, which entitled the Company to a full ownership of the entity, had been remitted to WISTRON HONG KONG LIMITED, and was authorized by the Investment Commission on October 19, 2018. However, according to the regulation, the remittance to Mainland China amounting to USD3,000,000 (approximately TWD89,256) was included in the accumulated investment amounts.

(Note 24) Wistron InfoComm (Kunshan) Co., Ltd., in which the Company indirectly invested, invested the amount of CNY47,118,000 (TWD209,859) in Xtronics (Nanjing) Electronics Technology Co., acquiring 31.41% of its share in the fourth quarter of 2018, with which the change of its business registration had been completed in the first quarter of 2019. Xtronics Innovation Ltd. has agreed to transfer 2% of its shares to Wistron InfoComm (Kunshan) Co. Ltd., in which the Company indirectly invested. Wistron InfoComm (Kunshan) Co. Ltd. invested the amount of CNY3,000,000 (approximately TWD13,790) in Xtronics (Nanjing) Electronics Technology Co., acquiring 33.41% of its share in the second quarter of 2019.

(Note 25) To invest in Mainland China by:

1. Direct investment in Mainland China.
2. Indirect investment in Mainland China through a foreign company.
3. Others

WISTRON CORPORATION

Notes to the Parent-Company-Only Financial Statements

(Note 26) Recognized share of associates and joint ventures accounted for equity method :

1. The financial statements of the investee company were audited by the international accounting firms which cooperated with R.O.C. accounting firms.
2. The financial statements of the investee company were audited by the Group's auditor.
3. Others

3. Significant transactions

The significant transactions of the entities in China in which the Company, directly or indirectly owned, refer to Table 1 to Table 8.

6.6 Any financial distress experienced by the company or its affiliated enterprises and impacts on the company's financial position, in the last year up till the publication date of this annual report : None.

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

7.1 Analysis of Financial Status

7.1.1 2021 vs. 2020 financial analysis

Unit : NT\$ thousands

| Item | Year | 2021.12.31 | 2020.12.31 | Difference | |
|--|------|-------------|-------------|-------------|---------|
| | | | | Amount | % |
| Current assets | | 421,786,551 | 361,960,347 | 59,826,204 | 16.53 |
| Net property, plant and equipment | | 42,209,556 | 36,572,342 | 5,637,214 | 15.41 |
| Intangible assets | | 1,730,173 | 1,104,234 | 625,939 | 56.69 |
| Other assets | | 31,571,526 | 29,185,522 | 2,386,004 | 8.18 |
| Total assets | | 497,297,806 | 428,822,445 | 68,475,361 | 15.97 |
| Current liabilities | | 365,583,359 | 313,699,489 | 51,883,870 | 16.54 |
| Non-current liabilities | | 39,229,668 | 31,196,877 | 8,032,791 | 25.75 |
| Total liabilities | | 404,813,027 | 344,896,366 | 59,916,661 | 17.37 |
| Common stock | | 29,032,521 | 28,406,121 | 626,400 | 2.21 |
| Capital surplus | | 28,834,524 | 25,760,011 | 3,074,513 | 11.94 |
| Retained earnings | | 31,098,687 | 26,853,167 | 4,245,520 | 15.81 |
| Other equity | | (9,441,535) | (7,846,263) | (1,595,272) | (20.33) |
| Treasury stock | | (1,607,259) | (1,607,259) | 0 | 0.00 |
| Equity attributable to owners of the company | | 77,916,938 | 71,565,777 | 6,351,161 | 8.87 |
| Non-controlling interests | | 14,567,841 | 12,360,302 | 2,207,539 | 17.86 |
| Total equity | | 92,484,779 | 83,926,079 | 8,558,700 | 10.20 |

7.1.2 Analysis for asset, liability and stockholders' equity balance change more than 20%, and the changed amount are more than NT\$10,000K

- (1) The increase in Intangible assets was mainly due to increase in Operating concession and Goodwill.
- (2) The increase in non-current liabilities was mainly due to increase in Bonds payables and Long-term loans.
- (3) The decrease in other equity was mainly due to the decrease of exchange differences on translation of financial statements.

7.2 Analysis of Financial Performance

7.2.1 2021 vs. 2020 operating result analysis

Unit : NT\$ thousands

| Item | Year | 2021 | 2020 | Increasing (decreasing) amount | Change percentage (%) |
|--|-------------|-------------|------------|--------------------------------|-----------------------|
| | | | | | |
| Cost of sales | 810,948,132 | 798,958,664 | 11,989,468 | 1.50 | |
| Gross profit | 51,134,716 | 46,053,180 | 5,081,536 | 11.03 | |
| Operating expenses | 34,760,078 | 31,582,118 | 3,177,960 | 10.06 | |
| Operating income | 16,374,638 | 14,471,062 | 1,903,576 | 13.15 | |
| Non-operating income and expenses | 2,859,639 | 2,374,313 | 485,326 | 20.44 | |
| Profit before tax | 19,234,277 | 16,845,375 | 2,388,902 | 14.18 | |
| Income tax expenses | 4,506,466 | 3,937,479 | 568,987 | 14.45 | |
| Net profit | 14,727,811 | 12,907,896 | 1,819,915 | 14.10 | |
| Other comprehensive income, net of tax | (2,018,306) | (4,006,611) | 1,988,305 | 49.63 | |
| Total comprehensive income | 12,709,505 | 8,901,285 | 3,808,220 | 42.78 | |
| Net profit attributable to owners of the Company | 10,468,030 | 8,681,762 | 1,786,268 | 20.57 | |
| Total comprehensive income attributable to owners of the Company | 8,548,311 | 4,822,894 | 3,725,417 | 77.24 | |

7.2.2 Analysis for change item amount change more than 20%

- (1) Increase in non-operating income and expenses : The increase was mainly due to the increase of gain on disposal of investment, net.
- (2) Increase in other comprehensive income, net of tax: The increase was mainly due to the increase of exchange differences on translation of financial statements.
- (3) Increase in net profit attributable to owners of the Company: The increase was mainly due to the increase of operating income.
- (4) Increase in total comprehensive income and total comprehensive income attributable to owners of the Company: The increase was mainly due to the increase of operating income and exchange differences on translation of financial statements.

7.3 Cash flow

Change in consolidated cash flow in 2021:

Unit:NT\$ thousands

| Cash beginning balance | Cash flow from operating activities | Cash flow (used in) investing & financing activities | Cash ending balance | Plan for cash ending balance shortage | |
|------------------------|-------------------------------------|--|---------------------|---------------------------------------|----------------|
| | | | | Investment plan | Financing plan |
| 66,203,801 | (21,535,909) | 25,486,349 | 70,154,241 | - | - |

7.3.1 Analysis of cash flow in 2021

- (1) Operating Activities: Cash flow-out mainly caused by increase in demand for inventory.
- (2) Investing Activities: Cash flow-out mainly caused by the increase in fix asset acquisition and other assets-noncurrent.
- (3) Financing Activities: Cash flow-in mainly caused by the increase in short-term loans.

7.3.2 Liquidity improvement plan

The Company showed no signs of liquidity deficit.

7.3.3 Analysis of cash liquidity in the coming year

To accommodate the financial market fluctuation and the funding needs for operation and investments, Company manage prudently the cash and other financial tools with the principle of maintaining the liquidity and safety.

7.4 Major Capital Expenditures and Impact on Financial and Business

7.4.1 Major Capital Expenditure and Sources of Funding

Unit : NT\$ thousands

| Plan | Actual or planned source of capital | Total amount as of Dec 31, 2021 | Status of Actual Use of Capital | |
|--|-------------------------------------|---------------------------------|---------------------------------|------------|
| | | | 2020 | 2021 |
| Acquisition of property, plant and equipment | Cash Flow generated from operation | 20,334,551 | 9,838,227 | 10,496,324 |

7.4.2 Expected Future Benefits

The investment in capital expenditure was for business growth as well as to expand capacity and to enhance productivity.

7.5 Investment Policies

The investments the company made were for long-term strategic plans. In 2021, the investment income recognized under equity method was NT\$117,188 thousands. The company will continue making long-term strategic investments through prudent assessment in order to reinforce its competitiveness.

7.6 Risk Management

7.6.1 How does interest rate, exchange rate, or inflation influence Company's profit and loss, and how to manage such risks?

| Items | 2020 (in thousand NT dollars) | 2021 (in thousand NT dollars) |
|--------------------|-------------------------------|-------------------------------|
| Interest Income | 1,888,042 | 1,306,757 |
| Interest Expense | 2,348,171 | 1,880,091 |
| Exchange loss/gain | 1,501,119 | 1,254,828 |

By the end of 2021, the cash and short-term investment balance of the Company totaled about NT\$70.1 billion with short term borrowings about NT\$141 billion. We reinvested the surplus cash after considerable evaluation of risks involved, while watching closely the change of bank lending rates on a regular basis.

Around 99% of the Company's revenue is from exports and most is in U.S. dollars, and most of the Company's material purchases use U.S. dollars as well. Therefore, the majority of Company's foreign currency operating exposure can be mutually offset. In addition, the Company has used regular hedge activities to manage its foreign exchange risk, under proper risk management guidelines. Due to the fluctuation of the foreign exchange rate and hedging activities, the Company delivered a foreign exchange gain of approximately NT\$1,255 million last year.

There was no major inflation around the world during the 2021 and the Company has not experienced much in this regard.

The action plan to cope with impacts from interest rates, exchange rates, and inflation is:

- (1) Mutually offset foreign assets and liabilities to mitigate the exposure.
- (2) Well plan and arrange the funding in advance based on the company's business projection and cash flow forecast.
- (3) Apply suitable financial instruments, such as derivatives, to hedge the risks under proper guidelines.

7.6.2 What is the Company's policy to make high risk or leveraged investment, make a loan, make a guarantee or buy derivatives? And what are the reasons of gain or loss and what are the future plans

The Company has not performed any high-risk or highly leveraged investments in the past year. And the Company has not loaned funds and endorsed or guaranteed for any parties other than the subsidiaries which were restricted by Company's internal policies, and no loss has incurred. The Company performed derivatives transactions under the related guidelines of the Company, and the transactions were within our business scope.

Looking ahead, the Company will adhere to its existing principles, and not make high-risk and highly leveraged investments. We will only loan to other parties, endorse and guarantee for other parties under the Company's applicable regulations. The derivatives transactions will be performed strictly in compliance with the Derivatives Transaction Procedures set forth by the Company.

7.6.3 Future R&D Development Plan and Investment

All R&D plans for 2021 have been implemented during volume production related activities or have been submitted to the customers for verification after internal testing for possible future utilization. We will continue to invest in R&D for 2022 to meet business growth needs. The estimated investment ratio of R&D expense to revenue will be around 2.3% in 2022.

7.6.4 Effects of and Responsive actions to Changes in Policies and Regulations Relating to Finance and Operation

The Company paid close attention on any change in policies and regulations domestically or overseas that may affect operation and finance. Till the end of 2021, there was no such significant changes in policies and regulations which would bring negative influence.

7.6.5 Effects of and Responsive actions to Changes in Technology and the Industry Relating to Finance and Operation

There was no significant impact on finance and operation in the Company relating to recent technological and industrial changes. However, in response to the importance of information security and the increasing information security risk, the Company had taken out insurance for information security in order to cover the possible losses associated with information security incidents.

7.6.6 Effects of and Responsive actions to Changes in Corporate Image Change on Our Risk Management

The most important factor of the Company's image is its integrity. Integrity is the fundamental principal in both our core values and regulations, and has obtained recognition from the general public. Adhering to the integrity principle is beneficial to our risk management.

7.6.7 Expected benefits, risks and responsive measures of planned mergers or acquisitions

The Company selected appropriate target companies for merger and acquisition which highly aligned with future business development. By doing so the Company obtained effective risk control against business integration, investment results, financial performance and so on.

7.6.8 Expected Benefits and Risks Related to Plant Facility Expansions

We establish our worldwide operations and arrange production services in the most appropriate location to meet the needs of customers. In addition to operations in China, Wistron continuously develops the manufacturing capacities based in Taiwan, Mexico, India, Malaysia, Vietnam, and the Czech Republic. These arrangements allow Wistron to take full advantage of the strengths of each country, enabling us to tailor-make products and services for different customers.

However, new operations will increase manufacturing overhead (i.e. purchasing equipment, staff recruiting, and training employees) and will have negative financial impact if future income is not enough to cover the increased overhead. In response to this risk, Wistron not only commits to upgrade the manufacturing processes, improve product quality, save resources, and provide better services, but also strengthens cooperation with customers to earn more business opportunities and improve the capacity utilization.

7.6.9 Supply and Distribution Concentration

Comparing to the peers, there are no concentration risk on the suppliers and customers except 100% owned subsidiaries.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors have been stable during the last few years, and there have been no major transfers or swaps of shares.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights

The company has a very healthy shareholder's structure: 31.12% stock shares are held by foreign investors, 18.73% by domestic institutional investors, 2.03% by treasury shares. They possess around 51.88% in the aggregate. In addition, the healthy shareholding structure of the Company lowers the risk of key management changes. We will do our best effort to improve corporate management to reward our shareholders with better performance. This is the key to our company's sustained development.

7.6.12 Does the Company or its directors, supervisors, general manager, key managers, shareholders with more than 10% shareholding or subsidiaries have any pending lawsuits or disputes which might significantly affect the shareholders' equity or share prices? If yes, what are the facts, claims, filing date, major parties and status upon publishing of this Report

A. Wistron Corporation

In June of 2016, Alacritech filed an action against the Company in the United States District Court for the Eastern District of Texas. The accused products are servers and network interface devices. The litigation has been stayed pending the decision of the US Patent Trial and Appeal Board to review the validity of Alacritech's patent claims.

B. Wiwynn Corporation—Wistron's subsidiary

- a. Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court- Eastern District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The litigation is still in process and a decision has yet to be made by the US Patent Trial and Appeal Board.
- b. Acqis LLC. Filed a patent infringement complaint against the Company in the United States District Court- Western District of Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court.

7.6.13 Information Security

A. Information Security Policy

In implementing ISO information security management, Wistron focuses on regulation compliance, standardize processes, employees training and deploy security technology.

It strengthens the security on data, information systems, and network. Moreover, it can protect critical business processes and systems from human-induced risks such as theft, improper use, leakage, alteration or destruction which caused by negligence, deliberate or natural disasters.

With this, we can ensure the commitment to shareholders/customers and company's business continuity.

B. Effective Functioning and Continuous Improvement Information Security Management

In order to prove security management effectiveness, we certified ISO 27001 ISMS (Information Security Management System) and apply continuous improvement plan. The management mechanism includes:

- (1) Develop related standards and SOP to enable the operations of the security management;
- (2) Apply security technologies to identify, protect, detect, respond and recover timely and effectively;
- (3) Establish a contingency and recovery operation process for the security incidents, so as to quickly isolate and eliminate threats and minimize the impact;
- (4) Rehearse critical application system disaster recovery plan to verify the effectiveness;
- (5) Enhance information security awareness and comprehensive of employee continuously by social engineering simulation and on-line training;
- (6) Perform internal and external audits periodically.

C. The Information Security and Network Risk Assessment

We refer to internal and external security issues, security incidents and audit results to perform risk assessment regularly, and come out improvement or countermeasure plan to eliminate or reduce risks.

D. The Impact and Response for Major Information Security Incidents

No major security incidents and no information or data breaches that involving customers' personally identifiable information, affecting customers, relating to fines/penalties paid in 2021.

Because of the ever-changing threats and attack techniques, we will pay attention on security information technology and apply proper, timely defense or solution, to ensure management with a consistently effective approach to dealing with information security weaknesses and events, ensure the resilience of information services, and eliminate the business impact.

7.6.14 Emerging Risks

A. Information Security Risk

In recent years, there have been frequent domestic and foreign information security incidents. Hackers are organized into groups, and the attack methods they use are changing with each passing day. In addition, new technologies and system service models introduced by digital transformation in enterprises have changed, causing great threats and challenges to the management of enterprise information security and the protection of data.

In response to changes in the internal and external environment, Wistron has gradually established comprehensive network and computer-related information security protection measures from the people, process and technical aspects of information security governance. In addition to the company's continuous strengthening of information security measures, we joined the information security information sharing organization to obtain information security intelligence, information security threat and vulnerability information, such as: High-tech Information Security Alliance, Taiwan Computer Emergency Response Team / Coordination Center(TWCERT/CC); Combining external information security vendors and expert resources, we continue to pay attention to new information security information and technologies, and apply proper, timely defense or solution, to ensure management with a consistently effective approach to dealing with information security weaknesses and events, At the same time to improve rapid response and recovery capabilities to ensure the resilience of information services, and eliminate the business impact.

In 2021, Wistron purchased global information security insurance policies as a group. Apart from mitigating risks, we also hope to further receive the help and resources of external information security experts through the international insurance market. To provide preventative solutions to strengthen existing information security measures, in order to respond to growing information security threats and achieve the goals of corporate sustainable management.

For detailed information security governance, strategies and specific management measures, as well as the status of the resources invested, please refer to this annual report 5.6 Operational overview - Information Security Management.

B. Overall Economic Risks

In 2021, the global economy showed rapid and strong recovery with the easing of the epidemic. However, after we entered into 2022, inflation surging due to global supply chain constraints and increased shipping costs. Coupled with the omicron variant outbreaks and soaring commodity and

energy prices caused by the Russian-Ukrainian war, such negative factors forced global central banks to raise interest rates in a much bolder and speedier manner to tighten their monetary supply. Eventually, the slowing economic growth and more volatile market fluctuations may gradually lower the consumption momentum and trigger a downside revision for customers' orders to further impact company's profit.

While facing rising costs caused by soaring inflation, Wistron will actively deal with our customers to reflect the changes. In addition, we will continuously strengthen our capabilities of cost control and manage our funding use more rigorously. Under proper guidelines, we will hedge the risks with suitable financial instruments like derivatives.

C. Climate Change Transition Risks - Shortage of Renewable Energy, Carbon Fee/Carbon Tax

With the acceleration of the global energy transition and the society's emphasis on sustainability issues, various industries are actively introducing renewable energy to replace traditional fossil fuels, and gradually introduce renewable energy into the value chain to realize the vision of low-carbon manufacturing. However, the maturity of the renewable energy market in different countries in the world is different, and it is expected that the demand will grow rapidly in the future, making it difficult to properly match the supply and demand with a reasonable price. Under the premise of limited supply, for enterprises that actively purchase renewable energy to achieve the goal of low-carbon transformation, there may be risks such as order reduction and loss of business opportunities due to insufficient procurement and inability to meet customer/market demands.

In the ICT industry, many customers have gradually required that the electricity used in the process must be renewable energy, so whether to obtain sufficient and reasonably priced renewable energy will directly affect the market competitiveness.

In addition, various international organizations and governments have formulated regulations for carbon taxes/carbon fees. For example, the EU's Carbon Border Adjustment Mechanism (CBAM) will be officially implemented in 2026, and the Taiwan government is also developing a mandatory carbon fee regulations so that carbon emissions will be officially internalized as a cost factor in the next few years. In the future, enterprises that cannot purchase enough green electricity will not be able to effectively reduce carbon emissions, and will also lead to the risk of being levied high carbon fees/taxes, which will erode profits and affect the overall market competitiveness of enterprises.

The loss of market opportunities leads to a decrease in revenue, and the impact of carbon tax/carbon fee leads to an increase in operating expenses, which affects corporate profitability.

As an official TCFD Supporter, Wistron follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate risks and opportunities, and then build a holistic strategy and performance goals, and publicly disclose relevant information to communicate with stakeholders on climate issues.

For the transition risk categories in climate change risks, renewable energy and carbon fees are identified, so as to grasp the degree of corporate exposure as the market develops in the future

to formulate response strategies. This year, Wistron has quantified and estimated the financial impact of future carbon fees/carbon taxes on operations according to three scenarios. In order to improve the use of renewable energy, Wistron has formulated short, medium and long-term performance targets into routine management and publicly disclosed, and actively purchases renewable energy certificates in the global market and signs green electricity purchase contracts (PPAs), hoping to increase the ratio of renewable energy use year by year to 100% to achieve the goal of low-carbon manufacturing and sustainable enterprise.

7.6.15 Other Risks : None.

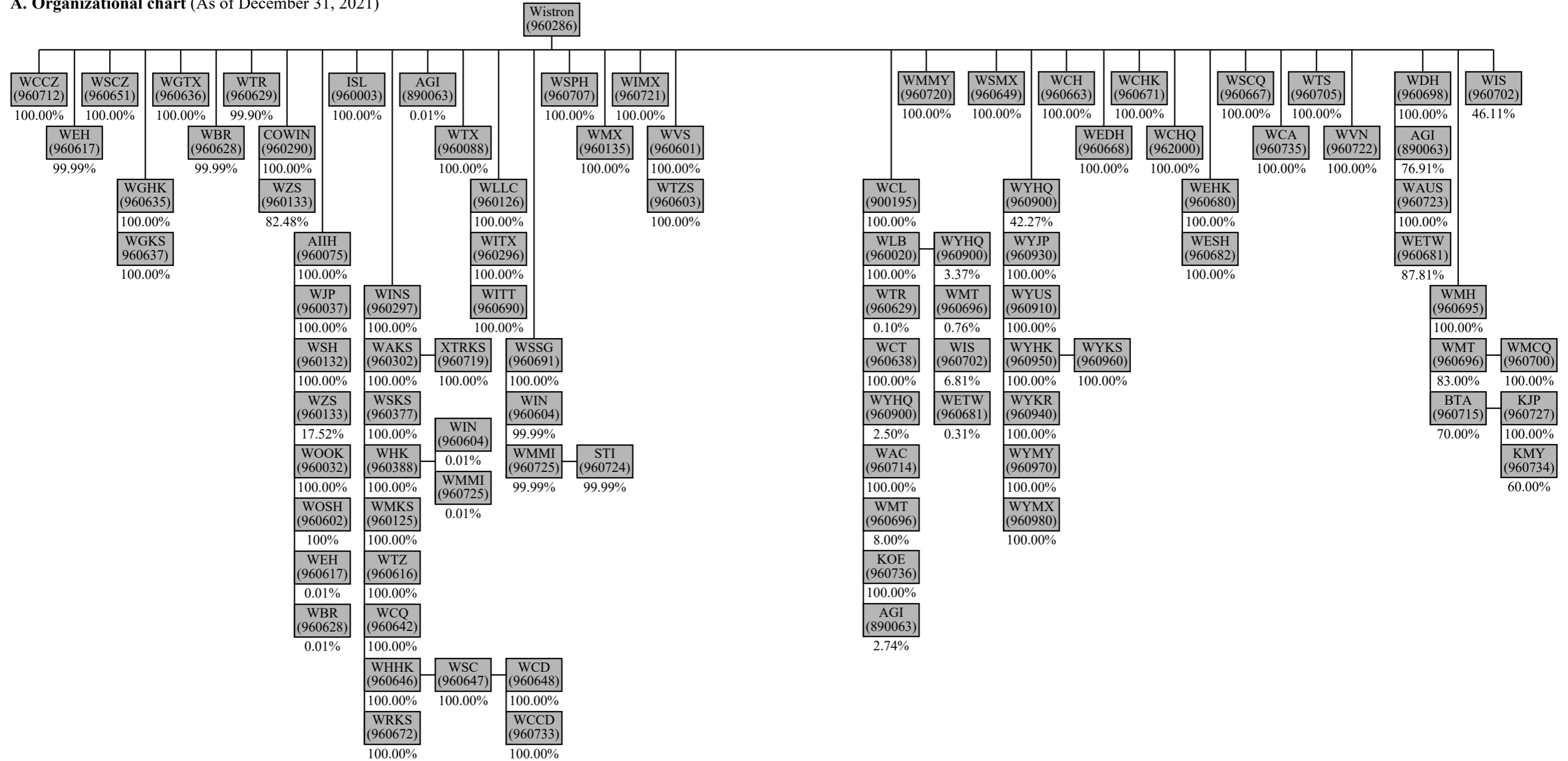
7.7 Other important matters : None.

8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated business report

A. Organizational chart (As of December 31, 2021)



B. Backgrounds of affiliated enterprises

| No. | Code | Brief Name | Name of Company | Established Date | Location | Currency | Paid in Capital | Rate | Main Business or Products |
|-----|--------|------------|--|------------------|-------------|----------|-----------------|---------|--|
| 0 | 960286 | WHQ | Wistron Corporation | 2001.05.30 | Taiwan | NTD | 29,032,520,500 | 1.0000 | Research, development, manufacturing and sale of computer and information products |
| 1 | 890063 | AGI | WiAdvance Technology Corporation | 1994.04.25 | Taiwan | NTD | 184,290,000 | 1.0000 | Software solution integrator |
| 2 | 900195 | WCL | Wise Cap Limited Company | 1999.11.05 | Taiwan | NTD | 5,529,600,0000 | 1.0000 | Investment consultant and business management consultant |
| 3 | 960003 | ISL | INTERNATIONAL STANDARDS LABORATORY CORP. | 1986.10.28 | Taiwan | NTD | 24,344,620 | 1.0000 | Safety and EMI test |
| 4 | 960088 | WTX | SMS Infocomm Corporation | 1997.12.04 | U.S.A. | USD | 11,500,000 | 27.6900 | Sales and maintenance service center in Northern America |
| 5 | 960290 | COWIN | Cowin Worldwide Corporation | 2001.09.07 | B.V.I. | USD | 215,393,915 | 27.6900 | Investment and holding |
| 6 | 960075 | AIIH | AII Holding Corporation | 1994.12.21 | B.V.I. | USD | 347,485,701 | 27.6900 | Investment and holding |
| 7 | 960707 | WSPH | Wistron InfoComm (Philippines) Corporation | 1995.05.19 | Philippines | USD | 3,419,437 | 27.6900 | Sales and maintenance service center in Asia |
| 8 | 960135 | WMX | Wistron Mexico S.A. de C.V. | 1997.12.04 | Mexico | USD | 58,291,337 | 27.6900 | Server and consumer electronics product manufacturing |
| 9 | 960297 | WINS | Win Smart Co., Ltd. | 2001.09.07 | B.V.I. | USD | 104,065,492 | 27.6900 | Investment and holding |
| 10 | 960133 | WZS | Wistron InfoComm (Zhongshan) Corporation | 1997.10.28 | China | USD | 234,000,000 | 27.6900 | Manufacture and sales of information technology products |
| 11 | 960302 | WAKS | Wistron InfoComm (Kunshan) Co., Ltd. | 2001.09.27 | China | USD | 32,000,000 | 27.6900 | Manufacture and sales of information technology products |
| 12 | 960132 | WSH | Wistron InfoComm (Shanghai) Corporation | 1997.11.04 | China | RMB | 8,283,779 | 4.3483 | Research, development, design, testing and sales of computers software |
| 13 | 960037 | WJP | Wistron K.K. | 1993.12.16 | Japan | JPY | 90,000,000 | 0.2410 | Sales and maintenance service center |
| 14 | 960377 | WSKS | Wistron Service (Kunshan) Corp. | 2004.07.23 | China | USD | 360,000 | 27.6900 | Sales and maintenance service center in Asia |
| 15 | 960388 | WHK | Wistron Hong Kong Limited | 2005.05.07 | Hong Kong | HKD | 25,281,200 | 3.5507 | Sales and maintenance service center |
| 16 | 960731 | WOOK | Wistron Optronics (Kunshan) Co., Ltd. | 2006.01.27 | China | USD | 117,084,905 | 27.6900 | Production of communication products and components |
| 17 | 960020 | WLB | LE BEN Investment Ltd. | 2006.09.26 | Taiwan | NTD | 891,420,000 | 1.0000 | Investment and business management consultant |
| 18 | 960712 | WCCZ | Wistron InfoComm (Czech). s.r.o. | 2007.01.03 | Czech | USD | 5,822,040 | 27.6900 | Electronic product manufacturing |
| 19 | 960296 | WITX | Wistron InfoComm Technology (America) corporation | 2007.08.21 | U.S.A. | USD | 49,500,000 | 27.6900 | Sales of electronic information products |
| 20 | 960691 | WSSG | SMS InfoComm (Singapore) Pte. Ltd. | 2008.01.25 | Singapore | USD | 157,489,410 | 27.6900 | Sales and maintenance service center |
| 21 | 960126 | WLLC | Wistron LLC | 2003.06.26 | U.S.A. | USD | 69,360,000 | 27.6900 | Investment and holding |
| 22 | 960125 | WMKS | SMS (Kunshan) Co., Ltd | 2008.03.13 | China | RMB | 173,809,000 | 4.3483 | Sales and maintenance service center in Mainland China |
| 23 | 960601 | WVS | WisVision Corporation | 2008.06.03 | B.V.I. | USD | 12,005,000 | 27.6900 | Investment and holding |
| 24 | 960602 | WOSH | Wistron Optronics (Shanghai) Co., Ltd. | 2008.07.11 | China | RMB | 27,641,180 | 4.3483 | Sales of communication products and components |
| 25 | 960604 | WIN | ICT Service Management Solutions (India) Private Limited | 2008.09.26 | India | INR | 143,436,020 | 0.3742 | Sales and maintenance service center |

| No. | Code | Brief Name | Name of Company | Established Date | Location | Currency | Paid in Capital | Rate | Main Business or Products |
|-----|--------|------------|--|------------------|-------------|----------|-----------------|---------|--|
| 26 | 960603 | WTZS | Wistron InfoComm Technology (Zhongshan) Co., Ltd. | 2008.11.07 | China | RMB | 13,670,560 | 4.3483 | Human resource services and sales of LCD Monitor |
| 27 | 960616 | WTZ | Wistron InfoComm (Taizhou) Co., Ltd. | 2009.08.24 | China | USD | 160,000,000 | 27.6900 | Manufacture and sales of LCD monitor and touch display module |
| 28 | 960617 | WEH | Wistron Europe Holding Cooperatie U.A. | 2010.02.22 | Netherlands | EUR | 34,922,836 | 31.3174 | Investment and holding |
| 29 | 960628 | WBR | SMS InfoComm Technology Services and Management Solutions Ltd. | 2010.08.13 | Brazil | BRL | 37,247,500 | 4.8531 | Sales and maintenance service center |
| 30 | 960629 | WTR | SMS InfoComm Technology Services Limited Company | 2010.08.18 | Turkey | TRY | 2,200,000 | 2.1586 | Sales and maintenance service center |
| 31 | 960635 | WGHK | Wistron Advanced Materials (Hong Kong) Limited | 2010.07.27 | Hong Kong | USD | 33,500,000 | 27.6900 | Investment and holding |
| 32 | 960636 | WGTX | Wistron GreenTech (Texas) Corporation | 2010.08.25 | U.S.A. | USD | 13,005,000 | 27.6900 | Recycling service of information technology products |
| 33 | 960637 | WGKS | Wistron Advanced Materials (Kunshan) Co., Ltd. | 2010.11.30 | China | USD | 32,000,000 | 27.6900 | Research, manufacturing, and sales of electronic regeneration ecofriendly plastic goods |
| 34 | 960638 | WCT | Creator Technology B.V. | 2010.12.31 | Netherlands | EUR | 12,100,000 | 31.3174 | Research and development |
| 35 | 960720 | WMMY | Wistron Technology (Malaysia) Sdn.Bhd. | 2011.03.22 | Malaysia | USD | 64,244,648 | 27.6900 | Consumer electronic product manufacturing |
| 36 | 960646 | WHHK | Wistron Hong Kong Holding Limited | 2011.05.05 | Hong Kong | USD | 82,150,000 | 27.6900 | Investment and holding |
| 37 | 960642 | WCQ | Wistron InfoComm (Chongqing) Co.Ltd. | 2011.04.28 | China | USD | 19,800,000 | 27.6900 | Assembly and sales of Notebook computer |
| 38 | 960649 | WSMX | Service Management Solutions Mexico SA DE CV | 2011.07.05 | Mexico | MXN | 36,429,340 | 1.3459 | Sales and maintenance service center |
| 39 | 960651 | WSCZ | SMS InfoComm (Czech) s.r.o. | 2011.11.24 | Czech | CZK | 242,200,000 | 1.2550 | Sales and maintenance service center |
| 40 | 960647 | WSC | Wistron Investment (Sichuan) Co., Ltd. | 2011.07.11 | China | USD | 83,500,000 | 27.6900 | Investment and holding |
| 41 | 960648 | WCD | Wistron InfoComm (Chengdu) Co., Ltd. | 2011.08.05 | China | USD | 80,000,000 | 27.6900 | Assembly and sales of Notebook computer |
| 42 | 960900 | WYHQ | Wiwynn Corporation | 2012.03.03 | Taiwan | NTD | 1,748,407,910 | 1.0000 | Research, development, sale, and service of information products |
| 43 | 960663 | WCH | Wistron Mobile Solutions Corporation | 2012.12.14 | U.S.A. | USD | 20,000,000 | 27.6900 | Investment and rental |
| 44 | 960930 | WYJP | Wiwynn Technology Service Japan , Inc. | 2013.03.01 | Japan | JPY | 20,000,000 | 0.2410 | Sale of electronic products |
| 45 | 960910 | WYUS | Wiwynn International Corporation | 2013.02.11 | U.S.A. | USD | 1,690,100 | 27.6900 | Sale of electronic products |
| 46 | 960668 | WEDH | WiEDU Holding Co., Ltd. | 2013.06.06 | Seychelles | USD | 5,700,000 | 27.6900 | Investment and holding |
| 47 | 960671 | WCHK | WiseCap (Hong Kong) Limited | 2013.08.16 | Hong Kong | USD | 7,512,894 | 27.6900 | Investment and holding |
| 48 | 962000 | WCHQ | Anwith Technology Corporation | 2013.09.11 | Taiwan | NTD | 10,000,000 | 1.0000 | Sale and maintenance of computer products and electronic information products |
| 49 | 960672 | WRKS | Wistron InfoComm Technology Service (Kunshan) Co., Ltd. | 2013.11.22 | China | USD | 2,000,000 | 27.6900 | Research and development of electronic calculator and other electronic products |
| 50 | 960950 | WYHK | Wiwynn Technology Service Hong Kong Limited | 2013.09.11 | Hong Kong | USD | 400,000 | 27.6900 | Investing and sales of data storage equipment |
| 51 | 960960 | WYKS | Wiwynn Technology Service KunShan Ltd. | 2014.02.12 | China | RMB | 2,156,350 | 4.3483 | Sales of electronic products |
| 52 | 960680 | WEHK | WiEdu Hong Kong Limited | 2014.07.21 | Hong Kong | USD | 15,140,200 | 27.6900 | Investment and holding |
| 53 | 960681 | WETW | WIEDU CORPORATION | 2014.11.14 | Taiwan | NTD | 105,000,000 | 1.0000 | Development of internet platform and sales, consultant and providing of application services |

| No. | Code | Brief Name | Name of Company | Established Date | Location | Currency | Paid in Capital | Rate | Main Business or Products |
|-----|--------|------------|---|------------------|-----------|----------|-----------------|---------|---|
| 54 | 960682 | WESH | Weshtek Information Technology Services Co., Ltd., Shanghai | 2014.12.08 | China | RMB | 6,236,300 | 4.3483 | Development of internet platform, providing of application services and consulting services |
| 55 | 960690 | WITT | Wistron InfoComm Technology (Texas) Corporation | 2015.09.17 | U.S.A. | USD | 19,510,000 | 27.6900 | Sales of electronic information products |
| 56 | 960695 | WMH | Wistron Medical Tech Holding Company | 2016.04.19 | Taiwan | NTD | 2,800,000,000 | 1.0000 | Investment and holding |
| 57 | 960698 | WDH | Wistron Digital Technology Holding Company | 2016.04.12 | Taiwan | NTD | 2,050,560,000 | 1.0000 | Investment and holding |
| 58 | 960940 | WYKR | Wiwynn Korea Ltd. | 2016.05.03 | Korea | KRW | 100,000,000 | 0.0233 | Sale of electronic products |
| 59 | 960696 | WMT | Wistron Medical Technology Corporation | 2016.08.01 | Taiwan | NTD | 500,000,000 | 1.0000 | Manufacturing of medical instruments |
| 60 | 960700 | WMCQ | Wistron Medical Tech (Chongqing) CO., LTD. | 2016.09.14 | China | RMB | 20,323,200 | 4.3483 | Production of medical equipments |
| 61 | 960667 | WSCQ | SMS InfoComm (Chongqing) Co., Ltd. | 2016.10.19 | China | USD | 4,000,000 | 27.6900 | Sales and distribution of computer products and components |
| 62 | 960970 | WYMY | WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD | 2017.07.13 | Malaysia | MYR | 35,214,200 | 6.6236 | Sale of electronic products |
| 63 | 960705 | WTS | Wistron Technology Service (America) Corporation | 2017.08.30 | U.S.A. | USD | 350,000 | 27.6900 | Development of new business and customer service |
| 64 | 960725 | WMMI | Wistron InfoComm Manufacturing (India) Private Limited | 2018.02.18 | India | USD | 100,000,015 | 27.6900 | Information and communication products manufacturing |
| 65 | 960714 | WAC | Abilliant Corporation | 2018.11.14 | Taiwan | NTD | 16,000,000 | 1.0000 | Manufacturing, wholesale and retail of electronic related products |
| 66 | 960980 | WYMX | Wiwynn Mexico, S.A. de C.V. | 2019.02.14 | Mexico | MXN | 180,297,440 | 1.3459 | Human resource service |
| 67 | 960715 | BTA | B Temia Asia Pte Ltd. | 2019.04.02 | Singapore | USD | 7,500,000 | 27.6900 | Sales of medical device |
| 68 | 960719 | XTRKS | XTRONICS(Kunshan)Electronics Technology Co., Ltd. | 2019.10.29 | China | RMB | 50,000,000 | 4.3483 | Research and development, production and sales of automotive electronics, automotive parts, smart consumer equipment and telematics |
| 69 | 960723 | WAUS | Wistron AiEDGE Corporation | 2020.02.18 | U.S.A. | USD | 3,270,000 | 27.6900 | Edge computing R&D |
| 70 | 960721 | WIMX | Wistron InfoComm Mexico S.A. de C.V. | 2020.03.01 | Mexico | USD | 7,008,663 | 27.6900 | Real property rental and management |
| 71 | 960727 | KJP | Keeogo Japan K.K. | 2020.05.28 | Japan | JPY | 30,000,000 | 0.2410 | Exoskeleton product device |
| 72 | 960722 | WVN | Wistron InfoComm (Vietnam) Co., Ltd | 2020.06.03 | Vietnam | USD | 45,000,000 | 27.6900 | Assembly and sales of Notebook and LCD monitor |
| 73 | 960724 | STI | Smartipty India Private Limited | 2020.10.13 | India | INR | 18,785,100 | 0.3742 | Product and platform development of Internet of things |
| 74 | 960702 | WIS | WIBASE INDUSTRIAL SOLUTIONS INC. | 2020.11.14 | Taiwan | NTD | 388,000,000 | 1.0000 | Design, sales and service of network communication products |
| 75 | 960733 | WCCD | Wistron InfoComm Computer (Chengdu)Co.,Ltd | 2021.04.02 | China | USD | 1,000,000 | 27.6900 | Assembly and sales of Notebook computer |
| 76 | 960735 | WCA | WiSuccess Asset Management Corporation | 2021.08.10 | Taiwan | NTD | 700,000,000 | 1.0000 | Real property rental and management |
| 77 | 960734 | KMY | KEEOGO MALAYSIA SDN. BHD. | 2021.04.08 | Malaysia | MYR | 800,000 | 6.6236 | Exoskeleton product device |
| 78 | 960736 | KOE | KAOHSIUNG OPTO-ELECTRONICS INC. | 2021.12.01 | Taiwan | NTD | 887,830,000 | 1.0000 | Manufacturing, wholesale and retail of automotive electronics and electronic related products |

C. Common Shareholders among Controlling and Controlled Entities : None.

D. The Company and its subsidiaries (hereinafter, jointly referred to as the “Group”), are currently engaged in the research, development, design, manufacturing, testing and sales of the following products and semi - finished products, and their peripheral equipment, parts and components:

- (A) desktop computers, notebook computers, motherboards, servers, system platforms, high – speed and multi – function multiple - CPU computer systems, multi - media computers, network computers, consumer - type computers and special computers, micro-processors, CD - ROMs, PDAs, panel PCs, pocket computers and interface cards;
- (B) video and internet telephones, video conferencing equipment and telecommunication equipment;
- (C) digital satellite TV receivers, set - top boxes, digital video decoders and multi – media appliance products;
- (D) digital cameras, CD - ROM drives and DVD - ROM drives;
- (E) wireless receiver products (mobile phones, wireless LAN cards, and Bluetooth communication modules);
- (F) LCD TVs and other electronic audio & visual products;
- (G) design and merchandising of computer software and programs;
- (H) import and export trade relevant to the business of this company;
- (I) maintenance and cleaning of electronics products;
- (J) recycling of electronic waste;
- (K) in vitro diagnostic device, therapeutic equipment, intelligent assistive device, diagnostic x-ray equipment, physiological signal diagnostic device and medical data system;
- (L) manufacturing, processing and selling of electronic products for automobile.

E. Backgrounds of directors, supervisors and presidents of affiliated enterprises: as of the publication date of annual report

| No. | Code | Brief Name | Name of Company | Title / Represented Institution | Name or Representative | No. of Shares / Paid in Capital | Ratio (%) |
|-----|--------|------------|---|---------------------------------|---|---------------------------------|-----------|
| 1 | 890063 | AGI | WiAdvance Technology Corporation | Director | Wistron Digital Technology Holding Company Legal Representative: | 14,498,977 | 79.66 |
| | | | | Director | Robert Hwang Michael Hsia Chunghwa Telecom Co., Ltd Legal Representative: | | |
| | | | | Supervisor | Chung, Ming Stone Shih | | |
| 2 | 900195 | WCL | Wise Cap Limited Company | Director | Wistron Corporation Legal Representative: | NT\$5,529,600,000 | 100.00 |
| | | | | | Frank F.C. Lin Stone Shih Donald Hwang | | |
| 3 | 960003 | ISL | INTERNATIONAL STANDARDS LABORATORY CORP. | Director | Wistron Corporation Legal Representative: | 2,434,462 | 100.00 |
| | | | | Supervisor | Robert CL Lin Felix Lai York Liang Wistron Corporation Legal Representative: | | |
| | | | | | Fred Chiu | | |
| 4 | 960088 | WTX | SMS Infocomm Corporation | Director | Jeff Lin Peter Tung Phil Huang | 4,832,686 | 100.00 |
| 5 | 960290 | COWIN | Cowin Worldwide Corporation | Director | Jeff Lin Robert CL Lin Jackie Lai | 215,393,915 | 100.00 |
| 6 | 960075 | AIH | AII Holding Corporation | Director | Jeff Lin David Shen Stone Shih | 347,485,702 | 100.00 |
| 7 | 960707 | WSPH | Wistron InfoComm (Philippines) Corporation | Director | Robert Hwang Ya-Ling Hsu William Lin Ricky Kuan Wallice Wang | 139,567,270 | 100.00 |
| 8 | 960135 | WMX | Wistron Mexico S.A. de C.V. | Director | Jeff Lin Peter C.L. Chao Jackie Lai | 160,043,715 | 100.00 |
| 9 | 960297 | WINS | Win Smart Co., Ltd. | Director | Robert Hwang Jeff Lin David Shen | 104,065,492 | 100.00 |
| 10 | 960133 | WZS | Wistron InfoComm (Zhongshan) Corporation | Director | Jeff Lin Robert CL Lin Jackie Lai | US\$234,000,000 | 100.00 |
| | | | | Supervisor | Fred Chiu | | |
| 11 | 960302 | WAKS | Wistron InfoComm (Kunshan) Co., Ltd. | Director | Jeff Lin Robert CL Lin Jackie Lai | US\$32,000,000 | 100.00 |
| | | | | Supervisor | Fred Chiu | | |
| 12 | 960132 | WSH | Wistron InfoComm (Shanghai) Corporation | Director | Robert Hwang | US\$1,000,000 | 100.00 |
| | | | | Supervisor | Stone Shih | | |
| 13 | 960037 | WJP | Wistron K.K. | Director | Andy TC Kuo Jeff Lin Peter Tung | JPY\$90,000,000 | 100.00 |
| | | | | Supervisor | Fred Chiu | | |
| 14 | 960377 | WSKS | Wistron Service (Kunshan) Corp. | Director | Jeff Lin Peter Tung Audy Yeh | US\$360,000 | 100.00 |
| | | | | Supervisor | Fred Chiu | | |
| 15 | 960388 | WHK | Wistron Hong Kong Limited | Director | Jeff Lin | 25,281,200 | 100.00 |
| 16 | 960731 | WOOK | Wistron Optronics (Kunshan) Co., Ltd. | Director | David Shen Vincent Cho James Chou | US\$117,084,905 | 100.00 |
| | | | | Supervisor | Lydia Liang | | |
| 17 | 960020 | WLB | LE BEN Investment Ltd. | Director | Wise Cap Limited Company Legal Representative: | NT\$891,420,000 | 100.00 |
| | | | | | Frank F.C. Lin Stone Shih Donald Hwang | | |
| 18 | 960712 | WCCZ | Wistron InfoComm (Czech). s.r.o. | Director | Eric Lin | NT\$121,527,451 | 100.00 |
| 19 | 960296 | WITX | Wistron InfoComm Technology (America) corporation | Director | Jeff Lin Peter C.L. Chao Stone Shih | 4,950,000 | 100.00 |
| 20 | 960691 | WSSG | SMS InfoComm (Singapore) Pte. Ltd. | Director | Peter Tung Eileen Chan | 157,489,410 | 100.00 |
| 21 | 960126 | WLLC | Wistron LLC | Director | Stone Shih | 6,936,000 | 100.00 |
| 22 | 960125 | WMKS | SMS (Kunshan) Co., Ltd | Director | Jeff Lin Peter Tung Karl Chang | US\$27,000,000 | 100.00 |
| | | | | Supervisor | Fred Chiu | | |

| No. | Code | Brief Name | Name of Company | Title / Represented Institution | Name or Representative | No. of Shares / Paid in Capital | Ratio (%) |
|-----|--------|------------|--|--|--|---------------------------------|-----------|
| 23 | 960601 | WVS | WisVision Corporation | Director | David Shen Jeff Lin Jackie Lai | 12,005,000 | 100.00 |
| 24 | 960602 | WOSH | Wistron Optronics (Shanghai) Co., Ltd. | Director Supervisor | David Shen Lydia Liang | US\$4,300,000 | 100.00 |
| 25 | 960604 | WIN | ICT Service Management Solutions (India) Private Limited | Director | Jeff Lin Peter Tung Daniel CN Chen Juo-Ching, Lu | 14,343,602 | 100.00 |
| 26 | 960603 | WTZS | Wistron InfoComm Technology (Zhongshan) Co., Ltd. | Director Supervisor | Jeff Lin David Shen Jackie Lai Lydia Liang | US\$2,000,000 | 100.00 |
| 27 | 960616 | WTZ | Wistron InfoComm (Taizhou) Co., Ltd. | Director Supervisor | David Shen Vincent Cho James Chou Lydia Liang | US\$160,000,000 | 100.00 |
| 28 | 960617 | WEH | Wistron Europe Holding Cooperatie U.A. | Director | Robert Hwang | EUR\$34,922,836 | 100.00 |
| 29 | 960628 | WBR | SMS InfoComm Technology Services and Management Solutions Ltd. | Director | Corey Chen | BRL\$37,247,500 | 100.00 |
| 30 | 960629 | WTR | SMS InfoComm Technology Services Limited Company | Director | Kevin IK Kao | TRY\$2,200,000 | 100.00 |
| 31 | 960635 | WGHK | Wistron Advanced Materials (Hong Kong) Limited | Director | David Shen | 33,500,000 | 100.00 |
| 32 | 960636 | WGTX | Wistron GreenTech (Texas) Corporation | Director | Jeff Lin Peter Tung Jerry NT Wang | 13,005 | 100.00 |
| 33 | 960637 | WGKS | Wistron Advanced Materials (Kunshan) Co. Ltd | Director Supervisor | David Shen Vincent Cho Steven SH Huang Lydia Liang | US\$32,000,000 | 100.00 |
| 34 | 960638 | WCT | Creator Technology B.V. | Director | Donald Hwang | EUR\$12,100,000 | 100.00 |
| 35 | 960720 | WMMY | Wistron Technology (Malaysia) Sdn. Bhd. | Director | David Shen Eric YH Huang Howard Liu | 267,425,000 | 100.00 |
| 36 | 960646 | WHHK | Wistron Hong Kong Holding Limited | Director | Jeff Lin | 82,150,000 | 100.00 |
| 37 | 960642 | WCQ | Wistron InfoComm (Chongqing) Co. Ltd. | Director Supervisor | Jeff Lin Robert CL Lin Jackie Lai Fred Chiu | US\$19,800,000 | 100.00 |
| 38 | 960649 | WSMX | Service Management Solutions Mexico SA DE CV | Director | Jeff Lin Peter Tung Corey Chen | 36,429,340 | 100.00 |
| 39 | 960651 | WSCZ | SMS InfoComm (Czech) s.r.o. | Director | Eric Hsiao | CZK\$242,200,000 | 100.00 |
| 40 | 960647 | WSC | Wistron Investment (Sichuan) Co., Ltd. | Director Supervisor | Jeff Lin Robert CL Lin Jackie Lai Fred Chiu | US\$83,500,000 | 100.00 |
| 41 | 960648 | WCD | Wistron InfoComm (Chengdu) Co., Ltd. | Director Supervisor | Jeff Lin Robert CL Lin Jackie Lai Fred Chiu | US\$80,000,000 | 100.00 |
| 42 | 960900 | WYHQ | Wiwynn Corporation | Director Director Independent director | Wistron Corporation Legal Representative: Simon Lin Frank F.C. Lin Emily Hong Sunlai Chang Steven Lu Charles Kao Zeng, Chui-Ji Han, Jing-Shi Zheng, Zhong-Ren | 84,054,569 | 48.08 |
| 43 | 960663 | WCH | Wistron Mobile Solutions Corporation | Director | Donald Hwang Brian Chong Eric YH Huang | 20,000 | 100.00 |
| 44 | 960930 | WYJP | Wiwynn Technology Service Japan , Inc. | Director | Sunlai Chang Steven Lu | 192 | 48.08 |
| 45 | 960910 | WYUS | Wiwynn International Corporation | Director | Emily Hong Robin Wang Hsu,Ruei-Chang | 81,260,008 | 48.08 |
| 46 | 960668 | WEDH | WiEDU Holding Co., Ltd. | Director | Robert Hwang | 5,700,000 | 100.00 |
| 47 | 960671 | WCHK | WiseCap (Hong Kong) Limited | Director | Frank F.C. Lin Jeff Lin Stone Shih | 58,445,950 | 100.00 |
| 48 | 962000 | WCHQ | Anwith Technology Corporation | Director Supervisor | Wistron Corporation Legal Representative: Jeff Lin Peter Tung Ted Chiu Wistron Corporation Legal Representative: Fred Chiu | 1,000,000 | 100.00 |
| 49 | 960672 | WRKS | Wistron InfoComm Technology Service (Kunshan) Co., Ltd. | Director | David Shen Eric YH Huang James Chou | US\$2,000,000 | 100.00 |

| No. | Code | Brief Name | Name of Company | Title / Represented Institution | Name or Representative | No. of Shares / Paid in Capital | Ratio (%) |
|-----|--------|------------|---|---------------------------------|---|---------------------------------|-----------|
| 50 | 960950 | WYHK | Wiwynn Technology Service Hong Kong Limited | Supervisor | Lydia Liang | | |
| 51 | 960960 | WYKS | Wiwynn Technology Service KunShan Ltd. | Director | Sunlai Chang Steven Lu | 192,320 | 48.08 |
| 52 | 960680 | WEHK | WiEdu Hong Kong Limited | Director | Emily Hong | US\$168,280 | 48.08 |
| 53 | 960681 | WETW | WIEDU CORPORATION | Supervisor | Harry Chen | | |
| 54 | 960682 | WESH | Weshtek Information Technology Services Co., Ltd., Shanghai | Director | Robert Hwang Charles Hsu | 16,426,000 | 100.00 |
| 55 | 960690 | WITT | Wistron InfoComm Technology (Texas) Corporation | Director | Wistron Digital Technology Holding Company Legal Representative: Robert Hwang David Shen Charles Hsu | 9,273,000 | 88.12 |
| 56 | 960695 | WMH | Wistron Medical Tech Holding Company | Supervisor | Stone Shih | | |
| 57 | 960698 | WDH | Wistron Digital Technology Holding Company | Director | Robert Hwang | US\$1,000,000 | 100.00 |
| 58 | 960940 | WYKR | Wiwynn Korea Ltd. | Supervisor | Stone Shih | | |
| 59 | 960696 | WMT | Wistron Medical Technology Corporation | Director | Jeff Lin Stone Shih Peter C.L. Chao | 1,951,000 | 100.00 |
| 60 | 960700 | WMCQ | Wistron Medical Tech (Chongqing) CO., LTD. | Director | Wistron Corporation Legal Representative: Robert Hwang Frank F.C. Lin Donald Hwang | 280,000,000 | 100.00 |
| 61 | 960667 | WSCQ | SMS InfoComm(Chongqing) Co.,Ltd. | Supervisor | Wistron Corporation Legal Representative: Stone Shih | | |
| 62 | 960970 | WYMY | WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD | Director | Wistron Corporation Legal Representative: Simon Lin Frank F.C. Lin Donald Hwang | 205,056,000 | 100.00 |
| 63 | 960705 | WTS | Wistron Technology Service (America) Corporation | Supervisor | Stone Shih | | |
| 64 | 960725 | WMMI | Wistron InfoComm Manufacturing (India) Private Limited | Director | Steven Lu | 9,616 | 48.08 |
| 65 | 960714 | WAC | Abilliant Corporation | Director | Wistron Medical Tech Holding Company Legal Representative: Robert Hwang Frank F.C. Lin Donald Hwang | 45,878,000 | 91.76 |
| 66 | 960980 | WYMX | Wiwynn Mexico, S.A. de C.V. | Supervisor | Wise Cap Limited Company Legal Representative: Stone Shih | | |
| 67 | 960715 | BTA | B Temia Asia Pte Ltd | Director | Robert Hwang Gem Hsieh C.K. Lin | US\$2,752,800 | 91.76 |
| | | | | Supervisor | Lydia Liang | | |
| | | | | Director | Jeff Lin Peter Tung Audy Yeh | US\$4,000,000 | 100.00 |
| | | | | Supervisor | Fred Chiu | | |
| | | | | Director | Joe Chiao Robin Wang | 16,930,987 | 48.08 |
| | | | | Director | William Lin | 35,000 | 100.00 |
| | | | | Director | David Shen Lydia Liang Hank Hsu | 710,507,000 | 100.00 |
| | | | | Director | Sudipto Gupta | | |
| | | | | Director | Wise Cap Limited Company Legal Representative: Donald Hwang James C.C. Yu Jeff Lee | 1,600,000 | 100.00 |
| | | | | Supervisor | Wise Cap Limited Company Legal Representative: Stone Shih | | |
| | | | | Director | Emily Hong Robin Wang | MXN\$86,687,009 | 48.08 |
| | | | | Director | Frank F.C. Lin Stephane Bedard Chan May Yoke | 5,250,000 | 70.00 |

| No. | Code | Brief Name | Name of Company | Title / Represented Institution | Name or Representative | No. of Shares / Paid in Capital | Ratio (%) |
|-----|--------|------------|--|--|--|---------------------------------|-----------|
| 68 | 960719 | XTRKS | XTRONICS(Kunshan)Electronics Technology Co., Ltd | Director Supervisor | Cheng, Hsien-Tsung David Shen James Chou Lydia Liang | RMB\$50,000,000 | 100.00 |
| 69 | 960723 | WAUS | Wistron AiEDGE Corporation | Director | David Shen | 327,000 | 100.00 |
| 70 | 960721 | WIMX | Wistron InfoComm Mexico S.A. de C.V. | Director | Jeff Lin Peter C.L. Chao Jackie Lai | 13,340,990,012 | 100.00 |
| 71 | 960727 | KJP | Keeogo Japan K.K. | Director Supervisor | Gem Hsieh Andy TC Kuo Stephane Bedard Fred Chiu | JPY\$42,000,000 | 70.00 |
| 72 | 960722 | WVN | Wistron InfoComm (Vietnam) Co., Ltd | Director | Jeff Lin Robert CL Lin James S. Tsai | US\$45,000,000 | 100.00 |
| 73 | 960724 | STI | Smartiply India Private Limited | Director | Sudipto Gupta | 1,878,410 | 99.99 |
| 74 | 960702 | WIS | WIBASE INDUSTRIAL SOLUTIONS INC. | Director Director Supervisor | Wistron Corporation Legal Representative: David Shen Howard Liu Ibase Technology Inc. Legal Representative: Lin, Chiu-Hsu Hsu, Wu-Chun Darwin Precisions Corporation Legal Representative: Tsai, Kuo-Hsin Lydia Liang Chen, Shih-Hsiung | 20,531,000 | 52.92 |
| 75 | 960733 | WCCD | Wistron InfoComm Computer (Chengdu)Co.,Ltd | Director Supervisor | Jeff Lin Robert CL Lin Jackie Lai Fred Chiu | US\$1,000,000 | 100.00 |
| 76 | 960735 | WCA | WiSuccess Asset Management Corporation | Director Supervisor | Wistron Corporation Legal Representative: Frank F.C. Lin Jeff Lin Jackie Lai Wistron Corporation Legal Representative: Stone Shih | 70,000,000 | 100.00 |
| 77 | 960734 | KMY | KEEOGO MALAYSIA SDN. BHD. | Director | Jimmy TM Chang Donald Hwang Yee, King-Hwa | 336,000 | 42.00 |
| 78 | 960736 | KOE | KAOHSIUNG OPTO-ELECTRONICS INC. | Director Supervisor | Wise Cap Limited Company Legal Representative: David Shen Vincent Cho Mark HH Huang Wise Cap Limited Company Legal Representative: Stone Shih | 8,878,300 | 100.00 |

F. Performance of affiliated enterprises:

Unit: NT\$ thousands

| No. | Code | Brief Name | Name of Company | Capital stock | Total assets | Total liabilities | Net Worth | Operating revenues | Operating income | Net profit (after-tax) | Earnings Per Share (in dollar) |
|-----|--------|------------|--|---------------|--------------|-------------------|-------------|--------------------|------------------|------------------------|--------------------------------|
| 0 | 960286 | Wistron | Wistron Corporation | 29,032,521 | 381,412,153 | 303,495,215 | 77,916,938 | 670,440,580 | (1,771,129) | 10,468,030 | 3.76 |
| 1 | 890063 | AGI | WiAdvance Technology Corporation | 184,290 | 523,446 | 188,655 | 334,790 | 1,037,155 | (93,063) | (80,334) | (4.60) |
| 2 | 900195 | WCL | Wise Cap Limited Company | 5,529,600 | 6,309,417 | 4,283 | 6,305,134 | 0 | (2,360) | 538,267 | NA |
| 3 | 960003 | ISL | INTERNATIONAL STANDARDS LABORATORY CORP. | 24,345 | 201,285 | 87,466 | 113,820 | 187,679 | 31,008 | 24,195 | 9.94 |
| 4 | 960088 | WTX | SMS Infocomm Corporation | 318,435 | 3,851,253 | 2,075,022 | 1,776,231 | 5,123,967 | 211,487 | 157,339 | 32.12 |
| 5 | 960290 | COWIN | Cowin Worldwide Corporation | 5,964,258 | 16,001,194 | 0 | 16,001,194 | 0 | (104) | 943,620 | 4.43 |
| 6 | 960075 | AIH | AII Holding Corporation | 9,621,879 | 7,868,929 | 2,774,022 | 5,094,906 | 36,314,579 | 15,088 | 231,452 | NA |
| 7 | 960707 | WSPH | Wistron InfoComm (Philippines) Corporation | 94,684 | 557,893 | 529,564 | 28,330 | 300,807 | (41,512) | (44,808) | NA |
| 8 | 960135 | WMX | Wistron Mexico S.A. de C.V. | 1,614,087 | 1,347,518 | 275,606 | 1,071,912 | 1,789,715 | 108,168 | (62,624) | NA |
| 9 | 960297 | WINS | Win Smart Co., Ltd. | 2,881,573 | 22,776,001 | 719 | 22,775,282 | 0 | (7,358) | 2,202,576 | 20.93 |
| 10 | 960133 | WZS | Wistron InfoComm (Zhongshan) Corporation | 6,479,460 | 82,327,988 | 63,039,985 | 19,288,003 | 147,903,756 | 800,402 | 1,136,536 | NA |
| 11 | 960302 | WAKS | Wistron InfoComm (Kunshan) Co., Ltd. | 886,080 | 31,929,500 | 21,590,642 | 10,338,858 | 85,667,323 | (31,337) | 107,806 | NA |
| 12 | 960132 | WSH | Wistron InfoComm (Shanghai) Corporation | 36,020 | 80,672 | 34,220 | 46,452 | 72,426 | 3,338 | 2,558 | NA |
| 13 | 960037 | WJP | Wistron K.K. | 21,690 | 1,728,909 | 1,460,544 | 268,365 | 1,823,748 | 57,933 | 22,484 | 2,362.03 |
| 14 | 960377 | WSKS | Wistron Service (Kunshan) Corp. | 9,968 | 2,167,715 | 1,409,594 | 758,121 | 4,664,102 | 69,789 | 76,821 | NA |
| 15 | 960388 | WHK | Wistron Hong Kong Limited | 89,766 | 117,176 | 25,401 | 91,775 | 101,149 | 11,945 | 10,670 | 0.43 |
| 16 | 960731 | WOOK | Wistron Optronics (Kunshan) Co., Ltd. | 3,242,081 | 5,699,188 | 2,185,013 | 3,514,176 | 17,307,613 | 924 | 74,784 | NA |
| 17 | 960020 | WLB | LE BEN Investment Ltd. | 891,420 | 1,332,371 | 6,135 | 1,326,237 | 0 | (234) | 280,970 | NA |
| 18 | 960712 | WCCZ | Wistron InfoComm (Czech). s.r.o. | 161,212 | 3,776,598 | 1,534,029 | 2,242,570 | 796,458 | 143,432 | 282,025 | NA |
| 19 | 960296 | WITX | Wistron InfoComm Technology (America) corporation | 1,370,655 | 29,639,155 | 27,602,364 | 2,036,791 | 33,531,417 | 49,498 | 79,494 | 15.78 |
| 20 | 960691 | WSSG | SMS InfoComm (Singapore) Pte. Ltd. | 4,360,882 | 7,030,309 | 5,021,699 | 2,008,610 | 3,684,967 | 69,180 | (983,983) | (6.09) |
| 21 | 960125 | WMKS | SMS (Kunshan) Co., Ltd | 1,920,578 | 2,598,442 | 1,800 | 2,596,642 | 0 | (980) | 85,082 | 12.13 |
| 22 | 960126 | WLLC | Wistron LLC | 755,774 | 2,549,688 | 652,998 | 1,896,690 | 2,639,970 | 79,727 | 95,513 | NA |
| 23 | 960601 | WVS | WisVision Corporation | 332,418 | 841,533 | 0 | 841,533 | 0 | (67) | 175,744 | 14.48 |
| 24 | 960602 | WOSH | Wistron Optronics (Shanghai) Co., Ltd. | 120,192 | 362,244 | 286,248 | 75,996 | 462,993 | 8,167 | 5,354 | NA |
| 25 | 960604 | WIN | ICT Service Management Solutions (India) Private Limited | 53,674 | 1,394,145 | 370,274 | 1,023,871 | 488,800 | (17,976) | 923 | 0.06 |
| 26 | 960603 | WTZS | Wistron InfoComm Technology (Zhongshan) Co., Ltd. | 59,444 | 2,600,654 | 1,841,140 | 759,514 | 5,847,893 | 196,609 | 174,990 | NA |
| 27 | 960616 | WTZ | Wistron InfoComm (Taizhou) Co., Ltd. | 4,430,400 | 5,720,959 | 10,724,946 | (5,003,987) | 10,283,578 | (246,451) | (916,313) | NA |
| 28 | 960617 | WEH | Wistron Europe Holding Cooperatie U.A. | 1,093,692 | 378,778 | 1,604 | 377,174 | 13,081 | 623 | 9,899 | NA |
| 29 | 960628 | WBR | SMS InfoComm Technology Services and Management Solutions Ltd. | 180,766 | 770,372 | 442,855 | 327,518 | 975,166 | 57,506 | 33,466 | NA |
| 30 | 960629 | WTR | SMS InfoComm Technology Services Limited Company | 4,749 | 84,932 | 10,190 | 74,741 | 33,748 | 5,259 | 42,252 | 1,314.89 |
| 31 | 960635 | WGHK | Wistron Advanced Materials (Hong Kong) Limited | 927,615 | 45,698 | 31 | 45,667 | 0 | (87) | 13,189 | 0.28 |
| 32 | 960636 | WGTX | Wistron GreenTech (Texas) Corporation | 360,108 | 588,538 | 444,059 | 144,479 | 400,904 | 27,881 | 13,851 | 1,053.33 |
| 33 | 960637 | WGKS | Wistron Advanced Materials (Kunshan) Co. Ltd | 886,080 | 997,657 | 961,849 | 35,807 | 1,068,076 | 2,695 | 13,276 | NA |
| 34 | 960638 | WCT | Creator Technology B.V. | 378,941 | 99,888 | 120 | 99,767 | 0 | (2,498) | (3,512) | NA |
| 35 | 960720 | WMMY | Wistron Technology (Malaysia) Sdn. Bhd. | 1,778,934 | 89,925,442 | 84,170,970 | 5,754,472 | 262,225,061 | 4,632,121 | 4,781,169 | NA |
| 36 | 960646 | WHHK | Wistron Hong Kong Holding Limited | 2,274,734 | 7,395,240 | 0 | 7,395,240 | 0 | (725) | 925,535 | 10.49 |
| 37 | 960642 | WCQ | Wistron InfoComm (Chongqing) Co., Ltd. | 548,262 | 47,583,112 | 42,421,524 | 5,161,589 | 58,061,764 | 100,287 | 49,842 | NA |
| 38 | 960649 | WSMX | Service Management Solutions Mexico SA DE CV | 49,030 | 239,622 | 396,116 | (156,493) | 376,183 | 31,816 | (58,742) | (0.35) |
| 39 | 960651 | WSCZ | SMS InfoComm (Czech) s.r.o. | 303,961 | 2,900,439 | 2,361,817 | 538,622 | 5,325,806 | 256,801 | 181,187 | NA |

| No. | Code | Brief Name | Name of Company | Capital stock | Total assets | Total liabilities | Net Worth | Operating revenues | Operating income | Net profit (after-tax) | Earnings Per Share (in dollar) |
|-----|--------|------------|---|---------------|--------------|-------------------|------------|--------------------|------------------|------------------------|--------------------------------|
| 40 | 960647 | WSC | Wistron Investment (Sichuan) Co., Ltd. | 2,312,115 | 7,389,323 | 22 | 7,389,302 | 0 | (23) | 924,403 | NA |
| 41 | 960648 | WCD | Wistron InfoComm (Chengdu) Co., Ltd. | 2,215,200 | 82,037,463 | 74,730,379 | 7,307,083 | 269,383,383 | 466,690 | 947,265 | NA |
| 42 | 960900 | WYHQ | Wiwynn Corporation | 1,748,408 | 58,879,683 | 31,509,657 | 27,370,026 | 73,162,110 | 10,660,016 | 8,648,012 | 49.46 |
| 43 | 960663 | WCH | Wistron Mobile Solutions Corporation | 553,800 | 457,715 | 23,936 | 433,780 | 588 | (16,561) | (7,567) | (374.09) |
| 44 | 960930 | WYJP | Wiwynn Technology Service Japan, Inc. | 4,820 | 682,352 | 492,051 | 190,300 | 2,695,948 | 89,245 | 57,028 | 89,863.36 |
| 45 | 960910 | WYUS | Wiwynn International Corporation | 46,799 | 47,589,000 | 42,493,955 | 5,095,045 | 146,287,542 | 458,273 | 182,998 | 1.11 |
| 46 | 960668 | WEDH | WiEDU Holding Co., Ltd. | 157,833 | 1,806 | 0 | 1,806 | 0 | (88) | (2,333) | (0.40) |
| 47 | 960671 | WCHK | WiseCap (Hong Kong) Limited | 208,032 | 1,197,027 | 0 | 1,197,027 | 0 | (51) | 519,762 | 8.80 |
| 48 | 962000 | WCHQ | Anwith Technology Corporation | 10,000 | 54,400 | 36,380 | 18,020 | 106,820 | 5,029 | 4,428 | 4.43 |
| 49 | 960672 | WRKS | Wistron InfoComm Technology Service (Kunshan) Co., Ltd. | 55,380 | 183,240 | 69,085 | 114,155 | 53,989 | (20,310) | (14,013) | NA |
| 50 | 960950 | WYHK | Wiwynn Technology Service Hong Kong Limited | 11,076 | 215,764 | 6,527 | 209,237 | 389,509 | 11,481 | 21,865 | 540.79 |
| 51 | 960960 | WYKS | Wiwynn Technology Service KunShan Ltd. | 9,376 | 481,766 | 389,258 | 92,508 | 652,224 | 18,656 | 14,699 | NA |
| 52 | 960680 | WEHK | WiEdu Hong Kong Limited | 419,232 | 3,552 | 45,827 | (42,275) | 0 | (72) | (814) | NA |
| 53 | 960681 | WETW | WIEDU CORPORATION | 105,000 | 117,387 | 152,476 | (35,089) | 154,655 | (80,082) | (80,882) | (12.88) |
| 54 | 960682 | WESH | Weshtek Information Technology Services Co., Ltd., Shanghai | 27,117 | 3,907 | 1,362 | 2,545 | 1 | (307) | (745) | NA |
| 55 | 960690 | WITT | Wistron InfoComm Technology (Texas) Corporation | 540,232 | 1,528,298 | 994,355 | 533,943 | 184,702 | 8,795 | 6,568 | 3.32 |
| 56 | 960695 | WMH | Wistron Medical Tech Holding Company | 2,800,000 | 1,687,931 | 551 | 1,687,380 | 0 | (472) | (381,129) | (1.37) |
| 57 | 960698 | WDH | Wistron Digital Technology Holding Company | 2,050,560 | 2,118,948 | 488 | 2,118,460 | 30 | (371) | (152,453) | (0.78) |
| 58 | 960940 | WYKR | Wiwynn Korea Ltd. | 2,330 | 595,019 | 462,094 | 132,925 | 2,619,485 | 77,917 | 61,348 | 2,917.15 |
| 59 | 960696 | WMT | Wistron Medical Technology Corporation | 500,000 | 594,490 | 311,534 | 282,956 | 486,243 | (92,052) | (121,982) | (2.44) |
| 60 | 960700 | WMCQ | Wistron Medical Tech (Chongqing) CO, LTD. | 88,371 | 174,262 | 181,395 | (7,133) | 31,327 | (24,478) | (27,307) | NA |
| 61 | 960667 | WSCQ | SMS InfoComm(Chongqing) Co., Ltd. | 110,760 | 3,956,327 | 3,584,678 | 371,649 | 9,140,361 | 99,858 | 106,149 | NA |
| 62 | 960970 | WYMY | WIWYNN TECHNOLOGY SERVICE MALAYSIA SDN. BHD | 233,245 | 232,595 | 0 | 232,595 | 0 | (191) | (83) | NA |
| 63 | 960705 | WTS | Wistron Technology Service (America) Corporation | 9,692 | 21,840 | 6,255 | 15,585 | 74,369 | 3,541 | 2,366 | 66.73 |
| 64 | 960725 | WMMI | Wistron InfoComm Manufacturing (India) Private Limited | 2,769,000 | 24,184,821 | 23,327,662 | 857,159 | 29,893,756 | (824,643) | (1,130,726) | (1.23) |
| 65 | 960714 | WAC | Abilliant Corporation | 16,000 | 16,275 | 1,265 | 15,009 | 5,674 | (25) | 22 | NA |
| 66 | 960980 | WYMX | Wiwynn Mexico, S.A. de C.V. | 242,662 | 820,739 | 552,949 | 267,790 | 927,850 | 71,678 | 31,469 | 0.17 |
| 67 | 960715 | BTA | B Temia Asia Pte Ltd. | 207,675 | 115,757 | 46,271 | 69,486 | 23,295 | (54,205) | (55,702) | (8.03) |
| 68 | 960719 | XTRKS | XTRONICS(Kunshan)Electronics Technology Co., Ltd | 217,415 | 3,122,276 | 2,832,950 | 289,326 | 3,217,998 | 146,163 | 103,744 | NA |
| 69 | 960723 | WAUS | Wistron AiEDGE Corporation | 90,546 | 3,509 | 73,974 | (70,465) | 0 | (50,024) | (111,501) | (154.51) |
| 70 | 960721 | WIMX | Wistron InfoComm Mexico S.A. de C.V. | 194,070 | 2,119,608 | 1,029,194 | 1,090,414 | 251,230 | (419) | (17,811) | 2.24 |
| 71 | 960727 | KJP | Keeogo Japan K.K. | 7,230 | 9,153 | 6,745 | 2,408 | 143 | (9,705) | (9,753) | (7,684.18) |
| 72 | 960722 | WVN | Wistron InfoComm (Vietnam) Co., Ltd | 1,246,050 | 3,576,691 | 2,360,509 | 1,216,182 | 207,419 | 6,235 | (16,384) | NA |
| 73 | 960724 | STI | Smartply India Private Limited | 7,029 | 16,767 | 283 | 16,484 | 394 | (609) | (608) | (0.32) |
| 74 | 960702 | WIS | WIBASE INDUSTRIAL SOLUTIONS INC. | 388,000 | 987,628 | 465,279 | 522,350 | 1,202,022 | 48,821 | 40,659 | 1.05 |
| 75 | 960733 | WCCD | Wistron InfoComm Computer (Chengdu)Co.,Ltd | 27,690 | 252,559 | 247,631 | 4,929 | 278,189 | (23,388) | (23,013) | NA |
| 76 | 960735 | WCA | WiSuccess Asset Management Corporation | 700,000 | 705,606 | 7,237 | 698,369 | 0 | (1,516) | (1,631) | NA |
| 77 | 960734 | KMY | KEEOGO MALAYSIA SDN. BHD. | 5,299 | 4,923 | 120 | 4,803 | 1 | (506) | (506) | (1.52) |
| 78 | 960736 | KOE | KAOSIUNG OPTO-ELECTRONICS INC. | 887,830 | 4,498,882 | 2,990,024 | 1,508,858 | 7,003,732 | 318,673 | 156,961 | 17.70 |

8.1.2 Consolidated Financial Statements Covering Affiliated Enterprises

Please refer to the annual report (p.187-314)

8.1.3 Reports on Affiliations : None.**8.2 Private Placement Securities in the Most Recent Years** : None.**8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years** : None.**8.4 Other matters that require additional description** : None.

9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one

If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

⁹ If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one



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