

WIWYNN CORPORATION
2024 ANNUAL GENERAL SHAREHOLDERS' MEETING
MINUTES
(Translation)

The translation is intended for reference only and nothing else. The Chinese text of the minutes of 2024 Annual Shareholders' Meeting shall govern any and all matters related to the interpretation of the subject matter stated herein.

- Meeting Time : 9:00 a.m., Monday, May 24, 2024
- Place : 2F., No. 94, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)
(Conference Room on the 2nd Floor, Building C, Oriental Science Park)
- Total outstanding shares of Wiwynn Corporation : 174,840,791 shares
- Total shares represented by shareholders present in person or by proxy : 156,191,886 shares
- Percentage of shares held by shareholders present in person or by proxy : 89.33%
- Directors present : Emily Hong / Chairman, Sunlai Chang / Director, Frank Lin / Director, Sylvia Chiou / Director, Cathy Han / Independent Director / Convener of Audit committee
- In attendance : Harry Chen / CFO, Lois Lin / CLO, Chen, Ya-Ling / CPA
- Chairman : Emily Hong, Chairman of the Board of Directors
- Recorder : Bonnie Fan

The aggregate shareholding of the shareholders presents in person or by proxy constituted a quorum.

The Chairman called the meeting to order.

Chairman's Address (omitted)

I. Report Items

1. Report the business of 2023. (Please refer to Attachment 1)
2. Audit Committee's review report. (Please refer to Attachment 2)
3. Report 2023 employees' profit sharing and directors' compensation.

Explanation:

- (1) According to Article 21 of the "Articles of Incorporation": If the Company has 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 employees' compensation may be distributed in the form of shares or in cash. The qualification requirements of employees, including the employees from the Company's controlling companies or subsidiaries, who are entitled to receive compensation, shall be determined by the Board of Directors.
 - B. No more than one percent (1%) of profit as compensation in cash to the directors.
- (2) The Company's fourth-term fourth Compensation Committee Meeting and the second Board Meeting of 2024 approved the proposal of 2023 employees' profit sharing and directors' compensation. The employees' profit sharing and Board Directors' compensation are to be distributed in accordance with the "Articles of Incorporation."
 - A. The total amount of employees' 2023 profit sharing is NT\$ 800,000,000, with a

contribution rate of 5.039%, paid in cash.

- B. The total amount of Board Directors' 2023 compensation is NT\$30,000,000, with a contribution rate of 0.189%, paid in cash.

Shareholders' Speech Record: No shareholder questions or inquiries were raised.

II. Ratification Items and Discussion Items

Item 1

Proposal : Ratification of the Business Report and Financial Statements of 2023.

(Proposed by the Board of Directors)

Explanation :

1. The Company's business report and financial statements for 2023 (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows), which have all been adopted by the Board of Directors with resolution and examined by the Audit Committee and are hereby submitted for ratification. (Please refer to Attachment 1)
2. Submission for ratification.

Shareholders' Speech Record: No shareholder questions or inquiries were raised.

Resolution

Shares represented at the time of voting : 156,191,886 (including 143,207,313 votes casted via e-voting and e-meeting)

Voting Results	% of the total represented share present
Approval votes : 147,978,434 (including 135,100,162 votes casted via e-voting and e-meeting)	94.74%
Disapproval votes : 43,148 (including 43,148 votes casted via e-voting and e-meeting)	0.02%
Invalid votes : 0 (including 0 votes casted via e-voting and e-meeting)	0.00%
Abstention votes/ No votes : 8,170,304 (including 8,064,003 votes casted via e-voting and e-meeting)	5.24%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Item 2

Proposal : Ratification of the proposal for distribution of 2023 profits.

(Proposed by the Board of Directors)

Explanation :

1. The undistributed retained earnings at the beginning of 2023 were NT\$13,785,215,384. Adding the net income of NT\$12,043,654,726, deducting the legal reserve of NT\$1,203,822,673 and the remeasurements of defined benefit obligation of NT\$5,428,000, the total amount of retained earnings available for distribution was NT\$24,619,619,437. The dividend distribution is calculated based on the outstanding shares of 174,840,791 shares on the date of the Board of Directors' resolution. It is proposed to distribute cash dividends of NT\$7,343,313,222 (NT\$42 per share).
2. After the adoption of the resolution at the Shareholders' Meeting, it is proposed the Shareholders' Meeting to authorize the Chairman with the power to set the ex-dividend date and other relevant matters.
3. Before the ex-dividend date, due to the amendment of laws or regulations, or the change to the Company's common shares (i.e. repurchasing the Company's shares for transfer or cancellation, capital increase by cash, the issuance of new common shares for cash to sponsor the issuance of GDR, unsecured convertible bonds converting into common shares etc.), which results in changes in shareholders' allotment of cash dividend, the Chairman is to be authorized to adjust accordingly.
4. 2023 Statements of Profit Appropriation is as follows:
5. Submission for ratification.

Wiwynn Corporation
Profit Appropriation Statement for 2023

Unit : NTD\$

Unappropriated Retained Earnings at beginning of the year	13,785,215,384
Plus :	
Net Income of 2022	12,043,654,726
Less :	
Legal Reserve	(1,203,822,673)
Special reserve	0
Remeasurements of defined benefit obligation	(5,428,000)
Retained Earnings Available for Distribution	24,619,619,437
Distribution Items :	
Stock Dividends to Common Shareholders	0
Cash Dividends to Common Shareholders	(7,343,313,222)
Unappropriated Retained Earnings at the end of the year	17,276,306,215

Note: The profit appropriation for 2023 is calculated based on 174,840,791 shares, which represents the number of outstanding shares on the Company's second board resolution day in 2024 (February 26, 2024). Cash dividends of NT\$42 per share will be distributed to common shareholders. The cash dividends will be rounded down to the nearest NT\$1, and any sum of fractional dividends less than NT\$1 will be recognized as other income of the Company.

Chairman :
Emily Hong

President :
Sunlai Chang

Accounting Officer :
Wenifred Wen

Shareholders' Speech Record: No shareholder questions or inquiries were raised.

Resolution

Shares represented at the time of voting : 156,191,886 (including 143,207,313 votes casted via e-voting and e-meeting)

Voting Results	% of the total represented share present
Approval votes : 148,064,344 (including 135,186,072 votes casted via e-voting and e-meeting)	94.79%
Disapproval votes : 9,055 (including 9,055 votes casted via e-voting and e-meeting)	0.00%
Invalid votes : 0 (including 0 votes casted via e-voting and e-meeting)	0.00%
Abstention votes/ No votes : 8,118,487 (including 8,012,186 votes casted via e-voting and e-meeting)	5.21%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Item 3

Proposal : Discussion of the issuance of new common shares for cash to sponsor the issuance of GDR and/or the issuance of new common shares for cash through public offering and/or the issuance of new common shares for cash through private placement and/or the issuance of new common shares for cash to sponsor the issuance of GDR through private placement.

(Proposed by the Board of Directors)

Explanation :

1. Fund raising purpose and size: For the purpose of fulfilling the funding needs of the Company to purchase overseas materials, or repay bank loans, or increase working capital, or invest oversea business, or other needs for its future development and competitiveness enhancement, it is proposed to authorize the Board of Directors to issue up to 17 million common shares, depending on the market conditions and the Company's need, to choose appropriate timing and fund raising methods in accordance with the applicable laws and regulations, according to the following fund raising method and handling principles.
2. Fund raising methods and handling principles:
 - (1) Issuance of new common shares for cash to sponsor issuance of GDR
 - A. In accordance with the existing provisions of the "Disciplinary Rules for Securities Underwriters Assisting Issuing Company in the Offering and Issuance of Securities issued by the Taiwan Securities Association," the issue price of the new common shares for cash

capital increase for the issuance of GDR may not be lower than the closing price of the Company's common shares on the Taiwan Stock Exchange or 90% of the average closing price of the common shares of the Company in one, three, or five business days prior to the pricing date after adjustment for any distribution of stock and cash dividends or capital reduction. In case of any changes to the relevant domestic laws, the pricing method shall be adjusted accordingly. In view of the severe short-term fluctuations in domestic market price, it is proposed to authorize the Chair to determine the final issue price, within the scope of the said requirement under the Disciplinary Rules, after negotiation with the lead underwriter depending on international capital markets, domestic market price and the overall book building situations, to improve the subscription of international investors, so the pricing method should be reasonable.

- B. Upon the limit of 17 million common shares for the issuance of GDR through the issuance of new common shares by capital increase, the original shareholders' equity will be diluted by a maximum of 9.7%. The implementation of the fundraising plan will enhance the Company's competitiveness and benefit the shareholders; the determination of the issue price of the GDRs will be based on the fair trading price of common shares formed in the domestic market. Existing shareholders may still be able to purchase common stock in domestic stock market at the price closing to the issue price of GDR without bearing the exchange risks and liquidity risks, and may take into account their interests.
 - C. Except for 10% to 15% of new common shares shall be allocated for the employees' subscription in accordance with applicable law, it is proposed for the shareholders meeting to approve that the rights to the remaining 85% to 90% of the issuance shall be waived by the shareholders and shall be offered to the public under Article 28-1 of Securities and Exchange Act as the underlying shares of GDR to be sold. It is proposed to authorize the Chairman, depending on the market needs, to allot the new common shares not subscribed by employees of the Company as underlying shares of GDR.
- (2) Issuance of new common shares for cash in public offering
- A. The par value of the new common shares to be issued per share is NT\$10. It is proposed to authorize the Chairman of the Company to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the Taiwan Securities Association's Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies for Offering and Issuing Securities and the market conditions and the issue price shall be reported to, and accepted by the regulatory authority before issuance.
 - B. It is proposed to authorize the Board to choose either of the following methods to sell the new shares in the public offering through the underwriter(s):
 - a. Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed for the shareholders meeting to approve the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders in accordance with Article 28-1 of the Securities and Exchange Act and such remaining shares will be offered to the public via book building. It is proposed that any new common shares not subscribed by employees of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.
 - b. Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed that 10% of the new shares to be sold to the public through the underwriter(s) in accordance with Article 28-1, Paragraph 2 of the Securities and Exchange Act and the remaining shares will be subscribed to by the existing shareholders of the Company in accordance with their shareholding. It is proposed that any new common shares not subscribed by employees and shareholders of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

- (3) 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
- A. The basis and rationale to determine the private placement price:
- a. The common stock price per share shall be set at no less than 85% of the reference price. The reference price is set as the higher of the following two basis prices:
- (i) The simple average closing price of the common shares of the Company for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
- (ii) The simple average closing price of the common shares of the Company for the thirty business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
- b. The pricing date, actual reference price, theoretical price, and actual issuance price are proposed to be authorized to the Board of Directors to determine within the range approved by the shareholders meeting, after taking into consideration the market status, objective conditions, and qualification of specific parties. Considering that the Securities and Exchange Act has set the restrictions on transfers of the privately placed securities for three full years, the price determination above shall be reasonable.
- B. The method to determine specific parties:
The strategic investors have the priority to be considered as specific parties for private placement if they may be qualified for the rules in Article 43-6, Securities and Exchange Act and other letters from government authorities and should also have direct or indirect benefit to the Company, and can recognize the Company's operating strategy. The company currently has not arranged the specific parties. It is proposed to authorize the Company's Board of Directors to determine the specific parties for private placement.
- C. The necessity of private placement:
- a. The Company plans to invite strategic investors and strengthen competitiveness through private placement. Because of the restrictions on transfers for three full years, it is better to maintain a long-term relationship with strategic partners by such security issuance of private placement. And also considering the effectiveness and feasibility to raise capital, the Company proposes to raise capital through private placement, rather than public offering.
- b. The amount of the private placement: up to 17 million common shares.
- c. The use of proceeds and projected benefits of private placement: The Company plans to do private placement at one time or several times (no more than 3 times) based on market conditions and specific parties. The capital raised will be used to purchase overseas materials, or repay bank loans, or increase working capital, or invest overseas business, or other needs for its future development. The private placement will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.
3. Use of proceeds, schedule and projected benefit: The Company plans to use the fund raising from capital increase to purchase overseas materials, or repay bank loans, or increase working capital, or invest overseas business, or other needs for its future development. The fund raising plan will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.
4. It is proposed to authorize the Board of Directors to determine, proceed or revise the issuance plan of new common shares to be issued to sponsor the GDR and the new common shares to be issued in public offering, new common shares in private placement and/or new common shares to sponsor issuance of GDR in private placement, including issue price, shares, terms and conditions, amount, record date, plan items, projected progresses and benefits, and any other item related to the issuance plan, based on market conditions. It is also proposed to authorize the Board of Directors to revise the issuance plan based on operation evaluation, environment changes or if receiving instructions from governmental authorities.

5. The new common shares to be issued to sponsor issuance of GDR, the new common shares to be issued in public offering, the new common shares in private placement and/or the new common shares to sponsor issuance of GDR in private placement will be issued in scripless form. However the new common shares in private placement and the new common shares to sponsor issuance of GDR are subject to the selling restrictions within three years after the delivery date under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued to sponsor the GDR and the new common shares to be issued in public offering, new common shares in private placement and new common shares to sponsor issuance of GDR in private placement will have the same rights and obligations as the Company's existing issued and outstanding common shares.
6. It is proposed to authorize the Chairman or the Chairman's designee, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with, issuance of new common shares to sponsor issuance of GDR and/or issuance of new common shares in public offering and/or issuance of new common shares in private placement and/or issuance of new common shares to sponsor issuance of GDR in private placement.
7. The Board is authorized to handle all matters which are not addressed herein in accordance with the applicable laws and regulations.
8. Please discuss.

Shareholders' Speech Record: No shareholder questions or inquiries were raised.

Resolution

Shares represented at the time of voting : 156,191,886 (including 143,207,313 votes casted via e-voting and e-meeting)

Voting Results	% of the total represented share present
Approval votes : 146,159,420 (including 133,281,148 votes casted via e-voting and e-meeting)	93.57%
Disapproval votes : 1,812,790 (including 1,812,790 votes casted via e-voting and e-meeting)	1.16%
Invalid votes : 0 (including 0 votes casted via e-voting and e-meeting)	0.00%
Abstention votes/ No votes : 8, 219,676 (including 8,113,375 votes casted via e-voting and e-meeting)	5.27%

RESOLVED, that the above proposal be and hereby was approved as proposed.

IV. Extemporary Motion : None.

V. Adjournment : 09:45 a.m., May 24, 2024

Note : There were no shareholder inquiries or questions regarding the Report Item, and Ratification Items and Discussion Items. During Extemporary Motion period, shareholders raised their hands to ask questions. The content of the questions and the responses are as follows. This meeting minutes only include the essential points discussed during the meeting. The details are subject to on-site audio and video recordings.

1. **Shareholder Question (Shareholder account NO. 33684):** What is the proportion of AI in the second half of the year? What is the next wave of growth momentum?
Response: It increases quarter by quarter, and we expect it to exceed 50% by the end of the year (fourth quarter). The AI industry brings many opportunities, and we will strive to explore all kinds of opportunities.
2. **Shareholder Question:** How long will this current wave of AI effects last? What is the competitive advantage that Wiwynn continues to profit from?
Response: The prospects of AI may change with the trends of the times. We have diversified our exploration and pay attention to every possible development trend. However, while computing power may be infinite, electricity is finite. Energy conservation, power saving, heat dissipation, and exploring alternative energy sources are the challenges of this industry. We have been committed to developing various heat dissipation systems. We hope that each heat dissipation method can bring growth momentum to maintain our competitive advantage and contribute to the earth.

Wiwynn Corporation Business Report

The whole world was in a turbulent state in 2023 and was under a social climate of great vulnerability. Risks of international geopolitics remain: the Russo-Ukrainian war is deadlocked, and the breakout of the Israeli-Palestinian conflict shocks the whole world. Meanwhile, the rise of AI rapidly attracts global attention. AI application starts to spread from business to individual. Although we are still against the headwind, we strive for recovery. Wiwynn continues paying attention on the changes of the macroenvironment and treads carefully, maintaining corporate resilience, and implementing the core value to pursue sustainable development with an agile and stable attitude.

The Company's consolidated operating revenue in 2023 was NT\$ (the same below) 241,900,989 thousand, a 17.4% decrease from that in the previous year. The net income was 12,043,655 thousand, decreased by 15% compared to the previous year. The gross profit margin, operating profit margin, and net profit margin was 9.4%, 6.6%, and 5.0% respectively; each hit a record high. The basic earnings per share (EPS) was 68.88.

The Company is optimistic in the long-term demands and growth of the cloud industry and AI servers. We invested and deepened the development of data center technology and product, cultivating IT infrastructure for cloud data centers, as well as AI acceleration server platform with module design and advanced liquid cooling technology to satisfy diverse model training, customization, and projected future demands in the era of AI as well as the needs of advanced cooling technology required for high power consumption servers.

In terms of heat dissipation technology, Wiwynn developed technology of rack level liquid cooling to meet the challenges and demands in the era of AI, as well as continue working with technical-leading manufacturers in the heat dissipation area to jointly develop the next generation liquid cooling technology.

In terms of our global presence, we continuing expanding our plants in Malaysia, Tainan Science Park, and Mexico after taking into consideration of risk diversification and customer proximity. In Asia-Pacific, our Malaysia plant provides cutting-edge servers and advanced cooling technology, demonstrates the vision of one-stop center for manufacturing, service, and engineering for hyperscale data centers. We have complete delivery capability from server motherboard to the assembly of whole rack. We also focus on the realization of ESG principles through business operations, in order to achieve our commitment in sustainable development. Moreover, Wiwynn's plant in Tainan Science Park is currently undergoing the expansion to integrate the old and new campuses. In addition to the manufacturing of server circuit boards, we are also speeding up the production and verification of new products. With such dual track strategy, we created a resilient supply chain. Our Mexico plant in the Americas is the main battlefield for system integration. The plant expansion is still on going in order to fulfil Wiwynn's goal of meeting the fast growing server demands.

While working hard to promote a variety of digital visions, Wiwynn is also active in investing the development for sustainable environment and social inclusion. From the four strategic dimensions of "eco-friendly operation", "common good and common prosperity between employees and the enterprise", "sustainable supply chain", and "green innovation", we unfold our long-term goals. From 2022, Wiwynn worked with our suppliers on supply chain carbon footprint verification. In 2023, we kicked off carbon footprint survey and trainings among suppliers, to assist our upstream partners enhancing their recognition and understanding towards carbon-related issues,

【 Attachment 1 】

in order to further integrate supply chain carbon data into the carbon management platform, and establishing a solid foundation for the net zero emissions that follows up. We coordinate with supply chain to achieve inclusive growth and evaluate environmental friendliness from different operational dimensions to create and give back to the society from our core capabilities.

In the future, we will continue developing sustainable products and participating in the carbon disclosure plan (CDP). We also join Taiwan Climate Partnership and establish the goals of net zero by 2040 and RE100 by 2030. Wiwynn continues to put effort into activities such as tree planting. This year, we expanded the scale of tree planting in Taiwan and in Malaysia for global carbon reduction and providing various species habitats and protection. We make true efforts to global warming reduction, coastline protection, and biodiversity conservation with actions.

On the Subject of corporate governance, Wiwynn received the honor of “Top 5% of all listed companies” in the 9th Corporate Governance Evaluation in 2023. We have also started to associate ESG performance with salary and remuneration in order to deepen sustainable management. We increased the number of female members on the Board of Directors from two to three to strengthen the idea of gender diversity. From 2021 until now, Wiwynn is still a constituent stock for “Taiwan ESG Index” and “Taiwan Corporate Governance 100 Indexes”.

Facing the era full of global political and economic uncertainties, while the demand of AI application increases and technology and energy transitions drive the need of environmental sustainability, Wiwynn certainly has to consider global trends and market changes from different perspectives, in order to continuously maintain competitive advantage and resilience, and to realize long-term development and sustainable operation. Wiwynn never changes its commitments in being the leader of technology and innovation. Through investing in talents and expanding production capacity, we move forward steadily to create and unleash infinite possibilities for the future to come.

Chairman :
Emily Hong

President:
Sunlai Chang

Accounting Officer:
Wenifred Wen

Independent Auditors' Report

To the Board of Directors of Wiyynn Corporation:

Opinion

We have audited the financial statements of Wiyynn Corporation ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, 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 material 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Refer to note 4(n) "Revenue" and note 6(q) to the financial statements for the disclosure of revenue recognition.

Description of key audit matter

The Company is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principle audit procedures included understanding the types of revenue, contract provisions and transaction terms to assess the accuracy of the timing of revenue recognition; conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions; as well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition. Furthermore, we also selected some samples of transaction records of sales within the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

2. Valuation for slow-moving inventories

Please refer to note 4(g) for "Inventories", note 5 for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", as well as note 6(d) for the disclosure of valuation of inventory

Description of key audit matter

In order to meet the rapid development of the cloud computing industry and shipping demands, the Company has increased its stock volume, which requires the management to use its subjective judgment in valuating the slow-moving inventories. Therefore, the valuation for slow-moving inventories has been identified as one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included understanding the policies adopted by the management in valuating the slow-moving inventories; assessing the historical reasonableness of the management's estimates on inventory provisions; selecting samples to verify the accuracy of the inventory aging report; evaluating the appropriateness of management's methodology to determine inventory reserve percentages; as well as recalculating the inventory reserve for the application of the reserve percentages with the inventory aging categories.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 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 for the year ended December 31, 2023 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 Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)

February 26, 2024

Notes to Readers

The accompanying 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 financial statements are those generally accepted and applied in the Republic of China.

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

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 15,735,867	21	16,483,111	23	2130	Contract liabilities-current (note 6(q))	5,950,026	8	5,296,970	7
1170	Accounts receivable, net (notes 6(b) and (q))	6,521,959	8	5,668,368	8	2170	Notes payable and accounts payable	4,433,844	6	1,022,101	2
1180	Accounts receivable - related parties, net (notes 6(b), (q) and 7)	6,143,123	8	20,381,475	28	2180	Accounts payable - related parties (note 7)	4,534,279	6	10,228,693	14
1200	Other receivables (note 6(c))	215	-	1,571	-	2200	Other payables (note 6(r))	4,956,099	7	3,815,618	5
1210	Other receivables-related parties (notes 6(c) and 7)	511,340	1	1,694,155	2	2220	Other payables-related parties (note 7)	170,427	-	414,053	1
130X	Inventories (note 6(d))	6,081,994	8	4,305,270	6	2230	Current tax liabilities	1,196,008	2	2,790,452	4
1470	Other current assets (note 6(i))	509,087	1	136,655	-	2280	Lease liabilities-current (notes 6(l) and 7)	130,371	-	84,044	-
	Total current assets	<u>35,503,585</u>	<u>47</u>	<u>48,670,605</u>	<u>67</u>	2320	Current portion of long-term liabilities (notes 6(k))	2,500,000	3	-	-
Non-current assets:						2399	Other current liabilities	273,111	-	251,528	-
1550	Investments accounted for using equity method (note 6(e))	36,869,573	49	22,085,144	31		Total Current liabilities	<u>24,144,165</u>	<u>32</u>	<u>23,903,459</u>	<u>33</u>
1600	Property, plant and equipment (notes 6(f) and 7)	1,245,867	2	757,957	1	Non-current liabilities:					
1755	Right-of-use assets (notes 6(g) and 7)	283,898	-	174,811	-	2530	Bonds payable (note 6(k))	6,942,918	9	9,439,683	14
1780	Intangible assets (notes 6(h) and 7)	126,985	-	125,644	-	2540	Long-term borrowings (notes 6(j))	1,500,000	2	-	-
1840	Deferred tax assets (note 6(n))	892,741	1	599,852	1	2570	Deferred tax liabilities (note 6(n))	465,005	1	286,411	-
1990	Other non-current assets (notes 6(i) and 8)	531,701	1	100,266	-	2580	Lease liabilities-non-current (notes 6(l) and 7)	147,572	-	89,289	-
	Total non-current assets	<u>39,950,765</u>	<u>53</u>	<u>23,843,674</u>	<u>33</u>	2640	Net defined benefit liabilities (note 6(m))	6,638	-	8,431	-
						2645	Guarantee deposits received	14,000	-	-	-
							Total Non-current liabilities	<u>9,076,133</u>	<u>12</u>	<u>9,823,814</u>	<u>14</u>
							Total liabilities	<u>33,220,298</u>	<u>44</u>	<u>33,727,273</u>	<u>47</u>
						Equity (notes 6(e), (m), (n) and (o)):					
						3110	Common shares	1,748,408	2	1,748,408	2
						3200	Capital surplus	8,839,619	12	8,817,380	12
						3300	Retained earnings	30,335,745	40	27,039,558	37
						3400	Other equity	1,310,280	2	1,181,660	2
							Total equity	<u>42,234,052</u>	<u>56</u>	<u>38,787,006</u>	<u>53</u>
Total assets		<u>\$ 75,454,350</u>	<u>100</u>	<u>72,514,279</u>	<u>100</u>		Total liabilities and equity	<u>\$ 75,454,350</u>	<u>100</u>	<u>72,514,279</u>	<u>100</u>

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$ 88,404,462	100	101,426,047	100
5000	Operating costs (notes 6(d), (f), (g), (h), (l), (m), (r), 7 and 12)	<u>67,618,282</u>	<u>76</u>	<u>79,617,295</u>	<u>79</u>
	Gross profit	20,786,180	24	21,808,752	21
5910	Unrealized profit (loss) from sales	<u>(761,708)</u>	<u>1</u>	<u>(257,842)</u>	<u>-</u>
	Net gross profit	<u>20,024,472</u>	<u>23</u>	<u>21,550,910</u>	<u>21</u>
	Operating expenses (notes 6(b), (f), (g), (h), (l), (m), (r), 7 and 12):				
6100	Selling expenses	359,208	-	464,717	1
6200	Administrative expenses	1,538,006	2	1,140,661	1
6300	Research and development expenses	4,016,074	5	3,497,605	3
6450	Expected credit loss (gain)	<u>(7,818)</u>	<u>-</u>	<u>3,132</u>	<u>-</u>
	Total operating expenses	<u>5,905,470</u>	<u>7</u>	<u>5,106,115</u>	<u>5</u>
	Net operating income	<u>14,119,002</u>	<u>16</u>	<u>16,444,795</u>	<u>16</u>
	Non-operating income and expenses (notes 6(e), (f), (k), (l), (s) and 7):				
7100	Interest income	193,263	-	89,243	-
7020	Other gains and losses	252,345	-	874,865	1
7050	Finance costs	<u>(433,472)</u>	<u>-</u>	<u>(160,112)</u>	<u>-</u>
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	<u>916,151</u>	<u>1</u>	<u>424,647</u>	<u>-</u>
	Total non-operating income and expenses	<u>928,287</u>	<u>1</u>	<u>1,228,643</u>	<u>1</u>
7900	Income before tax	15,047,289	17	17,673,438	17
7950	Income tax expense (note 6(n))	<u>3,003,634</u>	<u>3</u>	<u>3,498,729</u>	<u>3</u>
	Net income	<u>12,043,655</u>	<u>14</u>	<u>14,174,709</u>	<u>14</u>
8300	Other comprehensive income (notes 6(e), (m), (n) and (o)):				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(6,785)	-	764	-
8349	Income tax related to items that may not be reclassified subsequently to profit or loss	<u>1,357</u>	<u>-</u>	<u>(153)</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit or loss	<u>(5,428)</u>	<u>-</u>	<u>611</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	126,524	-	1,612,680	2
8370	Share 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	2,096	-	-	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>128,620</u>	<u>-</u>	<u>1,612,680</u>	<u>2</u>
8300	Other comprehensive income	<u>123,192</u>	<u>-</u>	<u>1,613,291</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 12,166,847</u>	<u>14</u>	<u>15,788,000</u>	<u>16</u>
	Earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	Basic earnings per share	<u>\$ 68.88</u>		<u>81.07</u>	
9850	Diluted earnings per share	<u>\$ 68.65</u>		<u>80.49</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Wiwynn Corporation

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity	Total equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		
Balance on January 1, 2022	\$ 1,748,408	8,817,380	2,230,357	237,894	14,767,007	17,235,258	(431,020)	27,370,026
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	864,413	-	(864,413)	-	-	-
Special reserve	-	-	-	193,126	(193,126)	-	-	-
Cash dividends	-	-	-	-	(4,371,020)	(4,371,020)	-	(4,371,020)
Net income	-	-	-	-	14,174,709	14,174,709	-	14,174,709
Other comprehensive income	-	-	-	-	611	611	1,612,680	1,613,291
Total comprehensive income	-	-	-	-	14,175,320	14,175,320	1,612,680	15,788,000
Balance on December 31, 2022	<u>1,748,408</u>	<u>8,817,380</u>	<u>3,094,770</u>	<u>431,020</u>	<u>23,513,768</u>	<u>27,039,558</u>	<u>1,181,660</u>	<u>38,787,006</u>
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	1,417,532	-	(1,417,532)	-	-	-
Special reserve	-	-	-	(431,020)	431,020	-	-	-
Cash dividends	-	-	-	-	(8,742,040)	(8,742,040)	-	(8,742,040)
Net income	-	-	-	-	12,043,655	12,043,655	-	12,043,655
Other comprehensive income	-	-	-	-	(5,428)	(5,428)	128,620	123,192
Total comprehensive income	-	-	-	-	12,038,227	12,038,227	128,620	12,166,847
Changes in equity of associates and joint ventures accounted for using equity method	-	22,239	-	-	-	-	-	22,239
Balance on December 31, 2023	<u>\$ 1,748,408</u>	<u>8,839,619</u>	<u>4,512,302</u>	<u>-</u>	<u>25,823,443</u>	<u>30,335,745</u>	<u>1,310,280</u>	<u>42,234,052</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	\$ 15,047,289	17,673,438
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	508,557	438,851
Amortization expense	100,223	69,810
Expected credit loss(gain)	(7,818)	3,132
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(40,517)	100,986
Interest expense	433,472	160,112
Interest income	(193,263)	(89,243)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(916,151)	(424,647)
Losses on disposal of property, plant and equipment	428	27
Gain on disposal of other assets	(21)	-
Gain on disposal of investments	(5,339)	-
Unrealized losses from sales	761,708	257,842
Prepayments for equipment reclassified as expenses	-	66
Total adjustments to reconcile profit	641,279	516,936
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	40,517	(100,986)
Decrease (increase) in accounts receivable, net	(845,773)	1,343,068
Decrease (increase) in accounts receivable-related parties, net	14,238,352	(3,619,547)
Decrease in other receivable	1,356	1,978
Decrease (increase) in other receivable-related parties	1,182,815	(231,336)
Decrease (increase) in inventories	(1,776,724)	2,114,774
Decrease (increase) in other current assets	(374,642)	155,843
Total changes in operating assets	12,465,901	(336,206)
Changes in operating liabilities:		
Increase in contract liabilities-current	653,056	1,935,998
Increase (decrease) in notes and accounts payable	3,411,743	(879,671)
Increase (decrease) in accounts payable-related parties	(5,694,414)	1,884,467
Increase in other payable	1,131,426	1,741,748
Increase (decrease) in other payable-related parties	(243,626)	162,170
Increase in other current liabilities	21,583	52,952
Decrease in net defined benefit liabilities	(8,578)	(4,395)
Total changes in operating liabilities	(728,810)	4,893,269
Total changes in operating assets and liabilities	11,737,091	4,557,063
Total adjustments	12,378,370	5,073,999
Cash inflow generated from operations	27,425,659	22,747,437
Interest received	195,474	84,209
Interest paid	(421,183)	(157,782)
Income taxes paid	(4,711,016)	(1,946,134)
Net cash flows from operating activities	22,488,934	20,727,730
Cash flows from (used in) investing activities:		
Increase in other receivables – related parties	-	276,900
Acquisition of investments accounted for using equity method	(14,473,788)	(14,423,956)
Acquisition of property, plant and equipment	(624,270)	(154,843)
Proceeds from disposal of property, plant and equipment	581	107
Acquisition of intangible assets	(101,564)	(96,722)
Increase in other financial assets	(13,998)	(5,951)
Increase in prepayments for equipment	(675,540)	(154,558)
Net cash used in investing activities	(15,888,579)	(14,559,023)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	296,814,845	82,979,590
Decrease in short-term borrowings	(296,814,845)	(87,548,440)
Increase in long-term borrowings	1,500,000	-
Increase in guarantee deposits received	14,000	-
Payment of lease liabilities	(119,559)	(77,063)
Cash dividends paid	(8,742,040)	(4,371,020)
Net cash used in financing activities	(7,347,599)	(9,016,933)
Net decrease in cash and cash equivalents	(747,244)	(2,848,226)
Cash and cash equivalents at beginning of period	16,483,111	19,331,337
Cash and cash equivalents at end of period	\$ 15,735,867	16,483,111

See accompanying notes to financial statements.

Independent Auditors' Report

To the Board of Directors of Wiyynn Corporation:

Opinion

We have audited the consolidated financial statements of Wiyynn Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Refer to note 4(n) "Revenue" and note 6(q) to the consolidated financial statements for the disclosure of revenue recognition.

Description of key audit matter

The Group is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principle audit procedures included understanding the types of revenue, contract provisions and transaction terms to assess the accuracy of the timing of revenue recognition; conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions; as well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition. Furthermore, we also selected some samples of transaction records of sales during the period before and after the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

2. Valuation for slow-moving inventories

Please refer to note 4(h) for "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" as well as note 6(d) for the disclosure of valuation of inventory.

Description of key audit matter

In order to meet the rapid development of the cloud computing industry and shipping demands, the Group has increased its stock volume, which requires the management to use its subjective judgment in valuating the slow-moving inventories. Therefore, the valuation for slow-moving inventories has been identified as one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included understanding the policies adopted by the management in valuating the slow-moving inventories; assessing the historical reasonableness of the management's estimates on inventory provisions; selecting samples to verify the accuracy of the inventory aging report; evaluating the appropriateness of management's methodology to determine inventory reserve percentages; as well as recalculating the inventory reserve for the application of the reserve percentages with the inventory aging categories.

Other Matter

Wiwynn Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

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

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

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 37,494,848	42	26,231,920	30	2100	Short-term borrowings (note 6(j))	\$ 383,793	-	-	-
1170	Accounts receivable, net (notes 6(b) and (q))	10,131,202	11	18,690,495	21	2130	Contract liabilities-current (note 6(q))	5,950,026	7	5,296,970	6
1180	Accounts receivable-related parties, net (notes 6(b), (q) and 7)	232,029	-	1,090,375	1	2170	Notes payable and accounts payable	15,144,834	17	15,083,798	17
1200	Other receivables (note 6(c))	866	-	2,493	-	2180	Accounts payable-related parties (note 7)	5,024,520	6	11,381,122	13
1210	Other receivables-related parties (notes 6(c) and 7)	57,861	-	1,307,048	1	2200	Other payables (note 6 (r))	4,114,698	5	3,104,403	3
130X	Inventories (notes 6(d) and 8)	30,179,170	35	36,011,736	41	2220	Other payables-related parties (note 7)	222,494	-	45,770	-
1479	Other current assets (note 6(i))	1,099,323	1	717,023	1	2230	Current tax liabilities	1,233,004	1	2,912,316	3
	Total current assets	<u>79,195,299</u>	<u>89</u>	<u>84,051,090</u>	<u>95</u>	2280	Lease liabilities-current (notes 6(l) and 7)	332,877	-	211,343	-
Non-current assets:						2320	Current portion of long-term liabilities (note 6(k))	2,500,000	3	-	-
1550	Investments accounted for using equity method (note 6(e))	159,246	-	198,890	-	2399	Other current liabilities	1,587,769	2	526,716	1
1600	Property, plant and equipment (notes 6(f), 7 and 9)	5,625,693	7	2,156,578	2		Total current liabilities	<u>36,494,015</u>	<u>41</u>	<u>38,562,438</u>	<u>43</u>
1755	Right-of-use assets (notes 6(g) and 7)	1,473,002	2	995,434	1	Non-current liabilities:					
1780	Intangible assets (notes 6(h) and 7)	132,389	-	137,551	-	2530	Bonds payable (note 6(k))	6,942,918	8	9,439,683	11
1840	Deferred tax assets (note 6(n))	1,012,261	1	639,799	1	2540	Long-term borrowings (note 6(j))	1,500,000	2	-	-
1990	Other non-current assets (notes 6(i) and 8)	1,247,507	1	658,440	1	2570	Deferred tax liabilities (note 6(n))	465,674	-	286,411	-
	Total non-current assets	<u>9,650,098</u>	<u>11</u>	<u>4,786,692</u>	<u>5</u>	2580	Lease liabilities-non-current (notes 6(l) and 7)	1,188,100	1	801,865	1
						2640	Net defined benefit liabilities (note 6(m))	6,638	-	8,431	-
						2645	Guarantee deposits received	14,000	-	951,948	1
							Total non-current liabilities	<u>10,117,330</u>	<u>11</u>	<u>11,488,338</u>	<u>13</u>
							Total liabilities	<u>46,611,345</u>	<u>52</u>	<u>50,050,776</u>	<u>56</u>
						Equity (notes 6(e), (m), (n) and (o)):					
						3110	Common shares	1,748,408	2	1,748,408	2
						3200	Capital surplus	8,839,619	10	8,817,380	10
						3300	Retained earnings	30,335,745	34	27,039,558	31
						3400	Other equity	1,310,280	2	1,181,660	1
							Total equity	<u>42,234,052</u>	<u>48</u>	<u>38,787,006</u>	<u>44</u>
							Total liabilities and equity	<u>\$ 88,845,397</u>	<u>100</u>	<u>\$ 88,837,782</u>	<u>100</u>
	Total assets	<u>\$ 88,845,397</u>	<u>100</u>	<u>88,837,782</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$241,900,989	100	292,876,040	100
5000	Operating costs (notes 6(d), (f), (g), (h), (l), (m), (r), 7 and 12)	<u>219,243,712</u>	<u>91</u>	<u>268,896,763</u>	<u>92</u>
	Gross profit from operations	<u>22,657,277</u>	<u>9</u>	<u>23,979,277</u>	<u>8</u>
	Operating expenses (notes 6(b), (f), (g), (h), (l), (m), (r), 7 and 12):				
6100	Selling expenses	1,053,544	-	1,305,756	-
6200	Administrative expenses	1,722,189	-	1,307,577	1
6300	Research and development expenses	4,018,816	2	3,528,532	1
6450	Expected credit loss (gain)	<u>(7,818)</u>	<u>-</u>	<u>3,132</u>	<u>-</u>
	Total operating expenses	<u>6,786,731</u>	<u>2</u>	<u>6,144,997</u>	<u>2</u>
	Net operating income	<u>15,870,546</u>	<u>7</u>	<u>17,834,280</u>	<u>6</u>
	Non-operating income and expenses (notes 6(e), (f), (g), (k), (l), (s) and 7):				
7100	Interest income	455,501	-	155,871	-
7010	Other income	-	-	809	-
7020	Other gains and losses	134,754	-	855,905	-
7050	Finance costs	(953,143)	-	(881,614)	-
7370	Share of associates and joint ventures accounted for using equity method	<u>(63,979)</u>	<u>-</u>	<u>(67,968)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(426,867)</u>	<u>-</u>	<u>63,003</u>	<u>-</u>
7900	Income before tax	15,443,679	7	17,897,283	6
7950	Income tax expense (note 6(n))	<u>3,400,024</u>	<u>2</u>	<u>3,722,574</u>	<u>1</u>
	Net income	<u>12,043,655</u>	<u>5</u>	<u>14,174,709</u>	<u>5</u>
8300	Other comprehensive income (loss) (notes 6(e), (m), (n) and (o)):				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefits plans	(6,785)	-	764	-
8349	Income tax related to items that may not be reclassified to profit or loss	<u>1,357</u>	<u>-</u>	<u>(153)</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit or loss	<u>(5,428)</u>	<u>-</u>	<u>611</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	126,524	-	1,612,680	-
8370	Share 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	2,096	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>128,620</u>	<u>-</u>	<u>1,612,680</u>	<u>-</u>
8300	Other comprehensive income (net of tax)	<u>123,192</u>	<u>-</u>	<u>1,613,291</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 12,166,847</u>	<u>5</u>	<u>\$ 15,788,000</u>	<u>5</u>
	Profit attributable to:				
8610	Owners of parent	<u>\$ 12,043,655</u>	<u>5</u>	<u>\$ 14,174,709</u>	<u>5</u>
	Comprehensive income attributable to:				
8710	Owners of parent	<u>\$ 12,166,847</u>	<u>5</u>	<u>\$ 15,788,000</u>	<u>5</u>
	Earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	Basic earnings per share	<u>\$ 68.88</u>		<u>\$ 81.07</u>	
9850	Diluted earnings per share	<u>\$ 68.65</u>		<u>\$ 80.49</u>	

See accompanying notes to financial statements.

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

Wiyynn Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan dollars)

	Retained earnings					Other equity		Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	
Balance on January 1, 2022	\$ 1,748,408	8,817,380	2,230,357	237,894	14,767,007	17,235,258	(431,020)	27,370,026
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	864,413	-	(864,413)	-	-	-
Special reserve	-	-	-	193,126	(193,126)	-	-	-
Cash dividends	-	-	-	-	(4,371,020)	(4,371,020)	-	(4,371,020)
Net income	-	-	-	-	14,174,709	14,174,709	-	14,174,709
Other comprehensive income	-	-	-	-	611	611	1,612,680	1,613,291
Total comprehensive income	-	-	-	-	14,175,320	14,175,320	1,612,680	15,788,000
Balance on December 31, 2022	<u>1,748,408</u>	<u>8,817,380</u>	<u>3,094,770</u>	<u>431,020</u>	<u>23,513,768</u>	<u>27,039,558</u>	<u>1,181,660</u>	<u>38,787,006</u>
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	1,417,532	-	(1,417,532)	-	-	-
Special reserve	-	-	-	(431,020)	431,020	-	-	-
Cash dividends	-	-	-	-	(8,742,040)	(8,742,040)	-	(8,742,040)
Net income	-	-	-	-	12,043,655	12,043,655	-	12,043,655
Other comprehensive income	-	-	-	-	(5,428)	(5,428)	128,620	123,192
Total comprehensive income	-	-	-	-	12,038,227	12,038,227	128,620	12,166,847
Changes in equity of associates and joint ventures accounted for using equity method	-	22,239	-	-	-	-	-	22,239
Balance on December 31, 2023	<u>\$ 1,748,408</u>	<u>8,839,619</u>	<u>4,512,302</u>	<u>-</u>	<u>25,823,443</u>	<u>30,335,745</u>	<u>1,310,280</u>	<u>42,234,052</u>

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	\$ 15,443,679	17,897,283
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	882,114	676,513
Amortization expense	120,025	85,072
Expected credit loss (gain)	(7,818)	3,132
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(40,517)	100,986
Interest expense	953,143	881,614
Interest income	(455,501)	(155,871)
Share of loss of associates and joint ventures accounted for using equity method	63,979	67,968
Losses on disposal of property, plant and equipment	638	711
Gain on disposal of investments	(5,339)	-
Prepayments for equipment reclassified as expenses	-	66
Lease modification gains	(21)	(395)
Total adjustments to reconcile profit	<u>1,510,703</u>	<u>1,659,796</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	40,517	(100,986)
Decrease (increase) in accounts receivable, net	8,665,043	(5,297,511)
Decrease (increase) in accounts receivable-related parties, net	858,346	(646,837)
Decrease in other receivable	2,773	1,169
Decrease (increase) in other receivable-related parties	1,316,434	(1,094,203)
Decrease in inventories	5,943,784	13,408,726
Increase in other current assets	(442,482)	(58,998)
Total changes in operating assets	<u>16,384,415</u>	<u>6,211,360</u>
Changes in operating liabilities:		
Increase in contract liabilities-current	653,056	1,935,998
Increase in notes and accounts payable	1,774	5,164,163
Increase (decrease) in accounts payable-related parties	(6,541,388)	369,381
Increase in other payable	968,908	742,375
Increase (decrease) in other payable-related parties	176,724	(33,882)
Increase (decrease) in other current liabilities	105,633	(183,926)
Decrease in net defined benefit liabilities	(8,578)	(4,395)
Total changes in operating liabilities	<u>(4,643,871)</u>	<u>7,989,714</u>
Total changes in operating assets and liabilities	<u>11,740,544</u>	<u>14,201,074</u>
Total adjustments	<u>13,251,247</u>	<u>15,860,870</u>
Cash inflow generated from operations	28,694,926	33,758,153
Interest received	457,737	150,636
Interest paid	(926,472)	(886,260)
Income taxes paid	(5,165,767)	(2,344,928)
Net cash flows from operating activities	<u>23,060,424</u>	<u>30,677,601</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(3,670,905)	(1,270,869)
Proceeds from disposal of property, plant and equipment	583	109
Acquisition of intangible assets	(113,541)	(123,220)
Decrease (increase) in other non-current assets	303,148	(340,843)
Increase in prepayments for equipment	(1,214,933)	(194,782)
Net cash used in investing activities	<u>(4,695,648)</u>	<u>(1,929,605)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	306,716,211	114,696,533
Decrease in short-term borrowings	(306,323,708)	(137,257,215)
Increase in long-term borrowings	1,500,000	-
Increase in guarantee deposits received	14,000	924,953
Payment of lease liabilities	(278,976)	(173,881)
Cash dividends paid	(8,742,040)	(4,371,020)
Net cash used in financing activities	<u>(7,114,513)</u>	<u>(26,180,630)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>12,665</u>	<u>991,662</u>
Net increase in cash and cash equivalents	<u>11,262,928</u>	<u>3,559,028</u>
Cash and cash equivalents at beginning of period	<u>26,231,920</u>	<u>22,672,892</u>
Cash and cash equivalents at end of period	<u>\$ 37,494,848</u>	<u>26,231,920</u>

See accompanying notes to consolidated financial statements.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and Proposal for Distribution of Profits. The CPAs Chen, Ya-Ling and Huang, Ming-Hung from KPMG performed Wiwynn's Financial Statements Audit and issued an audit report. The Business Report, Financial Statements, and Proposal of Distribution of Profit have been reviewed and determined to be correct and accurate by the Audit Committee of Wiwynn Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Wiwynn Corporation

Convener of the Audit Committee : Cathy Han

February 26, 2024