

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**With Independent Auditors' Review Report**  
**for the Nine Months Ended September 30, 2022 and 2021**

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## Independent Auditors' Review Report

To the Board of Directors Wiwynn Corporation:

### Introduction

We have reviewed the accompanying condensed consolidated balance sheets of Wiwynn Corporation and its subsidiaries as of September 30, 2022 and 2021, and the condensed consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the condensed consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the condensed consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the condensed consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our reviews.

### Scope of Review

We conducted our review in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as of September 30, 2022 and 2021, are not prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
November 1, 2022

**Wiwynn Corporation and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**September 30, 2022, December 31, and September 30, 2021**  
**(Expressed in Thousands of New Taiwan dollars)**

	September 30, 2022		December 31, 2021		September 30, 2021			September 30, 2022		December 31, 2021		September 30, 2021			
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%		
<b>Assets</b>													<b>Liabilities and Equity</b>		
<b>Current assets:</b>													<b>Current liabilities:</b>		
1100	Cash and cash equivalents (note 6(a))	\$ 26,024,385	28	22,672,892	27	16,967,560	22	2100	Short-term borrowings (note 6(k))	\$ -	-	21,265,920	25	21,038,830	28
1110	Financial assets at fair value through profit or loss-current (note 6(b))	21,481	-	-	-	8,680	-	2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	462	-	-	-	2,917	-
1170	Accounts receivable, net (notes 6(c)(r))	17,602,217	19	12,722,591	15	12,502,519	16	2130	Contract liabilities-current (note 6(r))	4,966,070	5	3,360,972	4	3,302,006	4
1180	Accounts receivable-related parties, net (notes 6(c)(r) and 7)	934,585	1	443,538	1	467,543	1	2170	Notes payable and accounts payable	25,099,264	27	8,972,367	11	11,748,686	16
1200	Other receivables (note 6(d))	891	-	3,819	-	2,997	-	2180	Accounts payable-related parties (note 7)	10,609,610	12	9,306,964	11	181,262	-
1210	Other receivables-related parties (notes 6(d) and 7)	856,336	1	381,301	-	469,922	1	2200	Other payables (note 6(s))	2,813,872	3	2,374,998	3	2,387,811	3
130X	Inventories (note 6(e))	42,465,244	46	45,383,451	54	39,342,395	53	2220	Other payables-related parties (note 7)	53,485	-	79,652	-	72,085	-
1479	Other current assets (notes 6(j) and 7)	635,601	1	417,411	-	2,465,278	3	2230	Current tax liabilities	1,674,824	2	999,370	1	515,901	1
	<b>Total current assets</b>	<u>88,540,740</u>	<u>96</u>	<u>82,025,003</u>	<u>97</u>	<u>72,226,894</u>	<u>96</u>	2280	Lease liabilities-current (notes 6(m) and 7)	207,253	-	138,700	-	136,806	-
	<b>Non-current assets:</b>							2399	Other current liabilities	698,701	1	666,890	1	602,442	1
1550	Investments accounted for using equity method (note 6(f))	221,754	-	250,091	-	248,767	-		<b>Total current liabilities</b>	<u>46,123,541</u>	<u>50</u>	<u>47,165,833</u>	<u>56</u>	<u>39,988,746</u>	<u>53</u>
1600	Property, plant and equipment (notes 6(g), 7 and 9)	1,388,423	2	1,038,420	2	1,051,526	2	2530	<b>Non-current liabilities:</b>						
1755	Right-of-use assets (notes 6(h) and 7)	998,435	1	671,526	1	714,201	1	2570	Bonds payable (note 6(l))	9,438,874	11	9,436,448	11	9,435,639	13
1780	Intangible assets (notes 6(i) and 7)	140,439	-	98,732	-	106,760	-	2580	Deferred tax liabilities	219,246	-	219,246	-	134,642	-
1840	Deferred tax assets	307,942	-	304,534	-	418,822	1	2640	Lease liabilities-non-current (notes 6(m) and 7)	804,715	1	532,315	1	572,259	1
1990	Other non-current assets (notes 6(j) and 8)	432,016	1	349,152	-	159,501	-		Net defined benefit liabilities-non-current	13,607	-	13,590	-	8,908	-
	<b>Total non-current assets</b>	<u>3,489,009</u>	<u>4</u>	<u>2,712,455</u>	<u>3</u>	<u>2,699,577</u>	<u>4</u>		<b>Total non-current liabilities</b>	<u>10,476,442</u>	<u>12</u>	<u>10,201,599</u>	<u>12</u>	<u>10,151,448</u>	<u>14</u>
									<b>Total liabilities</b>	<u>56,599,983</u>	<u>62</u>	<u>57,367,432</u>	<u>68</u>	<u>50,140,194</u>	<u>67</u>
									<b>Equity (notes 6(f)(p)):</b>						
								3110	Common shares	1,748,408	2	1,748,408	2	1,748,408	2
								3200	Capital surplus	8,817,380	9	8,817,380	10	8,817,380	12
								3300	Retained earnings	23,088,649	25	17,235,258	20	14,625,280	20
								3400	Other equity	1,775,329	2	(431,020)	-	(404,791)	(1)
									<b>Total equity</b>	<u>35,429,766</u>	<u>38</u>	<u>27,370,026</u>	<u>32</u>	<u>24,786,277</u>	<u>33</u>
	<b>Total assets</b>	<u>\$ 92,029,749</u>	<u>100</u>	<u>84,737,458</u>	<u>100</u>	<u>74,926,471</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 92,029,749</u>	<u>100</u>	<u>84,737,458</u>	<u>100</u>	<u>74,926,471</u>	<u>100</u>

See accompanying notes to condensed consolidated financial statements.

**Wiwynn Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Comprehensive Income**  
**For the three months and nine months ended September 30, 2022 and 2021**  
(Expressed in Thousands of New Taiwan dollars, Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (notes 6(r) and 7)</b>								
	\$	79,673,999	100	45,263,826	100	205,436,641	100	135,746,985	100
5000	<b>Operating costs (notes 6(e)(g)(h)(i)(m)(n)(s), 7 and 12)</b>								
		73,230,375	92	41,591,391	92	188,814,103	92	124,686,731	92
	<b>Gross profit from operations</b>								
		6,443,624	8	3,672,435	8	16,622,538	8	11,060,254	8
	<b>Operating expenses (notes 6(c)(g)(h)(i)(m)(n)(s), 7 and 12):</b>								
6100	Selling expenses	389,384	1	209,366	1	934,380	1	603,844	1
6200	Administrative expenses	345,929	-	221,540	1	886,423	-	595,848	1
6300	Research and development expenses	827,050	1	579,006	1	2,436,214	1	1,892,158	1
6450	Expected credit loss (gain)	4,543	-	(36,154)	-	(111)	-	846	-
	<b>Total operating expenses</b>	<u>1,566,906</u>	<u>2</u>	<u>973,758</u>	<u>3</u>	<u>4,256,906</u>	<u>2</u>	<u>3,092,696</u>	<u>3</u>
	<b>Net operating income</b>	<u>4,876,718</u>	<u>6</u>	<u>2,698,677</u>	<u>5</u>	<u>12,365,632</u>	<u>6</u>	<u>7,967,558</u>	<u>5</u>
	<b>Non-operating income and expenses (notes 6(f)(g)(l)(m)(t) and 7):</b>								
7100	Interest income	21,024	-	10,699	-	52,342	-	43,612	-
7010	Other income	128	-	12	-	789	-	43	-
7020	Other gains and losses	858,893	-	(26,600)	-	1,230,584	-	(79,128)	-
7050	Finance costs	(293,543)	-	(98,937)	-	(663,235)	-	(229,066)	-
7370	Share of associates and joint ventures accounted for using equity method	(16,871)	-	(9,257)	-	(52,006)	-	(16,628)	-
	<b>Total non-operating income and expenses</b>	<u>569,631</u>	<u>-</u>	<u>(124,083)</u>	<u>-</u>	<u>568,474</u>	<u>-</u>	<u>(281,167)</u>	<u>-</u>
7900	<b>Income before tax</b>	5,446,349	6	2,574,594	5	12,934,106	6	7,686,391	5
7950	<b>Income tax expense (note 6(o))</b>	<u>1,130,520</u>	<u>1</u>	<u>548,014</u>	<u>1</u>	<u>2,709,695</u>	<u>1</u>	<u>1,652,235</u>	<u>1</u>
	<b>Net income</b>	<u>4,315,829</u>	<u>5</u>	<u>2,026,580</u>	<u>4</u>	<u>10,224,411</u>	<u>5</u>	<u>6,034,156</u>	<u>4</u>
8300	<b>Other comprehensive income (notes 6(f)(p)):</b>								
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	1,311,983	2	(27,735)	-	2,206,349	1	(166,897)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>1,311,983</u>	<u>2</u>	<u>(27,735)</u>	<u>-</u>	<u>2,206,349</u>	<u>1</u>	<u>(166,897)</u>	<u>-</u>
8300	<b>Other comprehensive income (net of tax)</b>	<u>1,311,983</u>	<u>2</u>	<u>(27,735)</u>	<u>-</u>	<u>2,206,349</u>	<u>1</u>	<u>(166,897)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 5,627,812</u>	<u>7</u>	<u>1,998,845</u>	<u>4</u>	<u>12,430,760</u>	<u>6</u>	<u>5,867,259</u>	<u>4</u>
	<b>Profit attributable to:</b>								
8610	Owners of parent	<u>\$ 4,315,829</u>	<u>5</u>	<u>2,026,580</u>	<u>4</u>	<u>10,224,411</u>	<u>5</u>	<u>6,034,156</u>	<u>4</u>
	<b>Comprehensive income attributable to:</b>								
8710	Owners of parent	<u>\$ 5,627,812</u>	<u>7</u>	<u>1,998,845</u>	<u>4</u>	<u>12,430,760</u>	<u>6</u>	<u>5,867,259</u>	<u>4</u>
	<b>Earnings per share (expressed in New Taiwan dollars) (note 6(q))</b>								
9750	<b>Basic earnings per share</b>	<u>\$ 24.68</u>		<u>11.59</u>		<u>58.48</u>		<u>34.51</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 24.57</u>		<u>11.56</u>		<u>58.16</u>		<u>34.39</u>	

See accompanying notes to condensed consolidated financial statements.

**Wiwynn Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Changes in Equity**  
**For the nine months ended September 30, 2022 and 2021**  
**(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	
<b>Balance on January 1, 2021</b>	\$ 1,748,408	8,817,380	1,369,881	-	12,816,148	14,186,029	(237,894)	24,513,923
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	860,476	-	(860,476)	-	-	-
Special reserve	-	-	-	237,894	(237,894)	-	-	-
Cash dividends	-	-	-	-	(5,594,905)	(5,594,905)	-	(5,594,905)
Net income	-	-	-	-	6,034,156	6,034,156	-	6,034,156
Other comprehensive income	-	-	-	-	-	-	(166,897)	(166,897)
Total comprehensive income	-	-	-	-	6,034,156	6,034,156	(166,897)	5,867,259
<b>Balance on September 30, 2021</b>	<b>\$ 1,748,408</b>	<b>8,817,380</b>	<b>2,230,357</b>	<b>237,894</b>	<b>12,157,029</b>	<b>14,625,280</b>	<b>(404,791)</b>	<b>24,786,277</b>
<b>Balance on January 1, 2022</b>	\$ 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	-	-	-	-	10,224,411	10,224,411	-	10,224,411
Other comprehensive income	-	-	-	-	-	-	2,206,349	2,206,349
Total comprehensive income	-	-	-	-	10,224,411	10,224,411	2,206,349	12,430,760
<b>Balance on September 30, 2022</b>	<b>\$ 1,748,408</b>	<b>8,817,380</b>	<b>3,094,770</b>	<b>431,020</b>	<b>19,562,859</b>	<b>23,088,649</b>	<b>1,775,329</b>	<b>35,429,766</b>

See accompanying notes to condensed consolidated financial statements.

**Wiwynn Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**For the nine months ended September 30, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan dollars)**

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 12,934,106	7,686,391
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	477,923	355,219
Amortization expense	57,980	28,258
Expected credit loss (gain)	(111)	846
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	14,286	(22,414)
Interest expense	663,235	229,066
Interest income	(52,342)	(43,612)
Share of loss of associates and joint ventures accounted for using equity method	52,006	16,628
Losses on disposal of property, plant and equipment	681	543
Prepayments for equipment reclassified as expenses	66	2,185
Lease modification gains	(388)	(3,173)
Total adjustments to reconcile profit	<u>1,213,336</u>	<u>563,546</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	(35,767)	13,734
Increase in accounts receivable, net	(3,834,703)	(4,837,089)
Increase in accounts receivable-related parties, net	(491,047)	(127,325)
Decrease in other receivable	2,801	169
Decrease (increase) in other receivable-related parties	(600,647)	80,554
Decrease (increase) in inventories	8,212,287	(20,068,316)
Increase in other current assets	(31,071)	(1,466,133)
Total changes in operating assets	<u>3,221,853</u>	<u>(26,404,406)</u>
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	462	2,917
Increase in contract liabilities-current	1,605,098	1,004,589
Increase in notes and accounts payable	13,911,249	9,082,131
Decrease in accounts payable-related parties	(916,172)	(9,156,787)
Increase (decrease) in other payable	395,254	(122,642)
Decrease in other payable-related parties	(26,167)	(76,581)
Increase (decrease) in other current liabilities	(22,624)	268,173
Increase in net defined benefit liabilities	17	1
Total changes in operating liabilities	<u>14,947,117</u>	<u>1,001,801</u>
Total changes in operating assets and liabilities	<u>18,168,970</u>	<u>(25,402,605)</u>
Total adjustments	<u>19,382,306</u>	<u>(24,839,059)</u>
Cash inflow (outflow) generated from operations	32,316,412	(17,152,668)
Interest received	50,686	44,008
Interest paid	(618,772)	(186,043)
Income taxes paid	(2,254,322)	(2,665,147)
<b>Net cash flows from (used in) operating activities</b>	<u>29,494,004</u>	<u>(19,959,850)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	-	(276,609)
Acquisition of property, plant and equipment	(454,072)	(280,333)
Proceeds from disposal of property, plant and equipment	25	101
Acquisition of intangible assets	(85,963)	(70,415)
Increase in other non-current assets	(118,113)	(377)
Increase in prepayments for equipment	(147,879)	(110,873)
<b>Net cash used in investing activities</b>	<u>(806,002)</u>	<u>(738,506)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	87,146,762	100,538,775
Decrease in short-term borrowings	(109,395,210)	(84,728,193)
Proceeds from issuing bonds	-	4,442,325
Cash dividends paid	(4,371,020)	(5,594,905)
Payment of lease liabilities	(120,355)	(92,575)
<b>Net cash flows from (used in) financing activities</b>	<u>(26,739,823)</u>	<u>14,565,427</u>
Effect of exchange rate changes on cash and cash equivalents	1,403,314	(68,742)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>3,351,493</u>	<u>(6,201,671)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>22,672,892</u>	<u>23,169,231</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 26,024,385</u>	<u>16,967,560</u>

See accompanying notes to condensed consolidated financial statements.

**Wiwynn Corporation and Subsidiaries**  
**Notes to the Condensed Consolidated Financial Statements**  
**For the nine months ended September 30, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan dollars, Unless Otherwise Specified)**

**(1) Company history**

Wiwynn Corporation (the “Company”) was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation and subsidiaries (the Group) were engaged in research, development, design, testing and sales of below products, semi-products, peripheral equipments and parts:

- (i) Computer and peripheral equipments
- (ii) Data storage media
- (iii) Electric appliances and media products
- (iv) Information software
- (v) Export business relating to the business of the Company
- (vi) Management consult services
- (vii) Information software services
- (viii) Data processing services

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

The consolidated financial statements were authorized for issuance by the Board of Directors on November 1, 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. (“FSC”) which have already been adopted.

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

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

The Group assesses that the adoption of the new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements.

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

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

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

**(4) Summary of significant accounting policies:**

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn International Corporation (WYUS)	Sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Mexico, S.A.de C.V. (WYMX)	Human resource service provision and cloud data center equipment manufacturing	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Sales of cloud data center equipment	100 %	-	-	(Note 1)
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100 %	100 %	100 %	-

Note 1: WYSMX was incorporated on May 6, 2022.

Note 2: The financial statements of the aforementioned subsidiaries were reviewed by KPMG Taiwan.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**(6) Explanation of significant accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Cash on hand	\$ 312	580	634
Demand and checking deposits	18,024,073	14,672,312	10,910,886
Time deposits	<u>8,000,000</u>	<u>8,000,000</u>	<u>6,056,040</u>
	<b><u>\$ 26,024,385</u></b>	<b><u>22,672,892</u></b>	<b><u>16,967,560</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

## (c) Accounts receivable

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Accounts receivable—measured at amortized cost	\$ 15,611,359	12,447,844	9,420,207
Accounts receivable—related parties—measured at amortized cost	934,585	443,538	467,543
Accounts receivable—measured at fair value through other comprehensive income	1,995,433	279,433	3,085,343
Less: loss allowance	<u>(4,575)</u>	<u>(4,686)</u>	<u>(3,031)</u>
	<b><u>\$ 18,536,802</u></b>	<b><u>13,166,129</u></b>	<b><u>12,970,062</u></b>

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

The Group applies 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, accounts receivable have 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 were determined as follows:

	<b>September 30, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance</b>
Current	\$ 18,043,412	-	-
Past due under 30 days	418,111	-	-
Past due 31 to 60 days	3,230	-	-
Past due 61 to 90 days	74,397	5%	3,521
Past due 91 to 180 days	<u>2,227</u>	47%	<u>1,054</u>
Total	<b><u>\$ 18,541,377</u></b>		<b><u>4,575</u></b>

  

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance</b>
Current	\$ 13,008,275	-	-
Past due under 30 days	69,838	-	-
Past due 31 to 60 days	4	-	-
Past due 61 to 90 days	92,669	5%	4,657
Past due over 361 days	<u>29</u>	100%	<u>29</u>
Total	<b><u>\$ 13,170,815</u></b>		<b><u>4,686</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

	September 30, 2021		
	Gross carrying amount	Weighted - average loss rate	Loss allowance provision
Current	\$ 12,487,600	-	-
Past due under 30 days	414,052	-	-
Past due 31 to 60 days	65,062	-	-
Past due 61 to 90 days	84	-	-
Past due 91 to 180 days	6,051	29%	2,787
Past due 181 to 270 days	244	100%	244
Total	<b>\$ 12,973,093</b>		<b>3,031</b>

The movement in the allowance for accounts receivable was as follows:

	For the nine months ended September 30	
	2022	2021
Balance on January 1	\$ 4,686	2,185
Impairment losses recognized	4,612	37,000
Impairment losses reversed	(4,723)	(36,154)
Balance on September 30	<b>\$ 4,575</b>	<b>3,031</b>

As of September 30, 2022, December 31 and September 30, 2021, the accounts receivable were not pledged.

For further credit risk information, please refer to note 6(u).

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group 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 Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of September 30, 2022, December 31 and September 30, 2021, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

	September 30, 2022					
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ 926,927	47,103 (Note)	926,927	-	3.38%~4.38%	None

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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December 31, 2021						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ <u>908,329</u>	<u>44</u> (Note)	<u>908,329</u>	<u>-</u>	0.50%-0.98%	None
September 30, 2021						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ <u>551,147</u>	<u>56,409</u> (Note)	<u>551,147</u>	<u>-</u>	0.56%-0.85%	None

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

(d) Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables	\$ 891	3,819	2,997
Other receivables - related parties	856,336	381,301	469,922
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 857,227</u>	<u>385,120</u>	<u>472,919</u>

As of September 30, 2022, December 31 and September 30, 2021, the other receivables were not pledged.

For further credit risk information, please refers to note 6(u).

(e) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 23,795,423	31,420,396	30,594,040
Finished goods	15,952,683	12,450,813	7,987,753
Inventory in transit	<u>2,717,138</u>	<u>1,512,242</u>	<u>760,602</u>
	<u>\$ 42,465,244</u>	<u>45,383,451</u>	<u>39,342,395</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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Except cost of goods sold, the remaining gains or losses which were recognized as cost sales were as follow:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Losses on valuation of inventories	584,655	-	683,985	-
Royalty	12,323	7,770	33,251	25,047
Others	(1,954)	-	(5,408)	-
	<b>\$ 595,024</b>	<b>7,770</b>	<b>711,828</b>	<b>25,047</b>

As of September 30, 2022, December 31 and September 30, 2021, the inventories were not pledged.

(f) Investments accounted for using equity method

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Associates	<b>\$ 221,754</b>	<b>250,091</b>	<b>248,767</b>

(i) Associates

On March, 2021, the Group acquired 20% amounted to 1,000 thousand shares of LiquidStack Holding B.V. (LiquidStack) for \$276,609 thousand (USD 10,000 thousand) in cash, resulting in the Group to have significant influence over LiquidStack Holding B.V.

Associates which are material to the Group consisted of the followings:

<b>Name of associate</b>	<b>Nature of Relationship with the Group</b>	<b>Main operating location / Registered Country of the Company</b>	<b>Proportion of Shareholding and voting rights</b>		
			<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
LiquidStack Holding B.V.	R&D of liquid cooling technology	Netherlands	20 %	20 %	20 %

The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows. This financial information is included in the consolidated financial statements.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 221,754</b>	<b>250,091</b>	<b>248,767</b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Attributable to the Group:				
Net loss from continuing operations	\$ (16,871)	(9,257)	(52,006)	(16,628)
Other comprehensive income (loss)	14,403	(10,981)	23,669	(11,214)
Comprehensive income	<u>\$ (2,468)</u>	<u>(20,238)</u>	<u>(28,337)</u>	<u>(27,842)</u>

## (ii) Pledge

As of September 30, 2022, December 31 and September 30, 2021, the investments accounted for using equity method were not pledged.

## (g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the nine months ended September 30, 2022 and 2021, were as follows:

	<b>Land</b>	<b>Research and development equipment</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Lease improvements</b>	<b>Other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
Cost or deemed cost:								
Balance on January 1, 2022	\$ -	185,806	784,754	168,602	275,357	510,047	40,056	1,964,622
Additions	77,615	24,971	21,414	40,807	11,405	103,307	174,553	454,072
Disposals	-	(3,033)	-	(3,485)	-	(1,358)	-	(7,876)
Reclassification (Note)	-	2,059	3,375	-	106,167	124,505	(52,808)	183,298
Effect of changes in foreign exchange rates	6,962	-	6,767	13,988	2,803	48,475	7,687	86,682
Balance on September 30, 2022	<u>\$ 84,577</u>	<u>209,803</u>	<u>816,310</u>	<u>219,912</u>	<u>395,732</u>	<u>784,976</u>	<u>169,488</u>	<u>2,680,798</u>
Balance on January 1, 2021	\$ -	143,104	739,973	107,132	226,819	282,361	13,968	1,513,357
Additions	-	16,440	27,390	50,417	43,546	111,662	30,878	280,333
Disposals	-	(98)	(816)	(2,171)	(1,575)	(1,737)	-	(6,397)
Reclassification (Note)	-	-	16,810	8,357	3,160	87,456	(23,111)	92,672
Effect of changes in foreign exchange rates	-	-	(977)	(1,382)	-	(3,739)	(532)	(6,630)
Balance on September 30, 2021	<u>\$ -</u>	<u>159,446</u>	<u>782,380</u>	<u>162,353</u>	<u>271,950</u>	<u>476,003</u>	<u>21,203</u>	<u>1,873,335</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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	Land	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Construction in progress	Total
Accumulated depreciation:								
Balance on January 1, 2022	\$ -	118,683	256,576	68,784	173,911	308,248	-	926,202
Depreciation	-	21,280	104,228	30,968	74,731	112,924	-	344,131
Disposals	-	(3,031)	-	(3,388)	-	(751)	-	(7,170)
Effect of changes in foreign exchange rates	-	-	4,311	5,075	61	19,765	-	29,212
Balance on September 30, 2022	<u>\$ -</u>	<u>136,932</u>	<u>365,115</u>	<u>101,439</u>	<u>248,703</u>	<u>440,186</u>	<u>-</u>	<u>1,292,375</u>
Balance on January 1, 2021	\$ -	99,573	124,079	42,538	102,635	192,751	-	561,576
Depreciation	-	13,697	99,267	20,588	59,825	74,477	-	267,854
Disposals	-	(98)	(476)	(2,072)	(1,575)	(1,532)	-	(5,753)
Effect of changes in foreign exchange rates	-	-	(404)	(324)	-	(1,140)	-	(1,868)
Balance on September 30, 2021	<u>\$ -</u>	<u>113,172</u>	<u>222,466</u>	<u>60,730</u>	<u>160,885</u>	<u>264,556</u>	<u>-</u>	<u>821,809</u>
Carrying value:								
Balance on January 1, 2022	<u>\$ -</u>	<u>67,123</u>	<u>528,178</u>	<u>99,818</u>	<u>101,446</u>	<u>201,799</u>	<u>40,056</u>	<u>1,038,420</u>
Balance on September 30, 2022	<u>\$ 84,577</u>	<u>72,871</u>	<u>451,195</u>	<u>118,473</u>	<u>147,029</u>	<u>344,790</u>	<u>169,488</u>	<u>1,388,423</u>
Balance on January 1, 2021	<u>\$ -</u>	<u>43,531</u>	<u>615,894</u>	<u>64,594</u>	<u>124,184</u>	<u>89,610</u>	<u>13,968</u>	<u>951,781</u>
Balance on September 30, 2021	<u>\$ -</u>	<u>46,274</u>	<u>559,914</u>	<u>101,623</u>	<u>111,065</u>	<u>211,447</u>	<u>21,203</u>	<u>1,051,526</u>

(Note): Reclassified from prepayment for equipment and construction in progress reclassified to lease improvements and other equipment.

As of September 30, 2022, December 31 and September 30, 2021, the property, plant and equipment were not pledged.

(h) Right-of-use assets

The cost and accumulated depreciation of the Group leases buildings and other equipment for the nine months ended September 30, 2022 and 2021, were as follows:

<b>Cost:</b>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Balance on January 1, 2022	\$ 916,328	5,309	921,637
Acquisitions	352,281	423	352,704
Disposals	(21,340)	(502)	(21,842)
Effect of changes in foreign exchange rates	127,414	63	127,477
Balance on September 30, 2022	<u>\$ 1,374,683</u>	<u>5,293</u>	<u>1,379,976</u>
Balance on January 1, 2021	\$ 528,712	5,620	534,332
Acquisitions	448,880	-	448,880
Disposals	(34,771)	(293)	(35,064)
Effect of changes in foreign exchange rates	(18,724)	(16)	(18,740)
Balance on September 30, 2021	<u>\$ 924,097</u>	<u>5,311</u>	<u>929,408</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
<b>Accumulated depreciation:</b>			
Balance on January 1, 2022	\$ 247,566	2,545	250,111
Depreciation	132,988	804	133,792
Disposals	(21,340)	(502)	(21,842)
Effect of changes in foreign exchange rates	19,455	25	19,480
Balance on September 30, 2022	<u>\$ 378,669</u>	<u>2,872</u>	<u>381,541</u>
Balance on January 1, 2021	\$ 155,469	1,636	157,105
Depreciation	86,450	915	87,365
Disposals	(27,167)	(274)	(27,441)
Effect of changes in foreign exchange rates	(1,812)	(10)	(1,822)
Balance on September 30, 2021	<u>\$ 212,940</u>	<u>2,267</u>	<u>215,207</u>
<b>Carrying amount:</b>			
Balance on January 1, 2022	<u>\$ 668,762</u>	<u>2,764</u>	<u>671,526</u>
Balance on September 30, 2022	<u>\$ 996,014</u>	<u>2,421</u>	<u>998,435</u>
Balance on January 1, 2021	<u>\$ 373,243</u>	<u>3,984</u>	<u>377,227</u>
Balance on September 30, 2021	<u>\$ 711,157</u>	<u>3,044</u>	<u>714,201</u>

## (i) Intangible assets

	<u>Software</u>	<u>Other</u>	<u>Total</u>
<b>Carrying amount:</b>			
Balance on January 1, 2022	<u>\$ 97,692</u>	<u>1,040</u>	<u>98,732</u>
Balance on September 30, 2022	<u>\$ 139,399</u>	<u>1,040</u>	<u>140,439</u>
Balance on January 1, 2021	<u>\$ 63,562</u>	<u>1,040</u>	<u>64,602</u>
Balance on September 30, 2021	<u>\$ 105,720</u>	<u>1,040</u>	<u>106,760</u>

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the nine months ended September 30, 2022 and 2021. Please refer to note 12 for the amounts of amortization. For other related information, please refer to the note 6(h) of the consolidated financial statements for the year ended December 31, 2021.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (j) Other current assets and other non-current assets

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Other current assets:			
Tax refundable	\$ 235,157	234,473	226,450
Prepayments for purchase	-	-	2,043,392
Other prepayments	184,490	151,869	167,438
Others	<u>215,954</u>	<u>31,069</u>	<u>27,998</u>
	<u><b>\$ 635,601</b></u>	<u><b>417,411</b></u>	<u><b>2,465,278</b></u>
Other non-current assets:			
Refundable deposits	\$ 104,934	41,319	38,375
Restricted deposits	30,579	26,675	26,844
Prepayments for equipment	62,860	107,191	94,282
Prepayments for land	233,643	113,710	-
Others	<u>-</u>	<u>60,257</u>	<u>-</u>
	<u><b>\$ 432,016</b></u>	<u><b>349,152</b></u>	<u><b>159,501</b></u>

## (k) Short-term borrowings

The details of the Group for short-term borrowings were as follows:

	<u>September 30, 2022</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	-	-	-	<u>\$ -</u>
Unused credit line				<u><b>\$ 55,153,185</b></u>
	<u>December 31, 2021</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	0.58%~1.01%	2022/1/3~2022/3/4	<u><b>\$ 21,265,920</b></u>
Unused credit line				<u><b>\$ 17,953,409</b></u>
	<u>September 30, 2021</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	0.54%~0.98%	2021/10/1~2021/12/17	<u><b>\$ 21,038,830</b></u>
Unused credit line				<u><b>\$ 14,874,186</b></u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (l) Bonds payable

The details of unsecured ordinary bonds were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	
Total ordinary corporate bonds issued	\$ 9,450,000	9,450,000	9,450,000	
Unamortized discounted bonds payable	(11,126)	(13,552)	(14,361)	
Bonds payable balance at period-end	<u>\$ 9,438,874</u>	<u>9,436,448</u>	<u>9,435,639</u>	
	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expense	<u>\$ 18,336</u>	<u>15,366</u>	<u>54,435</u>	<u>36,795</u>

The Group issued 4,450 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.63% in Taiwan on August 6, 2021. It is agreed that half of principal will be repaid in the fourth and fifth years.

The Group issued 5,000 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.83% in Taiwan on October 20, 2020. It is agreed that half of principal will be repaid in the fourth and fifth years.

## (m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Current	\$ 207,253	138,700	136,806
Non-current	<u>\$ 804,715</u>	<u>532,315</u>	<u>572,259</u>

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expenses on lease liabilities	<u>\$ 14,671</u>	<u>11,687</u>	<u>45,199</u>	<u>18,905</u>
Expenses relating to short-term leases	<u>\$ 40,303</u>	<u>21,591</u>	<u>118,052</u>	<u>38,787</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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The amounts recognized in the statement of cash flows by the Group were as follows:

	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 283,606</u>	<u>150,267</u>

(i) Real estate leases

The Group leases land and buildings for its office space and factory. The leases of office space typically run for a period of 1 to 7 years, and of factory for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases other equipment, with lease terms of 2 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(n) Employee benefits

(i) Defined benefit plans

The expenses recognized in expense for the Group were as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Operating expense	<u>\$ 246</u>	<u>210</u>	<u>702</u>	<u>628</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan for the three months and nine months ended September 30, 2022 and 2021 were as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Operating cost	\$ 44,945	25,226	115,396	50,083
Operating expenses	<u>13,155</u>	<u>10,472</u>	<u>36,066</u>	<u>29,163</u>
	<u>\$ 58,100</u>	<u>35,698</u>	<u>151,462</u>	<u>79,246</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(o) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current tax expense				
Current period	<b>\$ 1,130,520</b>	<b>548,014</b>	<b>2,709,695</b>	<b>1,652,235</b>

(ii) There were no income tax expense recognized in other comprehensive income for the nine months ended September 30, 2022 and 2021.

(iii) The ROC income tax authorities have examined the Company's income tax returns for all years through 2019.

(p) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the nine months ended September 30, 2022 and 2021. For the related information, please refer to the note 6(o) of the consolidated financial statements for the year ended December 31, 2021.

(i) Retained earnings

The Company's Articles of Incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than 10% of profit from the currency year.

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 cash dividend is not lower than 10% of total distribution of dividends.

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.

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

2) Special reserve

In accordance with regulations by the FSC, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. For the year 2021 and 2020 earnings distribution in 2022 and 2021, the amount to be reclassified to special reserve shall be a portion of current-period after-tax net profit plus items other than current-period after-tax net profit in the undistributed retained earnings and undistributed prior-period earning. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2021 and 2020 earnings that were approved by the shareholders' meeting on May 31, 2022 and July 8, 2021, respectively, were as follows:

	<b>2021</b>	<b>2020</b>
Dividends distributed to ordinary shareholders		
Cash	<b>\$ 4,371,020</b>	<b>5,594,905</b>

(ii) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2022	\$ (431,020)
Exchange differences on translation of foreign financial statements	2,206,349
Balance on September 30, 2022	<b>\$ 1,775,329</b>
Balance on January 1, 2021	\$ (237,894)
Exchange differences on translation of foreign financial statements	(166,897)
Balance on September 30, 2021	<b>\$ (404,791)</b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (q) Earnings per share

The calculation of basic and diluted earnings per share (unit: NTD in dollar) is as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Basic earnings per share:</b>				
Profit attributable to common shareholders of the Company	\$ <u>4,315,829</u>	<u>2,026,580</u>	<u>10,224,411</u>	<u>6,034,156</u>
Weighted-average common stock outstanding (in thousands)	<u>174,841</u>	<u>174,841</u>	<u>174,841</u>	<u>174,841</u>
	<u>\$ 24.68</u>	<u>11.59</u>	<u>58.48</u>	<u>34.51</u>
<b>Diluted earnings per share:</b>				
Profit attributable to common shareholders of the Company	\$ <u>4,315,829</u>	<u>2,026,580</u>	<u>10,224,411</u>	<u>6,034,156</u>
Weighted-average common stock outstanding (in thousands)	174,841	174,841	174,841	174,841
Effect of potentially dilutive common stock (in thousands):				
Employee compensation	833	466	954	635
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>175,674</u>	<u>175,307</u>	<u>175,795</u>	<u>175,476</u>
	<u>\$ 24.57</u>	<u>11.56</u>	<u>58.16</u>	<u>34.39</u>

## (r) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Primary geographical markets</b>				
America	\$ 65,771,482	34,987,856	163,315,620	100,520,212
Europe	9,094,623	5,236,341	26,750,081	22,758,490
Asia	3,944,970	4,257,051	12,633,800	10,848,041
Other	862,924	782,578	2,737,140	1,620,242
	<u>\$ 79,673,999</u>	<u>45,263,826</u>	<u>205,436,641</u>	<u>135,746,985</u>
<b>Major products</b>				
Hyperscale data center	<u>\$ 79,673,999</u>	<u>45,263,826</u>	<u>205,436,641</u>	<u>135,746,985</u>

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (ii) Contract balance

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Accounts receivable	\$ 17,606,792	12,727,277	12,505,550
Accounts receivable – related parties	934,585	443,538	467,543
Less: loss allowance	<u>(4,575)</u>	<u>(4,686)</u>	<u>(3,031)</u>
	<b><u>\$ 18,536,802</u></b>	<b><u>13,166,129</u></b>	<b><u>12,970,062</u></b>
	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Contract liabilities – provisions for warranty	<b><u>\$ 4,966,070</u></b>	<b><u>3,360,972</u></b>	<b><u>3,302,006</u></b>

For details on accounts receivable and loss allowance, please refer to note 6(c).

The contract liabilities primarily related to the advance consideration received from customers for the electronic components under sales contracts, for which revenue is recognized when products are delivered to customers.

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. There was no significant changes during the current period.

## (s) Employee's and directors' compensation

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) No less than 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 requirement shall be determined by the Board of Directors.

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

The Company estimated it's employees' and directors' compensation as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Employees' compensation	\$ 284,000	135,600	673,000	405,600
Directors' compensation	<u>7,500</u>	<u>6,256</u>	<u>22,500</u>	<u>18,769</u>
	<b><u>\$ 291,500</u></b>	<b><u>141,856</u></b>	<b><u>695,500</u></b>	<b><u>424,369</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder's meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2021 and 2020, the employees' compensation amounted to \$574,000 thousand and \$571,500 thousand, respectively, and directors' compensation amounted to \$27,450 thousand and \$25,025 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the board of directors resolved for 2022 and 2021. The related information can be available on Market Observation Post System Website.

(t) Non-operating income and expenses

(i) Interest income

The details of Interest income were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest income from bank deposits	\$ <u>21,024</u>	<u>10,699</u>	<u>52,342</u>	<u>43,612</u>

(ii) Other income

The details of other income were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Others	\$ <u>128</u>	<u>12</u>	<u>789</u>	<u>43</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Foreign exchange gains (losses), net	\$ 748,404	(37,834)	1,228,887	(110,571)
Gains (losses) on valuation of financial assets and liabilities at fair value	104,559	8,536	(14,286)	22,414
Others	<u>5,930</u>	<u>2,698</u>	<u>15,983</u>	<u>9,029</u>
Total	<u>\$ 858,893</u>	<u>(26,600)</u>	<u>1,230,584</u>	<u>(79,128)</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (iv) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expenses				
Bank loans	\$ (260,536)	(71,884)	(563,601)	(173,366)
Bonds payable	(18,336)	(15,366)	(54,435)	(36,795)
Others	(14,671)	(11,687)	(45,199)	(18,905)
Total	<b>\$ (293,543)</b>	<b>(98,937)</b>	<b>(663,235)</b>	<b>(229,066)</b>

## (u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2021.

## (i) Credit risk

## 1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

## 2) Concentration of credit risk

As of September 30, 2022, December 31 and September 30, 2021, 85.62%, 84.27% and 77.68% of the Group's accounts receivable were concentrated on 5, 3 and 3 specific customers, respectively. Accordingly, concentrations of credit risk exist.

## 3) Receivable and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

As of September 30, 2022, December 31 and September 30, 2021, the other receivables were not accrue any loss allowance.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(ii) Liquidity risk

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>September 30, 2022</b>						
Non-derivative financial liabilities						
Bonds payable	\$ 9,438,874	9,649,922	69,535	69,535	9,510,852	-
Notes and accounts payable (including related parties)	35,708,874	35,708,874	35,708,874	-	-	-
Other payables (including related parties)	2,850,314	2,850,314	2,850,314	-	-	-
Lease liabilities (including current and non-current)	1,011,968	1,259,995	260,535	216,738	404,932	377,790
Subtotal	<u>49,010,030</u>	<u>49,469,105</u>	<u>38,889,258</u>	<u>286,273</u>	<u>9,915,784</u>	<u>377,790</u>
Derivative financial liabilities						
Foreign currency forward contracts:						
Outflow	462	462	462	-	-	-
Carrying amount	462	462	462	-	-	-
Total	<u>\$ 49,010,492</u>	<u>49,469,567</u>	<u>38,889,720</u>	<u>286,273</u>	<u>9,915,784</u>	<u>377,790</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 21,265,920	21,282,809	21,282,809	-	-	-
Bonds payable	9,436,448	9,701,930	69,535	69,535	9,562,860	-
Notes and accounts payable (including related parties)	18,279,331	18,279,331	18,279,331	-	-	-
Other payables (including related parties)	2,443,127	2,443,127	2,443,127	-	-	-
Lease liabilities (including current and non-current)	671,015	866,517	176,293	171,708	259,460	259,056
Total	<u>\$ 52,095,841</u>	<u>52,573,714</u>	<u>42,251,095</u>	<u>241,243</u>	<u>9,822,320</u>	<u>259,056</u>
<b>September 30, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 21,038,830	21,057,958	21,057,958	-	-	-
Bonds payable	9,435,639	9,719,457	69,535	69,535	9,580,387	-
Notes and accounts payable (including related parties)	11,929,948	11,929,948	11,929,948	-	-	-
Other payables (including related parties)	2,448,924	2,448,924	2,448,924	-	-	-
Lease liabilities (including current and non-current)	709,065	886,117	140,314	174,584	291,786	279,433
Subtotal	<u>45,562,406</u>	<u>46,042,404</u>	<u>35,646,679</u>	<u>244,119</u>	<u>9,872,173</u>	<u>279,433</u>
Derivative financial liabilities						
Outflow	554,400	554,400	554,400	-	-	-
Inflow	551,795	551,795	551,795	-	-	-
Carrying amount	2,605	2,605	2,605	-	-	-
Foreign currency forward contracts:						
Outflow	312	312	312	-	-	-
Carrying amount	312	312	312	-	-	-
Subtotal	2,917	2,917	2,917	-	-	-
Total	<u>\$ 45,565,323</u>	<u>46,045,321</u>	<u>35,649,596</u>	<u>244,119</u>	<u>9,872,173</u>	<u>279,433</u>

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

(iii) Market risk

1) Currency risk

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

	September 30, 2022			December 31, 2021			September 30, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	817,305	31.743	25,943,718	902,027	27.690	24,977,131	791,873	27.866	22,066,340
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	359,941	31.743	11,425,596	575,314	27.690	15,930,456	675,419	27.866	18,821,215

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the nine months ended September 30, 2022 and 2021, the net income would be changed by \$580,725 thousand and \$129,805 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three-months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$748,404 thousand, \$(37,834) thousand, \$1,228,887 thousand and \$(110,571) thousand, respectively.

2) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

If the interest rate increased / decreased by 1%, the Group's net income would have been changed by \$4,265 thousand and \$8,218 thousand, respectively, for the nine months ended September 30, 2022 and 2021, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(iv) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	September 30, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ 21,481	-	21,481	-	21,481
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	1,995,433	-	-	-	-
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	26,024,385	-	-	-	-
Accounts receivable (including related parties)	16,541,369	-	-	-	-
Other receivable (including related parties)	857,227	-	-	-	-
Other non-current assets	135,513	-	-	-	-
Subtotal	\$ 43,558,494	-	-	-	-
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 462	-	462	-	462
<b>Financial liabilities measured at amortized cost</b>					
Bonds payable	9,438,874	-	-	-	-
Notes and accounts payable (including related parties)	35,708,874	-	-	-	-
Other payables (including related parties)	2,850,314	-	-	-	-
Lease liabilities (including current and non-current)	1,011,968	-	-	-	-
Subtotal	\$ 49,010,030	-	-	-	-

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2) Valuation techniques for financial instruments measured at fair value:

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of foreign currency forward and swap contracts are usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2: none.

4) Changes between Level 3: none.

5) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

September 30, 2022						
Financial assets that are offset which have an exercisable 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)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	\$ 521,195	521,195	-	-	-	-

September 30, 2022						
Financial liabilities that are offset which have an exercisable 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	
Note payable and accounts payable	\$ 8,962,456	521,195	8,441,261	-	-	8,441,261

December 31, 2021						
Financial assets that are offset which have an exercisable 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)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	\$ 224,932	224,932	-	-	-	-

December 31, 2021						
Financial liabilities that are offset which have an exercisable 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	
Note payable and accounts payable	\$ 8,501,168	224,932	8,276,236	-	-	8,276,236

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September 30, 2021						
Financial assets that are offset which have an exercisable 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)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	\$ 64,032	64,032	-	-	-	-

September 30, 2021						
Financial liabilities that are offset which have an exercisable 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	
Note payable and accounts payable	\$ 64,032	64,032	-	-	-	-

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) of the consolidated financial statements for the year ended December 31, 2021.

(w) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2021. There were no significant changes in the quantified data for capital management as disclosed in the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

(x) Investing and financing activities not affecting current cash flow

For the nine months ended September 30, 2022 and 2021, reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes				September 30, 2022
			Change in lease payments	Addition	Interest expenses	Foreign exchange movement	
Short-term borrowings	\$ 21,265,920	(22,248,448)	-	-	-	982,528	-
Bonds payable	9,436,448	-	-	-	2,426	-	9,438,874
Lease liabilities	671,015	(120,355)	(388)	352,704	-	108,992	1,011,968
Total liabilities from financing activities	<u>\$ 31,373,383</u>	<u>(22,368,803)</u>	<u>(388)</u>	<u>352,704</u>	<u>2,426</u>	<u>1,091,520</u>	<u>10,450,842</u>

  

	January 1, 2021	Cash flows	Non-cash changes				September 30, 2021
			Change in lease payments	Addition	Interest expense	Foreign exchange movement	
Short-term borrowings	\$ 5,359,504	15,810,582	-	-	-	(131,256)	21,038,830
Bonds payable	4,991,783	4,442,325	-	-	1,531	-	9,435,639
Lease liabilities	380,337	(92,575)	(10,796)	448,880	-	(16,781)	709,065
Total liabilities from financing activities	<u>\$ 10,731,624</u>	<u>20,160,332</u>	<u>(10,796)</u>	<u>448,880</u>	<u>1,531</u>	<u>(148,037)</u>	<u>31,183,534</u>

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

**(7) Related-party transactions:**

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of September 30, 2022, December 31 and September 30, 2021, it owns 37.68%, 42.26% and 44.85%, respectively, of all shares outstanding of the Company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech), s.r.o. (WCCZ)	Other related parties
Wistron Mexico, S.A. de C.V. (WMX)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
International Standards Laboratory Corp. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
Wistron InfoComm Technology (Texas) Corporation (WITT)	Other related parties
Wistron InfoComm Technology (America) Corporation (WITX)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron NeWeb Corporation (WNC)	Other related parties
Wistron Information Technology and Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd. (WSSG)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
Wistron InfoComm Mexico S.A. de C.V. (WIMX)	Other related parties
Wistron Technology (Malaysia) Sdn. Bhd. (WMMY)	Other related parties
WIEDU CORPORATION (WETW)	Other related parties
Wuhan Wistron Virgin Technology & Service INC. (WIWZ)	Other related parties

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Group and related parties were as follows:

	Sales				Receivables from related parties		
	For the three months ended September 30		For the nine months ended September 30		September 30,	December 31,	September 30,
	2022	2021	2022	2021	2022	2021	2021
WHQ and other							
related parties	\$ <u>686,846</u>	<u>430,377</u>	<u>1,342,036</u>	<u>587,089</u>	<u>934,585</u>	<u>443,538</u>	<u>467,543</u>

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Group and related parties were as follows:

	Purchases				Payables to related parties		
	For the three months ended September 30		For the nine months ended September 30		September 30,	December 31,	September 30,
	2022	2021	2022	2021	2022	2021	2021
WHQ	\$ 15,080,324	12,409,593	51,576,316	39,962,230	8,494,272	8,480,074	14,831
Other related parties	<u>1,553,512</u>	<u>106,146</u>	<u>2,991,498</u>	<u>302,252</u>	<u>1,631,455</u>	<u>826,890</u>	<u>106,490</u>
	\$ <u>16,633,836</u>	<u>12,515,739</u>	<u>54,567,814</u>	<u>40,264,482</u>	<u>10,125,727</u>	<u>9,306,964</u>	<u>121,321</u>

Trading terms of purchase transactions with related parties can't be compared with third-party vendors due to product specifications.

(iii) Prepayments for purchases

The carrying amounts of prepayment for purchases were as follow:

Account	Name of related party	September 30, 2022	December 31, 2021	September 30, 2021
Other current assets	WHQ	\$ <u>-</u>	<u>-</u>	<u>2,043,392</u>

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

(iv) Processing fee

The amounts of processing fee and outstanding balance between the Group and related parties were as follows:

	Processing Fee				Payables to related parties		
	For the three months ended September 30		For the nine months ended September 30		September 30,	December 31,	September 30,
	2022	2021	2022	2021	2022	2021	2021
WMX	\$ 447,577	25,214	479,508	654,618	483,883	-	59,941

Trading terms of processing fee transactions with related parties can't be compared with third-party vendors due to product specifications.

(v) Operating Expense

The amounts of operating expense between the Group and related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	WHQ	\$ 47,692	138,351	190,865
Other related parties	102,233	36,830	222,445	104,280
	<b>\$ 149,925</b>	<b>175,181</b>	<b>413,310</b>	<b>386,185</b>

Trading terms of operating expense with related parties are not significantly different from those with third-party vendors.

(vi) Acquisitions of assets

The acquisitions of assets from related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	WHQ	\$ 8,127	-	32,153
Other related parties:				
AGI	18,301	18,931	18,301	19,198
WMX	115	54,607	291	54,607
Other related parties	393	89	970	89
	<b>\$ 26,936</b>	<b>73,627</b>	<b>51,715</b>	<b>73,894</b>

Trading terms of acquisitions of assets with related parties are not significantly different from those with third-party vendors.

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

(vii) Other receivables

The Group purchased raw materials on behalf of related parties, provide of human outsourcing service and etc. The outstanding balance were as follows:

	<b>Other receivables from related parties</b>		
	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
WHQ	\$ 567,313	138,747	368,970
Other related parties:			
WZS	242,617	218,106	83,135
Other related parties	<u>46,406</u>	<u>24,448</u>	<u>17,817</u>
Total	<b><u>\$ 856,336</u></b>	<b><u>381,301</u></b>	<b><u>469,922</u></b>

(viii) Other payables

The Group purchased research and development materials and related parties paid traveling expenses on behalf of the Group, testing services and etc. The outstanding balance were as follows:

	<b>Other payables to related parties</b>		
	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
WHQ	\$ 19,291	54,179	38,580
Other related parties	<u>34,194</u>	<u>25,473</u>	<u>33,505</u>
Total	<b><u>\$ 53,485</u></b>	<b><u>79,652</u></b>	<b><u>72,085</u></b>

(ix) Leases

The Group signed a lease contract for its factory and warehouse with WIMX and WNC, and the total value of the contract was amount to \$703,232 thousand and \$180,507 thousand, respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	<b>Lease liabilities</b>		
	<b>(including current and non-current)</b>		
	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
WIMX	\$ 513,132	376,724	379,118
WNC	<u>49,058</u>	<u>70,835</u>	<u>79,492</u>
	<b><u>\$ 562,190</u></b>	<b><u>447,559</u></b>	<b><u>458,610</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

	<b>Interest expense</b>			
	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
WIMX	\$ 10,986	8,439	35,379	8,439
WNC	261	411	1,324	1,362
	<b>\$ 11,247</b>	<b>8,850</b>	<b>36,703</b>	<b>9,801</b>

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Short-term employee benefits	\$ 48,442	25,684	118,036
Post-employment benefits	242	235	718	701
	<b>\$ 48,684</b>	<b>25,919</b>	<b>118,754</b>	<b>77,330</b>

**(8) Pledged assets:**

The carrying amounts of pledged assets were as follow:

<b>Pledged assets</b>	<b>Object</b>	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
		<b>2022</b>	<b>2021</b>	<b>2021</b>
Other non-current assets	Guarantee	<b>\$ 30,579</b>	<b>26,675</b>	<b>26,844</b>

**(9) Commitments and contingencies:**

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Acquisition of property, plant and equipment	<b>\$ 2,717,617</b>	<b>338,032</b>	<b>444,853</b>

(b) Contingencies

- (i) Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court - East 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 to re-examine the validity of the patent.
- (ii) Acqis LLC. filed a patent infringement complaint against the Company in the United States District Court - West 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.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

**(12) Other:**

(a) A summary of employee benefits, depreciation, and amortization by function, were as follows:

By function	For the three months ended September 30					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	518,388	573,953	1,092,341	285,933	363,703	649,636
Labor and health insurance	77,546	33,141	110,687	40,973	26,913	67,886
Pension	44,945	13,401	58,346	25,226	10,682	35,908
Remuneration of directors	-	7,600	7,600	-	6,346	6,346
Others	40,748	9,066	49,814	20,380	7,421	27,801
Depreciation	129,450	59,749	189,199	93,323	30,186	123,509
Amortization	13,596	14,801	28,397	3,403	9,198	12,601

By function	For the nine months ended September 30					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	1,340,776	1,460,024	2,800,800	636,942	1,107,339	1,744,281
Labor and health insurance	195,410	89,232	284,642	83,851	72,007	155,858
Pension	115,396	36,768	152,164	50,083	29,791	79,874
Remuneration of directors	-	23,060	23,060	-	19,214	19,214
Others	63,655	24,269	87,924	36,863	20,238	57,101
Depreciation	338,539	139,384	477,923	241,355	113,864	355,219
Amortization	22,179	35,801	57,980	9,218	19,040	28,258

(b) Seasonality of operations

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

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2022:

(i) Loans to other parties: Table 1 attached.

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

- (ii) Guarantees and endorsements for other parties: Table 2 attached.
  - (iii) Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.
  - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: : Table 3 attached.
  - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Table 4 attached.
  - (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Table 5 attached.
  - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Table 6 attached.
  - (ix) Trading in derivative instruments: Please refer to the note 6(b).
  - (x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 7 attached.
- (b) Information on investments:
- The following are the information on investments for the nine months ended September 30, 2022 (excluding information on investments in mainland China): Table 8 attached.
- (c) Information on investment in mainland China: Table 9 attached.
- (d) Major shareholders:

Unit: Share

Shareholder's Name	Shareholding	Shares	Percentage
Wistron Corporation		65,895,129	37.68 %

**(14) Segment information:**

The Group's core profession is to provide the products and service in data center, and there is no significant segment division. Therefore, the Group's operating decision maker considered it has one reportable segment. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

Table 1 Financing to other parties  
(September 30, 2022)

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 (Note 3 and Note 4)	Ceiling on total financing granted (Note 1)	Notes
													Item	Value			
0	The Company	WYUS	Other receivables	Yes	2,241,680	-	-	0.75%	2	-	Working capital	-	-	-	3,542,976	17,714,883	(Note1 - Note3 - Note4 and Note5)

(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 KPMG Taiwan; and the total amount for short-term financing shall not exceed 40% 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 of 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.

(Note 5) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

Table 2 Guarantees and endorsements for other parties  
(September 30, 2022)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China	Notes
		Name	Relationship with the company (Note 3)											
0	The Company	WYMX	2	10,628,929	1,437,510	1,437,510	1,437,510	-	4.06%	17,714,883	Y	N	N	Note 4
0	The Company	WYUS	2	10,628,929	111,542	111,542	111,542	-	0.31%	17,714,883	Y	N	N	Note 4
0	The Company	WYMY	2	10,628,929	137	137	-	-	0.00%	17,714,883	Y	N	N	Note 4

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's latest net worth, which was audited or reviewed by KPMG Taiwan.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's latest net worth, which was audited or reviewed by KPMG Taiwan.

(Note 3) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

(Note 4) The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

Table 3 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of share capital  
(September 30, 2022)

Name of company	Category and name of security		Account name	Name of counter - party	Relationship with the company	Beginning balance		Purchases		Sales				Ending balance		Notes
						Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
The Company	WYUS	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	169,010	5,095,045	400,000	11,432,000	-	-	-	-	569,010	18,689,331	(Note)
The Company	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	35,214	232,596	152,460	1,011,184	-	-	-	-	187,674	1,271,531	(Note)
The Company	WYMX	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	180,297	267,790	589,378	869,546	-	-	-	-	769,675	1,388,849	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

Table 4 Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital  
(September 30, 2022)

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
							Owner	Relationships	Transfer Date	Amount			
WYMY	Property, plant and equipment-Land	2021/9	278,306	payment: 50%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property, plant and equipment-Land	2021/9	170,060	payment: 50%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property, plant and equipment-Building	2022/3	628,723	payment: 19%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-
WYMY	Property, plant and equipment-Building	2022/8	1,935,677	payment: 0.5%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-

## WIWYNN CORPORATION AND SUBSIDIARIES

### Notes to the Condensed Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock (September 30, 2022)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	30,756,016	41.75%	OA150	-	-	13,210,849	62.43%	(Note)
"	WYJP	The Company's subsidiary	Sale	2,223,353	3.02%	OA90	-	-	186,034	0.88%	(Note)
"	WYKR	The Company's subsidiary	Sale	1,266,984	1.72%	OA90	-	-	555,679	2.63%	(Note)
"	WYHK	The Company's subsidiary	Sale	626,264	0.85%	OA90	-	-	97,196	0.46%	(Note)
"	WBR	The Company's other related company	Sale	381,928	0.52%	OA90	-	-	409,690	1.94%	-
"	WIN	The Company's other related company	Sale	339,197	0.46%	OA90	-	-	61,413	0.29%	-
"	WYKS	The Company's subsidiary	Sale	307,206	0.42%	OA90	-	-	89,581	0.42%	(Note)
"	WHQ	The Company's parent company	Purchase	51,317,053	86.83%	OA45	-	-	(8,441,261)	(84.41%)	-
"	WYUS	The Company's subsidiary	Purchase	1,042,143	1.76%	OA90	-	-	(21,404)	(0.21%)	(Note)
"	WSSG	The Company's other related company	Purchase	152,078	0.26%	OA60	-	-	(6,925)	(0.07%)	-
WYUS	The Company	WYUS's parent company	Sale	1,042,143	0.77%	OA90	-	-	21,404	0.21%	(Note)
"	WBR	WYUS's other related company	Sale	577,625	0.35%	OA90	-	-	463,254	4.17%	-
"	The Company	WYUS's parent company	Purchase and Service cost	30,756,016	20.86%	OA150	-	-	(13,210,849)	(33.57%)	(Note)
"	WITX	WYUS's other related company	Purchase	2,799,006	1.76%	OA90	-	-	(1,620,462)	(4.12%)	-
"	WYMX	WYUS's affiliate company	Processing fee	1,538,805	0.97%	OA60	-	-	(426,228)	(1.08%)	(Note)
"	WMX	WYUS's other related company	Processing fee	479,508	0.30%	OA90	-	-	(483,883)	(1.23%)	-
"	WHQ	WYUS's parent company	Purchase	259,005	0.16%	OA90	-	-	(52,731)	(0.13%)	-
WYJP	The Company	WYJP's parent company	Purchase	2,223,353	100.00%	OA90	-	-	(186,034)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	1,266,984	100.00%	OA90	-	-	(555,679)	(100.00%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	626,264	99.96%	OA90	-	-	(97,196)	(99.71%)	(Note)
WYKS	The Company	WYKS's parent company	Purchase	307,206	100.00%	OA90	-	-	(89,581)	(100.00%)	(Note)
WYMX	WYUS	WYMX's affiliate company	Processing income	1,538,805	100.00%	OA60	-	-	426,228	(100.00%)	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

Table 6 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock  
(September 30, 2022)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
Account Receivables									
The Company	WYUS	The Company's subsidiary	13,210,849	288.83%	7,473	Collecting	-	-	(Note)
"	WYKR	The Company's subsidiary	555,679	335.80%	-	-	-	-	(Note)
"	WBR	The Company's other related company	409,690	185.84%	-	-	84,091	-	-
"	WYJP	The Company's subsidiary	186,034	953.52%	-	-	119,137	-	(Note)
WYUS	WBR	WYUS's other related company	463,254	338.11%	-	-	69,904	-	-
WYMX	WYUS	WYMX's affiliate company	426,228	726.85%	-	-	-	-	(Note)
Other Receivables									
The Company	WYUS	The Company's subsidiary	3,956,418	-	-	-	-	-	(Note)
"	WZS	The Company's other related company	242,617	-	58,733	Collecting	58,342	-	-
"	WHQ	The Company's parent company	131,037	-	10,914	Collecting	19,371	-	-
WYUS	WHQ	WYUS's parent company	436,276	-	86,961	Collecting	59,457	-	-
"	The Company	WYUS's parent company	370,597	-	48	Collecting	-	-	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

**WIWYNN CORPORATION AND SUBSIDIARIES**  
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Table 7 Significant intercompany transactions and business relationships between parent company and its subsidiaries  
(September 30, 2022)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUS	1	Sale	30,756,016	OA150	14.97%
0	The Company	WYJP	1	Sale	2,223,353	OA90	1.08%
0	The Company	WYKR	1	Sale	1,266,984	OA90	0.62%
0	The Company	WYHK	1	Sale	626,264	OA90	0.30%
0	The Company	WYKS	1	Sale	307,206	OA90	0.15%
1	WYUS	The Company	2	Sale	1,042,143	OA90	0.51%
2	WYMX	WYUS	3	Processing income	1,538,805	OA60	0.75%
0	The Company	WYUS	1	Account receivable	13,210,849	OA150	14.35%
0	The Company	WYKR	1	Account receivable	555,679	OA90	0.60%
0	The Company	WYJP	1	Account receivable	186,034	OA90	0.20%
0	The Company	WYHK	1	Account receivable	97,196	OA90	0.11%
0	The Company	WYKS	1	Account receivable	89,581	OA90	0.10%
1	WYUS	The Company	2	Account receivable	21,404	OA90	0.02%
2	WYMX	WYUS	3	Account receivable	426,228	OA60	0.46%

Note 1: relationship:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 2: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as is not disclosed the purchase and accounts payable of counter-party due to duplicate.

Note 3: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

**WIWYNN CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**

Table 8 Information on investments (excluding investees in mainland China)

The following are the information on investees for January 1 to September 30, 2022 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				September 30, 2022	December 31, 2021	Shares(In thousands)	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	246,775	75,997	75,997	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	16,453,581	5,021,581	569,010	100.00%	18,689,331	139,768	139,768	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	256,327	25,667	25,667	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	156,177	30,724	30,724	(Note)
"	WYMY	Malaysia	Sales of cloud data center equipment	1,247,524	236,340	187,674	100.00%	1,271,531	(13,449)	(13,449)	(Note)
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	1,126,671	257,125	769,675	100.00%	1,388,849	132,775	132,775	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	-	40,444	100.00%	63,733	(87)	(87)	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	20.00%	221,754	(260,034)	(52,006)	-

(Note): The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

**WIWYNN CORPORATION AND SUBSIDIARIES**  
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Table 9 Information on investment in mainland China

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022	Net income (loss) of the investee	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow							
WYKS	Sales of cloud data center equipment	10,659	2	10,659 (Note 1)	-	-	10,659	8,884	100.00%	8,884	104,341	-	(Note 5)

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of September 30, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	11,110(USD 350,000)	21,257,859

(Note 1) Wiyynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.

(Note 2) Ways to invest in mainland China:

- 1.Direct investment in mainland China.
- 2.Reinvestment in mainland China through third place.
- 3.Others

(Note 3) The three categories of investment income (losses) recognized were as follows:

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with ROC. accounting firm.
2. The financial statements of the investee company were reviewed by the same auditor of the Taiwan parent company.
3. Others

(Note 4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.

(Note 5) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Note 6) Translated using the ending rates on September 30, 2022.

(iii) Significant transactions

For the nine months ended September 30, 2022, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.