

**WIWYNN CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report**  
**for the Three Months Ended March 31, 2022 and 2021**

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## Independent Auditors' Review Report

To the Board of Directors Wiyynn Corporation:

### Introduction

We have reviewed the accompanying condensed consolidated balance sheets of Wiyynn Corporation and its subsidiaries as of March 31, 2022 and 2021, and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 March 31, 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)  
May 3, 2022

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

	<b>March 31, 2022</b>		<b>December 31, 2021</b>		<b>March 31, 2021</b>			<b>March 31, 2022</b>		<b>December 31, 2021</b>		<b>March 31, 2021</b>			
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (note 6(a))	\$ 18,281,355	21	22,672,892	27	21,567,859	34	2100	Short-term borrowings (note 6(k))	\$ 17,745,640	20	21,265,920	25	16,462,387	26
1110	Financial assets at fair value through profit or loss-current (note 6(b))	18,304	-	-	-	46,908	-	2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	36,138	-	-	-	35,954	-
1170	Accounts receivable, net (notes 6(c)(r))	14,873,804	17	12,722,591	15	10,194,314	16	2130	Contract liabilities-current (note 6(r))	3,559,033	4	3,360,972	4	2,616,011	4
1180	Accounts receivable-related parties, net (notes 6(c)(r) and 7)	247,008	-	443,538	1	103,466	-	2170	Notes payable and accounts payable	11,008,397	12	8,972,367	11	7,761,971	12
1200	Other receivables (note 6(d))	3,282	-	3,819	-	3,030	-	2180	Accounts payable-related parties (note 7)	12,099,571	13	9,306,964	11	209,237	-
1210	Other receivables-related parties (notes 6(d) and 7)	1,155,809	1	381,301	-	658,384	1	2200	Other payables (note 6(s))	2,364,047	3	2,374,998	3	2,284,643	4
130X	Inventories (note 6(e))	50,930,467	57	45,383,451	54	27,980,782	44	2220	Other payables-related parties (note 7)	77,005	-	79,652	-	171,239	-
1479	Other current assets (notes 6(j) and 7)	<u>1,034,977</u>	<u>1</u>	<u>417,411</u>	<u>-</u>	<u>882,184</u>	<u>1</u>	2230	Current tax liabilities	1,543,006	2	999,370	1	1,961,595	3
	<b>Total current assets</b>	<u>86,545,006</u>	<u>97</u>	<u>82,025,003</u>	<u>97</u>	<u>61,436,927</u>	<u>96</u>	2280	Lease liabilities-current (notes 6(m) and 7)	157,355	-	138,700	-	110,257	-
	<b>Non-current assets:</b>							2399	Other current liabilities	<u>591,332</u>	<u>1</u>	<u>666,890</u>	<u>1</u>	<u>461,964</u>	<u>1</u>
1550	Investments accounted for using equity method (note 6(f))	238,855	-	250,091	-	276,609	-		<b>Total current liabilities</b>	<u>49,181,524</u>	<u>55</u>	<u>47,165,833</u>	<u>56</u>	<u>32,075,258</u>	<u>50</u>
1600	Property, plant and equipment (notes 6(g), 7 and 9)	1,143,093	2	1,038,420	2	966,392	2	2530	<b>Non-current liabilities:</b>						
1755	Right-of-use assets (notes 6(h) and 7)	703,830	1	671,526	1	396,897	1	2570	Bonds payable (note 6(l))	9,436,987	10	9,436,448	11	4,992,208	8
1780	Intangible assets (notes 6(i) and 7)	96,955	-	98,732	-	60,499	-	2580	Deferred tax liabilities	219,246	-	219,246	-	134,642	-
1840	Deferred tax assets	305,318	-	304,534	-	419,093	1	2640	Lease liabilities-non-current (notes 6(m) and 7)	545,197	1	532,315	1	283,079	1
1990	Other non-current assets (notes 6(j) and 8)	<u>297,637</u>	<u>-</u>	<u>349,152</u>	<u>-</u>	<u>140,138</u>	<u>-</u>		Net defined benefit liabilities-non-current	<u>13,597</u>	<u>-</u>	<u>13,590</u>	<u>-</u>	<u>8,908</u>	<u>-</u>
	<b>Total non-current assets</b>	<u>2,785,688</u>	<u>3</u>	<u>2,712,455</u>	<u>3</u>	<u>2,259,628</u>	<u>4</u>		<b>Total non-current liabilities</b>	<u>10,215,027</u>	<u>11</u>	<u>10,201,599</u>	<u>12</u>	<u>5,418,837</u>	<u>9</u>
									<b>Total liabilities</b>	<u>59,396,551</u>	<u>66</u>	<u>57,367,432</u>	<u>68</u>	<u>37,494,095</u>	<u>59</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	10	8,817,380	10	8,817,380	14
								3300	Retained earnings	19,581,224	22	17,235,258	20	15,885,051	25
								3400	Other equity	<u>(212,869)</u>	<u>-</u>	<u>(431,020)</u>	<u>-</u>	<u>(248,379)</u>	<u>-</u>
									<b>Total equity</b>	<u>29,934,143</u>	<u>34</u>	<u>27,370,026</u>	<u>32</u>	<u>26,202,460</u>	<u>41</u>
<b>Total assets</b>		<u>\$ 89,330,694</u>	<u>100</u>	<u>84,737,458</u>	<u>100</u>	<u>63,696,555</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 89,330,694</u>	<u>100</u>	<u>84,737,458</u>	<u>100</u>	<u>63,696,555</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 ended March 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan dollars, Except for Earnings Per Common Share)**

		<u>For the three months ended March 31</u>			
		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (notes 6(r) and 7)</b>	\$ 50,705,417	100	39,290,292	100
5000	<b>Operating costs (notes 6(e)(g)(h)(i)(m)(n)(s), 7 and 12)</b>	46,790,911	92	36,065,300	92
	<b>Gross profit from operations</b>	<u>3,914,506</u>	<u>8</u>	<u>3,224,992</u>	<u>8</u>
	<b>Operating expenses (notes 6(c)(g)(h)(i)(m)(n)(s), 7 and 12):</b>				
6100	Selling expenses	244,756	-	180,537	-
6200	Administrative expenses	252,554	1	182,927	1
6300	Research and development expenses	514,582	1	581,895	2
6450	Expected credit loss (gain)	(4,682)	-	(1,980)	-
	<b>Total operating expenses</b>	<u>1,007,210</u>	<u>2</u>	<u>943,379</u>	<u>3</u>
	<b>Net operating income</b>	<u>2,907,296</u>	<u>6</u>	<u>2,281,613</u>	<u>5</u>
	<b>Non-operating income and expenses (notes 6(f)(g)(l)(m)(t) and 7):</b>				
7100	Interest income	10,830	-	13,343	-
7010	Other income	5	-	15	-
7020	Other gains and losses	204,374	-	(68,987)	-
7050	Finance costs	(133,090)	-	(58,155)	-
7370	Share of associates and joint ventures accounted for using equity method	(17,563)	-	-	-
	<b>Total non-operating income and expenses</b>	<u>64,556</u>	<u>-</u>	<u>(113,784)</u>	<u>-</u>
7900	<b>Income before tax</b>	2,971,852	6	2,167,829	5
7950	<b>Income tax expense (note 6(o))</b>	625,886	1	468,807	1
	<b>Net income</b>	<u>2,345,966</u>	<u>5</u>	<u>1,699,022</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	218,151	-	(10,485)	-
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>218,151</u>	<u>-</u>	<u>(10,485)</u>	<u>-</u>
8300	<b>Other comprehensive income (net of tax)</b>	<u>218,151</u>	<u>-</u>	<u>(10,485)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 2,564,117</u>	<u>5</u>	<u>1,688,537</u>	<u>4</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	<u>\$ 2,345,966</u>	<u>5</u>	<u>1,699,022</u>	<u>4</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	<u>\$ 2,564,117</u>	<u>5</u>	<u>1,688,537</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>\$ 13.42</u>		<u>9.72</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 13.38</u>		<u>9.68</u>	

See accompanying notes to condensed consolidated financial statements.

**Wiwynn Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 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
Net income	-	-	-	-	1,699,022	1,699,022	-	1,699,022
Other comprehensive income	-	-	-	-	-	-	(10,485)	(10,485)
Total comprehensive income	-	-	-	-	1,699,022	1,699,022	(10,485)	1,688,537
<b>Balance on March 31, 2021</b>	<b>\$ 1,748,408</b>	<b>8,817,380</b>	<b>1,369,881</b>	<b>-</b>	<b>14,515,170</b>	<b>15,885,051</b>	<b>(248,379)</b>	<b>26,202,460</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
Net income	-	-	-	-	2,345,966	2,345,966	-	2,345,966
Other comprehensive income	-	-	-	-	-	-	218,151	218,151
Total comprehensive income	-	-	-	-	2,345,966	2,345,966	218,151	2,564,117
<b>Balance on March 31, 2022</b>	<b>\$ 1,748,408</b>	<b>8,817,380</b>	<b>2,230,357</b>	<b>237,894</b>	<b>17,112,973</b>	<b>19,581,224</b>	<b>(212,869)</b>	<b>29,934,143</b>

See accompanying notes to condensed consolidated financial statements.

**Wiwynn Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan dollars)**

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 2,971,852	2,167,829
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	134,338	107,765
Amortization expense	14,842	7,223
Expected credit gain	(4,682)	(1,980)
Net loss on financial assets or liabilities at fair value through profit or loss	101,562	11,014
Interest expense	133,090	58,155
Interest income	(10,830)	(13,343)
Share of loss of associates and joint ventures accounted for using equity method	17,563	-
Losses on disposal of property, plant and equipment	30	-
Lease modification gains	(335)	-
Total adjustments to reconcile profit	<u>385,578</u>	<u>168,834</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets mandatorily measured at fair value through profit or loss-current	(119,867)	(57,922)
Increase in accounts receivable, net	(1,980,125)	(2,370,582)
Decrease in accounts receivable-related parties, net	196,530	236,752
Decrease in other receivable	359	135
Increase in other receivable-related parties	(1,023,412)	(69,267)
Increase in inventories	(4,144,586)	(8,101,968)
Decrease (increase) in other current assets	(627,771)	121,601
Total changes in operating assets	<u>(7,698,872)</u>	<u>(10,241,251)</u>
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	36,138	35,954
Increase in contract liabilities-current	198,061	318,594
Increase in notes and accounts payable	1,768,384	4,972,016
Increase (decrease) in accounts payable-related parties	2,397,610	(9,548,934)
Decrease in other payable	(50,893)	(171,771)
Increase in other payable-related parties	2,647	14,639
Increase (decrease) in other current liabilities	(86,870)	119,016
Increase in net defined benefit liabilities	7	1
Total changes in operating liabilities	<u>4,265,084</u>	<u>(4,260,485)</u>
Total changes in operating assets and liabilities	<u>(3,433,788)</u>	<u>(14,501,736)</u>
Total adjustments	<u>(3,048,210)</u>	<u>(14,332,902)</u>
Cash outflow generated from operations	(76,358)	(12,165,073)
Interest received	11,618	12,438
Interest paid	(115,753)	(45,927)
Income taxes paid	(67,910)	(8,031)
<b>Net cash used in operating activities</b>	<u>(248,403)</u>	<u>(12,206,593)</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	(99,837)	(73,160)
Proceeds from disposal of property, plant and equipment	-	27
Acquisition of intangible assets	(1,653)	(3,120)
Increase in other non-current assets	(1,157)	(262)
Increase in prepayments for equipment	(40,444)	(22,897)
<b>Net cash used in investing activities</b>	<u>(143,091)</u>	<u>(376,021)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	31,475,262	37,992,221
Decrease in short-term borrowings	(35,504,333)	(26,948,454)
Payment of lease liabilities	(37,118)	(28,767)
<b>Net cash flows from (used in) financing activities</b>	<u>(4,066,189)</u>	<u>11,015,000</u>
Effect of exchange rate changes on cash and cash equivalents	66,146	(33,758)
<b>Net decrease in cash and cash equivalents</b>	<u>(4,391,537)</u>	<u>(1,601,372)</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>\$ 18,281,355</u>	<u>21,567,859</u>

See accompanying notes to condensed consolidated financial statements.

**Wiwynn Corporation and Subsidiaries**  
**Notes to the Condensed Consolidated Financial Statements**  
**For the three months ended March 31, 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 May 3, 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 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
			March 31, 2022	December 31, 2021	March 31, 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 %	-
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100 %	100 %	100 %	-

Note: the financial statements of the aforementioned subsidiaries were reviewed by the certified accountant.

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

(Continued)

**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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Cash on hand	\$ 592	580	565
Demand and checking deposits	10,280,763	14,672,312	12,567,294
Time deposits	<u>8,000,000</u>	<u>8,000,000</u>	<u>9,000,000</u>
	<u>\$ 18,281,355</u>	<u>22,672,892</u>	<u>21,567,859</u>

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

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Foreign currency forward contracts	\$ 18,304	-	46,428
Foreign currency swap contracts	-	-	480
	<b>\$ 18,304</b>	<b>-</b>	<b>46,908</b>
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Held-for-trading financial liabilities:</b>			
Foreign currency forward contracts	\$ 5,431	-	20,835
Foreign currency swap contracts	30,707	-	15,119
	<b>\$ 36,138</b>	<b>-</b>	<b>35,954</b>

The Group holds derivative financial instruments to hedge certain foreign exchange risk that the Group is exposed to, arising from its operating activities. The following derivative financial instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	<b>March 31, 2022</b>		
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Foreign currency swap contracts:</b>			
Foreign currency swap sold	USD\$ <u>120,000</u>	USD to NTD	2022/4/14
<b>Foreign currency forward contracts:</b>			
Foreign currency forward purchased	USD\$ <u>22,000</u>	USD to NTD	2022/4/6~2022/7/20
Foreign currency forward sold	USD\$ <u>22,000</u>	NTD to USD	2022/4/6~2022/9/12
	<b>March 31, 2021</b>		
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Foreign currency swap contracts:</b>			
Foreign currency swap sold	USD\$ <u>40,000</u>	USD to NTD	2021/4/6~2021/5/6
<b>Foreign currency forward contracts:</b>			
Foreign currency forward purchased	USD\$ <u>127,000</u>	NTD to USD	2021/4/6~2021/9/30
Foreign currency forward sold	USD\$ <u>58,000</u>	USD to NTD	2021/4/6~2021/9/27

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

## (c) Accounts receivable

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Accounts receivable—measured at amortized cost	\$ 12,110,068	12,447,844	7,528,801
Accounts receivable-related parties—measured at amortized cost	247,008	443,538	103,466
Accounts receivable—measured at fair value through other comprehensive income	2,763,740	279,433	2,665,718
Less: loss allowance	(4)	(4,686)	(205)
	<b><u>\$ 15,120,812</u></b>	<b><u>13,166,129</u></b>	<b><u>10,297,780</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>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance</b>
Current	\$ 15,078,002	-	-
Past due under 30 days	40,242	-	-
Past due 31 to 60 days	2,338	-	-
Past due 61 to 90 days	95	-	-
Past due 91 to 180 days	139	3%	4
Total	<b><u>\$ 15,120,816</u></b>		<b><u>4</u></b>

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

	<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	29	100%	29
<b>Total</b>	<b>\$ 13,170,815</b>		<b>4,686</b>

  

	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 9,903,294	-	-
Past due under 30 days	245,494	-	-
Past due 31 to 60 days	146,812	-	-
Past due 61 to 90 days	2,296	5%	116
Past due 91 to 180 days	17	100%	17
Past due 181 to 270 days	72	100%	72
<b>Total</b>	<b>\$ 10,297,985</b>		<b>205</b>

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 4,686	2,185
Impairment losses reversed	(4,682)	(1,980)
Balance on March 31	<b>\$ 4</b>	<b>205</b>

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

For further credit risk information, please refers 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 March 31, 2022, December 31 and March 31, 2021, the Group sold its accounts receivable without recourse as follows:

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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Unit: USD in thousands

March 31, 2022						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ <u>762,669</u>	<u>90,597</u> (Note)	<u>762,669</u>	-	0.52%~1.46%	None
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>	-	0.50%~0.98%	None
March 31, 2021						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ <u>415,397</u>	<u>143,132</u> (Note)	<u>415,397</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

	March 31, 2022	December 31, 2021	March 31, 2021
Other receivables	\$ 3,282	3,819	3,030
Other receivables - related parties	1,155,809	381,301	658,384
Less: loss allowance	-	-	-
	<b>\$ 1,159,091</b>	<b>385,120</b>	<b>661,414</b>

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

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

(e) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 35,858,806	31,420,396	17,728,310
Finished goods	13,430,316	12,450,813	9,371,557
Inventory in transit	1,641,345	1,512,242	880,915
	<b>\$ 50,930,467</b>	<b>45,383,451</b>	<b>27,980,782</b>

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

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 March 31</b>	
	<b>2022</b>	<b>2021</b>
Losses on valuation of inventories	\$ 71,620	-
Royalty	7,520	10,740
Others	(2,168)	-
	<b>\$ 76,972</b>	<b>10,740</b>

As of March 31, 2022, December 31 and March 31, 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>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Associates	<b>\$ 238,855</b>	<b>250,091</b>	<b>276,609</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>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 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>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 238,855</b>	<b>250,091</b>	<b>276,609</b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Attributable to the Group:		
Net loss from continuing operations	\$ (17,563)	-
Other comprehensive (loss) income	6,327	-
Comprehensive income	\$ (11,236)	-

## (ii) Pledge

As of March 31, 2022, December 31 and March 31, 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 three months ended March 31, 2022 and 2021, were as follows:

	<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	12,268	14,487	13,944	1,747	26,260	31,131	99,837
Disposals	-	-	(957)	-	(409)	-	(1,366)
Reclassification (Note)	1,987	-	-	56,332	29,352	-	87,671
Effect of changes in foreign exchange rates	-	1,549	3,796	-	12,378	3,070	20,793
Balance on March 31, 2022	\$ 200,061	800,790	185,385	333,436	577,628	74,257	2,171,557
Balance on January 1, 2021	\$ 143,104	739,973	107,132	226,819	282,361	13,968	1,513,357
Additions	6,240	12,372	11,854	33,076	5,498	4,120	73,160
Disposals	-	-	(27)	(1,575)	-	-	(1,602)
Reclassification (Note)	-	5,541	959	3,160	24,995	(7,609)	27,046
Effect of changes in foreign exchange rates	-	45	74	-	161	(8)	272
Balance on March 31, 2021	\$ 149,344	757,931	119,992	261,480	313,015	10,471	1,612,233

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

	<u>Research and development equipment</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Accumulated depreciation:							
Balance on January 1, 2022	\$ 118,683	256,576	68,784	173,911	308,248	-	926,202
Depreciation	7,009	34,632	9,539	22,740	23,858	-	97,778
Disposals	-	-	(927)	-	(409)	-	(1,336)
Effect of changes in foreign exchange rates	-	910	1,056	-	3,854	-	5,820
Balance on March 31, 2022	<u>\$ 125,692</u>	<u>292,118</u>	<u>78,452</u>	<u>196,651</u>	<u>335,551</u>	<u>-</u>	<u>1,028,464</u>
Balance on January 1, 2021	\$ 99,573	124,079	42,538	102,635	192,751	-	561,576
Depreciation	10,514	32,281	5,763	19,628	17,545	-	85,731
Disposals	-	-	-	(1,575)	-	-	(1,575)
Effect of changes in foreign exchange rates	-	27	22	-	60	-	109
Balance on March 31, 2021	<u>\$ 110,087</u>	<u>156,387</u>	<u>48,323</u>	<u>120,688</u>	<u>210,356</u>	<u>-</u>	<u>645,841</u>
Carrying value:							
Balance on January 1, 2022	<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 March 31, 2022	<u>\$ 74,369</u>	<u>508,672</u>	<u>106,933</u>	<u>136,785</u>	<u>242,077</u>	<u>74,257</u>	<u>1,143,093</u>
Balance on January 1, 2021	<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 March 31, 2021	<u>\$ 39,257</u>	<u>601,544</u>	<u>71,669</u>	<u>140,792</u>	<u>102,659</u>	<u>10,471</u>	<u>966,392</u>

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

As of March 31, 2022, December 31 and March 31, 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 three months ended March 31, 2022 and 2021, were as follows:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2022	\$ 916,328	5,309	921,637
Acquisitions	35,310	-	35,310
Disposals	(5,259)	-	(5,259)
Effect of changes in foreign exchange rates	39,283	16	39,299
Balance on March 31, 2022	<u>\$ 985,662</u>	<u>5,325</u>	<u>990,987</u>
Balance on January 1, 2021	\$ 528,712	5,620	534,332
Acquisitions	45,743	-	45,743
Effect of changes in foreign exchange rates	(4,519)	1	(4,518)
Balance on March 31, 2021	<u>\$ 569,936</u>	<u>5,621</u>	<u>575,557</u>

(Continued)

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

	<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	36,280	280	36,560
Disposals	(5,259)	-	(5,259)
Effect of changes in foreign exchange rates	5,730	15	5,745
Balance on March 31, 2022	<u>\$ 284,317</u>	<u>2,840</u>	<u>287,157</u>
Balance on January 1, 2021	\$ 155,469	1,636	157,105
Depreciation	21,725	309	22,034
Effect of changes in foreign exchange rates	(480)	1	(479)
Balance on March 31, 2021	<u>\$ 176,714</u>	<u>1,946</u>	<u>178,660</u>
<b>Carrying amount:</b>			
Balance on January 1, 2022	<u>\$ 668,762</u>	<u>2,764</u>	<u>671,526</u>
Balance on March 31, 2022	<u>\$ 701,345</u>	<u>2,485</u>	<u>703,830</u>
Balance at January 1, 2021	<u>\$ 373,243</u>	<u>3,984</u>	<u>377,227</u>
Balance on March 31, 2021	<u>\$ 393,222</u>	<u>3,675</u>	<u>396,897</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 March 31, 2022	<u>\$ 95,915</u>	<u>1,040</u>	<u>96,955</u>
Balance on January 1, 2021	<u>\$ 63,562</u>	<u>1,040</u>	<u>64,602</u>
Balance on March 31, 2021	<u>\$ 59,459</u>	<u>1,040</u>	<u>60,499</u>

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the three months ended March 31, 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**  
**Notes to the Condensed Consolidated Financial Statements**

## (j) Other current assets and other non-current assets

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Other current assets:			
Tax refundable	\$ 148,208	234,473	167,689
Prepayments for purchase	653,412	-	577,359
Other prepayments	203,630	151,869	107,122
Others	<u>29,727</u>	<u>31,069</u>	<u>30,014</u>
	<u>\$ 1,034,977</u>	<u>417,411</u>	<u>882,184</u>
Other non-current assets:			
Refundable deposits	\$ 103,867	41,319	37,752
Restricted deposits	27,573	26,675	27,485
Prepayments for equipment	49,428	107,191	74,901
Prepayments for land	116,769	113,710	-
Others	<u>-</u>	<u>60,257</u>	<u>-</u>
	<u>\$ 297,637</u>	<u>349,152</u>	<u>140,138</u>

## (k) Short-term borrowings

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

	<u>March 31, 2022</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	0.7%~1.37%	2022/4/6-2022/6/9	<u>\$ 17,745,640</u>
Unused credit line				<u>\$ 27,503,870</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>\$ 21,265,920</u>
Unused credit line				<u>\$ 17,953,409</u>
	<u>March 31, 2021</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	0.61%~0.78%	2021/4/1~2021/6/25	<u>\$ 16,462,387</u>
Unused credit line				<u>\$ 14,524,780</u>

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

## (l) Bonds payable

The details of unsecured ordinary bonds were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Total ordinary corporate bonds issued	\$ 9,450,000	9,450,000	5,000,000
Unamortized discounted bonds payable	(13,013)	(13,552)	(7,792)
Bonds payable balance at period-end	<u>\$ 9,436,987</u>	<u>9,436,448</u>	<u>4,992,208</u>
		<b>For the three months ended March 31</b>	
		<b>2022</b>	<b>2021</b>
Interest expense		<u>\$ 17,685</u>	<u>10,658</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>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current	\$ 157,355	138,700	110,257
Non-current	<u>\$ 545,197</u>	<u>532,315</u>	<u>283,079</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 March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest expenses on lease liabilities	\$ 10,804	3,621
Expenses relating to short-term leases	<u>\$ 41,811</u>	<u>8,632</u>

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

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<b>\$ 89,733</b>	<b>41,020</b>

(i) Real estate leases

The Group leases land and buildings for its office space, factory and employee dormitory. The leases of office space typically run for a period of 1 to 7 years, factory for 2 to 10 years, and of employee dormitory for 2 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 March 31</b>	
	<b>2022</b>	<b>2021</b>
Operating expense	<b>\$ 222</b>	<b>206</b>

(ii) Defined contribution plans

The Group's expenses under the pension plan for the three months ended March 31, 2022 and 2021 were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Operating cost	\$ 32,019	12,001
Operating expenses	11,032	9,281
	<b>\$ 43,051</b>	<b>21,282</b>

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

(o) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense		
Current period	<b>\$ 625,886</b>	<b>468,807</b>

(ii) There were no income tax expense recognized in other comprehensive income for the three months ended March 31, 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 three months ended March 31, 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) Earnings distribution

On April 18, 2022, the Company's board of directors resolved to appropriate the 2021 earnings. On July 8, 2021, the shareholder's meetings resolved to distribute the 2020 earnings. These earnings were appropriated as follows:

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

(Continued)

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

## (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	218,151
Balance on March 31, 2022	<b>\$ (212,869)</b>
Balance on January 1, 2021	\$ (237,894)
Exchange differences on translation of foreign financial statements	(10,485)
Balance on March 31, 2021	<b>\$ (248,379)</b>

## (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 March 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share:		
Profit attributable to common shareholders of the Company	\$ 2,345,966	1,699,022
Weighted-average common stock outstanding (in thousands)	174,841	174,841
	\$ 13.42	9.72
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	\$ 2,345,966	1,699,022
Weighted-average common stock outstanding (in thousands)	174,841	174,841
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	518	647
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	175,359	175,488
	\$ 13.38	9.68

(Continued)

**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (r) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Primary geographical markets</u>		
America	\$ 39,159,957	28,448,024
Europe	6,293,425	7,740,664
Asia	4,144,633	2,564,926
Other	<u>1,107,402</u>	<u>536,678</u>
	<b><u>\$ 50,705,417</u></b>	<b><u>39,290,292</u></b>
<u>Major products</u>		
Hyperscale data center	<b><u>\$ 50,705,417</u></b>	<b><u>39,290,292</u></b>

## (ii) Contract balance

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Accounts receivable	\$ 14,873,808	12,727,277	10,194,519
Accounts receivable – related parties	247,008	443,538	103,466
Less: loss allowance	<u>(4)</u>	<u>(4,686)</u>	<u>(205)</u>
	<b><u>\$ 15,120,812</u></b>	<b><u>13,166,129</u></b>	<b><u>10,297,780</u></b>
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Contract liabilities – provisions for warranty	<b><u>\$ 3,559,033</u></b>	<b><u>3,360,972</u></b>	<b><u>2,616,011</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.

(Continued)



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

(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</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
Employees' compensation	\$ 155,000	114,500
Directors' compensation	7,500	6,863
	<b>\$ 162,500</b>	<b>121,363</b>

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.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(t) Non-operating income and expenses

(i) Interest income

The details of Interest income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	Interest income from bank deposits	\$ <b>10,830</b>

(ii) Other income

The details of other income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	Others	\$ <b>5</b>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	Foreign exchange gains (losses), net	\$ 301,650
Losses on valuation of financial assets and liabilities at fair value	(101,562)	(11,014)
Others	4,286	650
Total	\$ <b>204,374</b>	<b>(68,987)</b>

(iv) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	Interest expenses	
Bank loans	\$ (104,601)	(43,876)
Bonds payable	(17,685)	(10,658)
Others	(10,804)	(3,621)
Total	\$ <b>(133,090)</b>	<b>(58,155)</b>

(Continued)

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

(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 March 31, 2022, December 31 and March 31, 2021, 85.38%, 84.27% and 86.48% of the Group's accounts receivable were concentrated on 3, 3 and 4 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 March 31, 2022, December 31 and March 31, 2021, the other receivables were not accrue any loss allowance.

(ii) Liquidity risk

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

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>March 31, 2022</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 17,745,640	17,771,718	17,771,718	-	-	-
Bonds payable	9,436,987	9,684,785	69,535	69,535	9,545,715	-
Notes and accounts payable (including related parties)	23,107,968	23,107,968	23,107,968	-	-	-
Other payables (including related parties)	2,428,663	2,428,663	2,428,663	-	-	-
Lease liabilities (including current and non-current)	<u>702,552</u>	<u>848,914</u>	<u>161,138</u>	<u>181,208</u>	<u>252,241</u>	<u>254,327</u>
Subtotal	<u>53,421,810</u>	<u>53,842,048</u>	<u>43,539,022</u>	<u>250,743</u>	<u>9,797,956</u>	<u>254,327</u>
Derivative financial liabilities						
Foreign currency swap contracts:						
Outflow	3,404,880	3,404,880	3,404,880	-	-	-
Inflow	<u>3,374,173</u>	<u>3,374,173</u>	<u>3,374,173</u>	-	-	-
Carrying amount	<u>30,707</u>	<u>30,707</u>	<u>30,707</u>	-	-	-
Foreign currency forward contracts:						
Outflow	<u>5,431</u>	<u>5,431</u>	<u>5,431</u>	-	-	-
Carrying amount	<u>5,431</u>	<u>5,431</u>	<u>5,431</u>	-	-	-
Subtotal	<u>36,138</u>	<u>36,138</u>	<u>36,138</u>	-	-	-
Total	<u>\$ 53,457,948</u>	<u>53,878,186</u>	<u>43,575,160</u>	<u>250,743</u>	<u>9,797,956</u>	<u>254,327</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)	<u>671,015</u>	<u>866,517</u>	<u>176,293</u>	<u>171,708</u>	<u>259,460</u>	<u>259,056</u>
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>March 31, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 16,462,387	16,473,724	16,473,724	-	-	-
Long-term borrowings	4,992,208	5,189,081	41,500	41,500	5,106,081	-
Notes and accounts payable (including related parties)	7,971,208	7,971,208	7,971,208	-	-	-
Other payables (including related parties)	2,446,193	2,446,193	2,446,193	-	-	-
Lease liabilities (including current and non-current)	<u>393,336</u>	<u>417,728</u>	<u>114,994</u>	<u>116,785</u>	<u>184,927</u>	<u>1,022</u>
Subtotal	<u>32,265,332</u>	<u>32,497,934</u>	<u>27,047,619</u>	<u>158,285</u>	<u>5,291,008</u>	<u>1,022</u>
Foreign currency swap contracts:						
Outflow	1,126,032	1,126,032	1,126,032	-	-	-
Inflow	<u>1,110,913</u>	<u>1,110,913</u>	<u>1,110,913</u>	-	-	-
Carrying amount	<u>15,119</u>	<u>15,119</u>	<u>15,119</u>	-	-	-
Foreign currency forward contracts:						
Outflow	<u>20,835</u>	<u>20,835</u>	<u>20,835</u>	-	-	-
Carrying amount	<u>20,835</u>	<u>20,835</u>	<u>20,835</u>	-	-	-
Subtotal	<u>35,954</u>	<u>35,954</u>	<u>35,954</u>	-	-	-
Total	<u>\$ 32,301,286</u>	<u>32,533,888</u>	<u>27,083,573</u>	<u>158,285</u>	<u>5,291,008</u>	<u>1,022</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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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:

	March 31, 2022			December 31, 2021			March 31, 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	1,127,094	28.622	32,259,684	902,027	27.690	24,977,131	524,925	28.531	14,976,640
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	694,704	28.622	19,883,817	575,314	27.690	15,930,456	249,717	28.531	7,124,681

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 three months ended March 31, 2022 and 2021, the net income would be changed by \$495,035 thousand and \$314,078 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 March 31, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$301,650 thousand and \$(58,623) 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 \$15,235 thousand and \$3,402 thousand, respectively, for the three months ended March 31, 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.

	March 31, 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	\$ 18,304	-	18,304	-	18,304
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	2,763,740	-	-	-	-
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	18,281,355	-	-	-	-
Accounts receivable (including related parties)	12,357,072	-	-	-	-
Other receivable (including related parties)	1,159,091	-	-	-	-
Other non-current assets	131,440	-	-	-	-
Subtotal	<u>\$ 31,928,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 36,138	-	36,138	-	36,138
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 17,745,640	-	-	-	-
Bonds payable	9,436,987	-	-	-	-
Notes and accounts payable (including related parties)	23,107,968	-	-	-	-
Other payables (including related parties)	2,428,663	-	-	-	-
Lease liabilities (including current and non-current)	702,552	-	-	-	-
Subtotal	<u>\$ 53,421,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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	December 31, 2021					
	Carrying amount	Fair value				
		Level 1	Level 2	Level 3	Total	
<b>Financial assets at fair value through other comprehensive income</b>						
Accounts receivable	\$ 279,433	-	-	-	-	
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	22,672,892	-	-	-	-	
Accounts receivable (including related parties)	12,886,696	-	-	-	-	
Other receivable (including related parties)	385,120	-	-	-	-	
Other non-current assets	67,994	-	-	-	-	
Subtotal	<u>\$ 36,012,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Financial liabilities measured at amortized cost</b>						
Short-term borrowings	\$ 21,265,920	-	-	-	-	
Bonds payable	9,436,448	-	-	-	-	
Notes and accounts payable (including related parties)	18,279,331	-	-	-	-	
Other payables (including related parties)	2,443,127	-	-	-	-	
Lease liabilities (including current and non-current)	671,015	-	-	-	-	
Subtotal	<u>\$ 52,095,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		March 31, 2021				
	Carrying amount	Fair value				
		Level 1	Level 2	Level 3	Total	
<b>Financial assets at fair value through profit or loss</b>						
Derivative financial assets	\$ 46,908	-	46,908	-	46,908	
<b>Financial assets at fair value through other comprehensive income</b>						
Accounts receivable	2,665,718	-	-	-	-	
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	21,567,859	-	-	-	-	
Accounts receivable (including related parties)	7,632,062	-	-	-	-	
Other receivable (including related parties)	661,414	-	-	-	-	
Other non-current assets	65,237	-	-	-	-	
Subtotal	<u>\$ 29,926,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Financial liabilities at fair value through profit or loss</b>						
Derivative financial liabilities	\$ 35,954	-	35,954	-	35,954	
<b>Financial liabilities measured at amortized cost</b>						
Short-term borrowings	16,462,387	-	-	-	-	
Bonds payable	4,992,208	-	-	-	-	
Notes and accounts payable (including related parties)	7,971,208	-	-	-	-	
Other payables (including related parties)	2,446,193	-	-	-	-	
Lease liabilities (including current and non-current)	393,336	-	-	-	-	
Subtotal	<u>\$ 32,265,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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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.

March 31, 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	\$ 232,444	232,444	-	-	-	-

March 31, 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	\$ 11,141,680	232,444	10,909,236	-	-	10,909,236

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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**Notes to the Condensed Consolidated Financial Statements**

March 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)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	\$ 150,148	150,148	-	-	-	-

March 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)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Note payable and accounts payable	\$ 150,148	150,148	-	-	-	-

(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 three months ended March 31, 2022 and 2021, reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes				March 31, 2022
			Change in lease payments	Addition	Interest expenses	Foreign exchange movement	
Short-term borrowings	\$ 21,265,920	(4,029,071)	-	-	-	508,791	17,745,640
Bonds payable	9,436,448	-	-	-	539	-	9,436,987
Lease liabilities	671,015	(37,118)	(335)	35,310	-	33,680	702,552
Total liabilities from financing activities	<u>\$ 31,373,383</u>	<u>(4,066,189)</u>	<u>(335)</u>	<u>35,310</u>	<u>539</u>	<u>542,471</u>	<u>27,885,179</u>

  

	January 1, 2021	Cash flows	Non-cash changes				March 31, 2021
			Change in lease payments	Addition	Interest expense	Foreign exchange movement	
Short-term borrowings	\$ 5,359,504	11,043,767	-	-	-	59,116	16,462,387
Bonds payable	4,991,783	-	-	-	425	-	4,992,208
Lease liabilities	380,337	(28,767)	-	45,743	-	(3,977)	393,336
Total liabilities from financing activities	<u>\$ 10,731,624</u>	<u>11,015,000</u>	<u>-</u>	<u>45,743</u>	<u>425</u>	<u>55,139</u>	<u>21,847,931</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 March 31, 2022, December 31 and March 31, 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:

	<u>Sales</u>		<u>Receivables from related parties</u>		
	<u>For the three months ended March 31</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
WHQ	\$ 31,787	2,668	28,432	41,598	3,070
Other related parties	92,676	98,218	218,576	401,940	100,396
	<u>\$ 124,463</u>	<u>100,886</u>	<u>247,008</u>	<u>443,538</u>	<u>103,466</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:

	<u>Purchases</u>		<u>Payables to related parties</u>		
	<u>For the three months ended March 31</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
WHQ	\$ 15,978,061	12,059,986	10,926,637	8,480,074	85,741
Other related parties	543,275	14,058	1,172,856	826,890	14,429
	<u>\$ 16,521,336</u>	<u>12,074,044</u>	<u>12,099,493</u>	<u>9,306,964</u>	<u>100,170</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:

<u>Account</u>	<u>Name of related party</u>	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
		<u>2022</u>	<u>2021</u>	<u>2021</u>
Other current assets	WHQ	\$ -	-	<u>577,359</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 March 31		March 31,	December 31,	March 31,
	2022	2021	2022	2021	2021
WMX	\$ <u>350</u>	<u>298,124</u>	<u>78</u>	<u>-</u>	<u>109,067</u>

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 follow:

	For the three months ended March 31	
	2022	2021
	WHQ	\$ 126,887
Other related parties	<u>52,847</u>	<u>35,373</u>
	<u>\$ 179,734</u>	<u>92,710</u>

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 follow:

	For the three months ended March 31	
	2022	2021
	WHQ	\$ 3,465
Other related parties	<u>561</u>	<u>-</u>
	<u>\$ 4,026</u>	<u>-</u>

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:

	<u>Other receivables from related parties</u>		
	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
WHQ	\$ 605,874	138,747	224,164
Other related parties:			
WZS	376,069	218,106	410,462
WITX	168,163	18,586	-
Others related parties	<u>5,703</u>	<u>5,862</u>	<u>23,758</u>
Total	<u>\$ 1,155,809</u>	<u>381,301</u>	<u>658,384</u>

(viii) Other payable

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:

	<u>Other payables to related parties</u>		
	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
WHQ	\$ 39,480	54,179	147,805
Other related parties	<u>37,525</u>	<u>25,473</u>	<u>23,434</u>
Total	<u>\$ 77,005</u>	<u>79,652</u>	<u>171,239</u>

(ix) Leases

The Group signed a lease contract for ten year with WIMX during July 2021, and the total value of the contract was amounted to \$576,138 thousand. For the three months ended March 31, 2022 and 2021, the Group recognized its interest expense amounted to \$8,108 thousand and \$0 thousand, respectively. As of March 31, 2022, December 31 and March 31, 2021, the balance of lease liabilities was \$379,466 thousand, \$376,724 thousand and \$0 thousand.

The Group signed a lease contract for five year with WNC during January 2019, and the total value of the contract was amounted to \$180,507 thousand. For the three months ended March 31, 2022 and 2021, the Group recognized its interest expense amounted to \$357 thousand and \$497 thousand, respectively. As of March 31, 2022, December 31 and March 31, 2021, the balance of lease liabilities was \$68,117 thousand, \$70,835 thousand and \$96,676 thousand, respectively.

(Continued)

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

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 28,576	22,148
Post-employment benefits	235	232
	<b>\$ 28,811</b>	<b>22,380</b>

**(8) Pledged assets:**

The carrying amounts of pledged assets were as follow:

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other non-current assets	Guarantee	<b>\$ 27,573</b>	<b>26,675</b>	<b>27,485</b>

**(9) Commitments and contingencies:**

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Acquisition of property, plant and equipment	<b>\$ 960,671</b>	<b>338,032</b>	<b>-</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.

(Continued)

**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 March 31					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	373,655	385,128	758,783	168,094	374,285	542,379
Labor and health insurance	54,300	30,485	84,785	21,098	25,069	46,167
Pension	32,019	11,254	43,273	12,001	9,487	21,488
Remuneration of directors	-	7,690	7,690	-	6,863	6,863
Others	1,052	7,131	8,183	9,528	5,967	15,495
Depreciation	96,996	37,342	134,338	66,736	41,029	107,765
Amortization	3,934	10,908	14,842	2,850	4,373	7,223

(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 three months ended March 31, 2022:

- (i) Loans to other parties: Table 1 attached.
- (ii) Guarantees and endorsements for other parties: Table 2 attached.
- (iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Table 3 attached.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

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

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Table 4 attached.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Table 5 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 6 attached.

(b) Information on investments:

The following are the information on investments for the three months ended March 31, 2022 (excluding information on investments in mainland China): Table 7 attached.

(c) Information on investment in mainland China: Table 8 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.



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

Table 1 Financing to other parties  
(March 31, 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	-	-	-	2,993,414	14,967,071	(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 Certified Public Accountant; 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  
(March 31, 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	8,980,242	1,296,173	1,296,173	124,942	-	4.33%	14,967,071	Y	N	N	Note 4
0	The Company	WYUS	2	8,980,242	100,575	100,575	100,575	-	0.34%	14,967,071	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 Certified Public Accountant.

(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 Certified Public Accountant.

(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 Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital  
(March 31, 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: 10%	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: 4%	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 4 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock  
(March 31, 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	7,266,073	37.36%	OA150	-	-	19,250,357	67.25%	(Note)
"	WYJP	The Company's subsidiary	Sale	967,631	4.98%	OA90	-	-	675,960	2.36%	(Note)
"	WYKR	The Company's subsidiary	Sale	320,102	1.65%	OA90	-	-	266,663	0.93%	(Note)
"	WYHK	The Company's subsidiary	Sale	112,126	0.58%	OA90	-	-	4,666	0.02%	(Note)
"	WYKS	The Company's subsidiary	Sale	110,772	0.57%	OA90	-	-	388	0.00%	(Note)
"	WHQ	The Company's parent company	Purchase	15,911,015	88.92%	OA45	-	-	(10,909,236)	(81.59%)	-
"	WYUS	The Company's subsidiary	Purchase	109,550	0.61%	OA90	-	-	(112,012)	(0.84%)	(Note)
WYUS	The Company	WYUS's parent company	Sale	109,550	0.47%	OA90	-	-	112,012	2.33%	(Note)
"	The Company	WYUS's parent company	Purchase and Service cost	7,266,073	17.72%	OA150	-	-	(19,250,357)	(66.13%)	(Note)
"	WITX	WYUS's other related company	Purchase	465,391	1.10%	OA90	-	-	(975,995)	(3.35%)	-
"	WYMX	WYUS's affiliate company	Processing fee	356,355	0.84%	OA60	-	-	(130,102)	(0.45%)	(Note)
WYJP	The Company	WYJP's parent company	Purchase	967,631	100.00%	OA90	-	-	(675,960)	(100%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	320,102	100.00%	OA90	-	-	(266,663)	(100%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	112,126	100.00%	OA90	-	-	(4,666)	(100%)	(Note)
WYKS	The Company	WYKS's parent company	Purchase	110,772	100.00%	OA90	-	-	(388)	(0.33%)	(Note)
WYMX	WYUS	WYMX's affiliate company	Processing income	356,355	99.91%	OA60	-	-	130,102	100%	(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 5 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock  
(March 31, 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	WIN	The Company's other related company	157,401	174.58%	-	-	64,827	-	-
"	WYUS	The Company's subsidiary	19,250,357	168.80%	5,316,224	Collecting	5,610,931	-	(Note)
"	WYJP	The Company's subsidiary	675,960	696.31%	-	-	-	-	(Note)
"	WYKR	The Company's subsidiary	266,663	357.09%	-	-	-	-	(Note)
WYUS	The Company	WYUS's parent company	112,012	1034.17%	8,591	Collecting	112,012	-	(Note)
WYMX	WYUS	WYMX's affiliate company	130,102	990.00%	-	-	-	-	(Note)
Other Receivables									
The Company	WITX	The Company's other related company	168,063	-	-	-	-	-	-
The Company	WYUS	The Company's subsidiary	1,468,957	-	860,144	Collecting	1,234,526	-	(Note)
The Company	WZS	The Company's other related company	376,069	-	-	-	-	-	-
WYUS	WHQ	WYUS's parent company	517,277	-	-	-	-	-	-
WYUS	The Company	WYUS's parent company	176,491	-	-	-	33,797	-	(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 Significant intercompany transactions and business relationships between parent company and its subsidiaries  
(March 31, 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	7,266,073	OA150	14.33%
0	The Company	WYJP	1	Sale	967,631	OA90	1.91%
0	The Company	WYKR	1	Sale	320,102	OA90	0.63%
0	The Company	WYHK	1	Sale	112,126	OA90	0.22%
0	The Company	WYKS	1	Sale	110,772	OA90	0.22%
1	WYUS	The Company	2	Sale	109,550	OA90	0.22%
2	WYMX	WYUS	3	Processing income	356,355	OA60	0.70%
0	The Company	WYUS	1	Account receivable	19,250,357	OA150	21.55%
0	The Company	WYJP	1	Account receivable	675,960	OA90	0.76%
0	The Company	WYKR	1	Account receivable	266,663	OA90	0.30%
0	The Company	WYHK	1	Account receivable	4,666	OA90	0.01%
0	The Company	WYKS	1	Account receivable	388	OA90	0.00%
1	WYUS	The Company	2	Account receivable	112,012	OA90	0.13%
2	WYMX	WYUS	3	Account receivable	130,102	OA60	0.15%

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 7 Information on investments (excluding investees in mainland China)

The following are the information on investees for January 1 to March 31, 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 March 31, 2022			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				March 31, 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%	212,361	26,630	26,630	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	5,021,581	5,021,581	169,010	100.00%	5,312,517	45,010	45,010	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	222,462	5,688	5,688	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	141,735	7,008	7,008	(Note)
"	WYMY	Malaysia	Sales of cloud data center equipment	319,127	236,340	47,780	100.00%	324,050	(270)	(270)	(Note)
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	350,951	257,125	249,721	100.00%	388,879	1,608	1,608	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	20.00%	238,855	(87,816)	(17,563)	-

(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 8 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 March 31, 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	3,362	100.00%	3,362	99,428	-	(Note 5)

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of March 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	10,018(USD 350,000)	17,960,485

(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 March 31, 2022.

(iii) Significant transactions

For the three months ended March 31, 2022, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".