

WIWYNN CORPORATION AND SUBSIDIARIES**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report
for the Nine Months Ended September 30, 2023 and 2022**

Address: 8F, No. 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
Telephone: (02)6615-8888

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

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安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors Wiwynn Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Wiwynn Corporation and its subsidiaries as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the consolidated statement of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 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 consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 Standards on Auditing of the Republic of China 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 reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Wiwynn Corporation audits subsidiaries as of September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 Ya-Ling Chen and Ming-Hung Huang.

KPMG

Taipei, Taiwan (Republic of China)

November 6, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

September 30, 2023, December 31, and September 30, 2022

(Expressed in Thousands of New Taiwan dollars)

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 19,367,134	23	26,231,920	30	26,024,385	28	2100	Short-term borrowings (note 6(k))	\$ 2,549,120	3	-	-	-	-
1110	Financial assets at fair value through profit or loss-current (note 6(b))	12	-	-	-	21,481	-	2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	4,380	-	-	-	462	-
1170	Accounts receivable, net (notes 6(c) and (r))	24,838,342	29	18,690,495	21	17,602,217	19	2130	Contract liabilities-current (note 6(r))	5,402,611	6	5,296,970	6	4,966,070	5
1180	Accounts receivable-related parties, net (notes 6(c), (r) and 7)	388,033	-	1,090,375	1	934,585	1	2170	Notes payable and accounts payable	13,339,351	17	15,083,798	17	25,099,264	27
1200	Other receivables (note 6(d))	28,565	-	2,493	-	891	-	2180	Accounts payable-related parties (note 7)	3,954,648	5	11,381,122	13	10,609,610	12
1210	Other receivables-related parties (notes 6(d) and 7)	878,644	1	1,307,048	1	856,336	1	2200	Other payables (notes 6(p) and (s))	4,198,404	5	3,104,403	3	2,813,872	3
130X	Inventories (notes 6(e) and 8)	30,508,203	36	36,011,736	41	42,465,244	46	2220	Other payables-related parties (note 7)	313,502	-	45,770	-	53,485	-
1479	Other current assets (note 6(j))	839,130	1	717,023	1	635,601	1	2230	Current tax liabilities	269,499	-	2,912,316	3	1,674,824	2
	Total current assets	<u>76,848,063</u>	<u>90</u>	<u>84,051,090</u>	<u>95</u>	<u>88,540,740</u>	<u>96</u>	2280	Lease liabilities-current (notes 6(m) and 7)	346,809	-	211,343	-	207,253	-
	Non-current assets:							2399	Other current liabilities	1,952,571	2	526,716	1	698,701	1
1550	Investments accounted for using equity method (note 6(f))	186,330	-	198,890	-	221,754	-		Total current liabilities	<u>32,330,895</u>	<u>38</u>	<u>38,562,438</u>	<u>43</u>	<u>46,123,541</u>	<u>50</u>
1600	Property, plant and equipment (notes 6(g), 7 and 9)	4,568,203	6	2,156,578	2	1,388,423	2	2530	Non-current liabilities:						
1755	Right-of-use assets (notes 6(h) and 7)	1,590,988	2	995,434	1	998,435	1	2540	Bonds payable (note 6(l))	9,442,109	12	9,439,683	11	9,438,874	11
1780	Intangible assets (notes 6(i) and 7)	120,057	-	137,551	-	140,439	-	2570	Long-term borrowings (note 6(k))	1,500,000	2	-	-	-	-
1840	Deferred tax assets	641,829	1	639,799	1	307,942	-	2580	Deferred tax liabilities	286,411	-	286,411	-	219,246	-
1990	Other non-current assets (notes 6(j) and 8)	1,274,749	1	658,440	1	432,016	1	2580	Lease liabilities-non-current (notes 6(m) and 7)	1,281,828	1	801,865	1	804,715	1
	Total non-current assets	<u>8,382,156</u>	<u>10</u>	<u>4,786,692</u>	<u>5</u>	<u>3,489,009</u>	<u>4</u>	2640	Net defined benefit liabilities-non-current	8,576	-	8,431	-	13,607	-
								2645	Guarantee deposits received	-	-	951,948	1	-	-
									Total non-current liabilities	<u>12,518,924</u>	<u>15</u>	<u>11,488,338</u>	<u>13</u>	<u>10,476,442</u>	<u>12</u>
									Total liabilities	<u>44,849,819</u>	<u>53</u>	<u>50,050,776</u>	<u>56</u>	<u>56,599,983</u>	<u>62</u>
									Equity (notes 6(f) and (p)):						
								3110	Common shares	1,748,408	2	1,748,408	2	1,748,408	2
								3200	Capital surplus	8,839,619	10	8,817,380	10	8,817,380	9
								3300	Retained earnings	26,826,405	31	27,039,558	31	23,088,649	25
								3400	Other equity	2,965,968	4	1,181,660	1	1,775,329	2
									Total equity	<u>40,380,400</u>	<u>47</u>	<u>38,787,006</u>	<u>44</u>	<u>35,429,766</u>	<u>38</u>
Total assets		<u>\$ 85,230,219</u>	<u>100</u>	<u>88,837,782</u>	<u>100</u>	<u>92,029,749</u>	<u>100</u>	Total liabilities and equity		<u>\$ 85,230,219</u>	<u>100</u>	<u>88,837,782</u>	<u>100</u>	<u>92,029,749</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

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

	For the three months ended September 30				For the nine months ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(r) and 7)	\$ 52,817,250	100	79,673,999	100	183,351,284	100	205,436,641	100
5000	Operating costs (notes 6(e), (g), (h), (i), (m), (n), (s), 7 and 12)	47,762,928	91	73,230,375	92	167,154,217	91	188,814,103	92
	Gross profit from operations	5,054,322	9	6,443,624	8	16,197,067	9	16,622,538	8
	Operating expenses (notes 6(c), (g), (h), (i), (m), (n), (s), 7 and 12):								
6100	Selling expenses	245,183	-	389,384	1	802,557	-	934,380	1
6200	Administrative expenses	481,541	1	345,929	-	1,277,795	1	886,423	-
6300	Research and development expenses	1,075,619	2	827,050	1	2,899,273	2	2,436,214	1
6450	Expected credit loss (gain)	206	-	4,543	-	(7,311)	-	(111)	-
	Total operating expenses	1,802,549	3	1,566,906	2	4,972,314	3	4,256,906	2
	Net operating income	3,251,773	6	4,876,718	6	11,224,753	6	12,365,632	6
	Non-operating income and expenses (notes 6(b), (f), (g), (h), (l), (m), (t) and 7):								
7100	Interest income	109,011	-	21,024	-	298,178	-	52,342	-
7010	Other income	-	-	128	-	-	-	789	-
7020	Other gains and losses	210,981	-	858,893	-	294,146	-	1,230,584	-
7050	Finance costs	(293,401)	-	(293,543)	-	(785,767)	-	(663,235)	-
7370	Share of associates and joint ventures accounted for using equity method	(14,418)	-	(16,871)	-	(45,145)	-	(52,006)	-
	Total non-operating income and expenses	12,173	-	569,631	-	(238,588)	-	568,474	-
7900	Income before tax	3,263,946	6	5,446,349	6	10,986,165	6	12,934,106	6
7950	Income tax expense (note 6(o))	648,890	1	1,130,520	1	2,457,278	1	2,709,695	1
	Net income	2,615,056	5	4,315,829	5	8,528,887	5	10,224,411	5
8300	Other comprehensive income (loss) (notes 6(f) and (p)):								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	1,239,068	2	1,311,983	2	1,773,962	1	2,206,349	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6,507	-	-	-	10,346	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	1,245,575	2	1,311,983	2	1,784,308	1	2,206,349	1
8300	Other comprehensive income (net of tax)	1,245,575	2	1,311,983	2	1,784,308	1	2,206,349	1
8500	Total comprehensive income	\$ 3,860,631	7	5,627,812	7	10,313,195	6	12,430,760	6
	Profit attributable to:								
8610	Owners of parent	\$ 2,615,056	5	4,315,829	5	8,528,887	5	10,224,411	5
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 3,860,631	7	5,627,812	7	10,313,195	6	12,430,760	6
	Earnings per share (expressed in New Taiwan dollars) (note 6(q))								
9750	Basic earnings per share	\$ 14.96		24.68		48.78		58.48	
9850	Diluted earnings per share	\$ 14.92		24.57		48.62		58.16	

See accompanying notes to financial statements.

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

Wiyynn Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan dollars)

	Retained earnings					Other equity		Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	
Balance on January 1, 2022	\$ 1,748,408	8,817,380	2,230,357	237,894	14,767,007	17,235,258	(431,020)	27,370,026
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	864,413	-	(864,413)	-	-	-
Special reserve	-	-	-	193,126	(193,126)	-	-	-
Cash dividends	-	-	-	-	(4,371,020)	(4,371,020)	-	(4,371,020)
Net income	-	-	-	-	10,224,411	10,224,411	-	10,224,411
Other comprehensive income	-	-	-	-	-	-	2,206,349	2,206,349
Total comprehensive income	-	-	-	-	10,224,411	10,224,411	2,206,349	12,430,760
Balance on September 30, 2022	<u>\$ 1,748,408</u>	<u>8,817,380</u>	<u>3,094,770</u>	<u>431,020</u>	<u>19,562,859</u>	<u>23,088,649</u>	<u>1,775,329</u>	<u>35,429,766</u>
Balance on January 1, 2023	\$ 1,748,408	8,817,380	3,094,770	431,020	23,513,768	27,039,558	1,181,660	38,787,006
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	1,417,532	-	(1,417,532)	-	-	-
Special reserve	-	-	-	(431,020)	431,020	-	-	-
Cash dividends	-	-	-	-	(8,742,040)	(8,742,040)	-	(8,742,040)
Net income	-	-	-	-	8,528,887	8,528,887	-	8,528,887
Other comprehensive income	-	-	-	-	-	-	1,784,308	1,784,308
Total comprehensive income	-	-	-	-	8,528,887	8,528,887	1,784,308	10,313,195
Changes in equity of associates and joint ventures accounted for using equity method	-	22,239	-	-	-	-	-	22,239
Balance on September 30, 2023	<u>\$ 1,748,408</u>	<u>8,839,619</u>	<u>4,512,302</u>	<u>-</u>	<u>22,314,103</u>	<u>26,826,405</u>	<u>2,965,968</u>	<u>40,380,400</u>

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan dollars)

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	\$ 10,986,165	12,934,106
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	624,385	477,923
Amortization expense	89,122	57,980
Expected credit gain	(7,311)	(111)
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(6,768)	14,286
Interest expense	785,767	663,235
Interest income	(298,178)	(52,342)
Share of loss of associates and joint ventures accounted for using equity method	45,145	52,006
Losses on disposal of property, plant and equipment	612	681
Gain on disposal of investments	(5,339)	-
Prepayments for equipment reclassified as expenses	-	66
Lease modification gains	(21)	(388)
Total adjustments to reconcile profit	1,227,414	1,213,336
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	6,756	(35,767)
Increase in accounts receivable, net	(5,443,845)	(3,834,703)
Decrease (increase) in accounts receivable-related parties, net	702,342	(491,047)
Decrease (increase) in other receivable	(23,693)	2,801
Decrease (increase) in other receivable-related parties	582,437	(600,647)
Decrease in inventories	6,788,282	8,212,287
Increase in other current assets	(159,361)	(31,071)
Total changes in operating assets	2,452,918	3,221,853
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	4,380	462
Increase in contract liabilities-current	105,641	1,605,098
Increase (decrease) in notes and accounts payable	(2,211,590)	13,911,249
Decrease in accounts payable-related parties	(7,921,532)	(916,172)
Increase in other payable	1,002,834	395,254
Increase (decrease) in other payable-related parties	267,732	(26,167)
Increase (decrease) in other current liabilities	409,705	(22,624)
Increase in net defined benefit liabilities	143	17
Total changes in operating liabilities	(8,342,687)	14,947,117
Total changes in operating assets and liabilities	(5,889,769)	18,168,970
Total adjustments	(4,662,355)	19,382,306
Cash inflow generated from operations	6,323,810	32,316,412
Interest received	302,407	50,686
Interest paid	(749,614)	(618,772)
Income taxes paid	(5,014,800)	(2,254,322)
Net cash flows from operating activities	861,803	29,494,004
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(2,551,360)	(454,072)
Proceeds from disposal of property, plant and equipment	582	25
Acquisition of intangible assets	(70,242)	(85,963)
Decrease (increase) in other non-current assets	278,026	(118,113)
Increase in prepayments for equipment	(1,030,780)	(147,879)
Net cash flows used in investing activities	(3,373,774)	(806,002)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	300,285,698	87,146,762
Decrease in short-term borrowings	(297,736,158)	(109,395,210)
Increase in long-term borrowings	1,500,000	-
Payment of lease liabilities	(187,921)	(120,355)
Cash dividends paid	(8,742,040)	(4,371,020)
Net cash flows used in financing activities	(4,880,421)	(26,739,823)
Effect of exchange rate changes on cash and cash equivalents	527,606	1,403,314
Net increase (decrease) in cash and cash equivalents	(6,864,786)	3,351,493
Cash and cash equivalents at beginning of period	26,231,920	22,672,892
Cash and cash equivalents at end of period	\$ 19,367,134	26,024,385

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2023 and 2022

(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 consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on November 6, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material 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 material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
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)	Manufacturing and sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Mexico, S.A.de C.V. (WYMX)	Human resource service provision and cloud data center equipment manufacturing	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Sales of cloud data center equipment	100 %	100 %	100 %	(Note 1)
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100 %	100 %	100 %	-

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

Note 2: The financial statements of the aforementioned subsidiaries were reviewed by the certified accountant.

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

(c) 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.

(d) 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 measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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WIWYNN CORPORATION AND SUBSIDIARIES
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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.

(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. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has considered the economic implications of climate change on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance.

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, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. Please refer to note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 330	325	312
Demand and checking deposits	13,687,584	17,178,555	18,024,073
Time deposits	<u>5,679,220</u>	<u>9,053,040</u>	<u>8,000,000</u>
	<u>\$ 19,367,134</u>	<u>26,231,920</u>	<u>26,024,385</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Mandatorily measured at fair value through profit or loss:			
Foreign currency forward contracts	\$ <u>12</u>	<u>-</u>	<u>21,481</u>
	<u>\$ 12</u>	<u>-</u>	<u>21,481</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Held-for-trading financial liabilities:			
Foreign currency forward contracts	\$ <u>4,380</u>	-	462
	<u>\$ 4,380</u>	<u>-</u>	<u>462</u>

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:

	<u>September 30, 2023</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity date</u>
Foreign currency forward contracts:			
Foreign currency forward sold	USD\$ <u>48,000</u>	USD to NTD	2023/10/2~2023/11/2
	<u>September 30, 2022</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity date</u>
Foreign currency forward contracts:			
Foreign currency forward purchased	USD\$ <u>15,000</u>	NTD to USD	2022/10/3~2022/12/5
Foreign currency forward sold	USD\$ <u>2,000</u>	USD to NTD	2022/10/26

(c) Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable—measured at amortized cost	\$ 19,545,443	18,463,307	15,611,359
Accounts receivable—related parties—measured at amortized cost	388,033	1,090,375	934,585
Accounts receivable—measured at fair value through other comprehensive income	5,293,406	235,006	1,995,433
Less: loss allowance	<u>(507)</u>	<u>(7,818)</u>	<u>(4,575)</u>
	<u>\$ 25,226,375</u>	<u>19,780,870</u>	<u>18,536,802</u>

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.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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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. The loss allowance were determined as follows:

	September 30, 2023		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	\$ 25,053,244		-
Past due under 30 days	163,242		-
Past due 31 to 60 days	245		-
Past due 61 to 90 days	10,151	5%	507
Total	\$ 25,226,882		507

	December 31, 2022		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	\$ 19,160,799		-
Past due under 30 days	97,603		-
Past due 31 to 60 days	504,913	1%	3,877
Past due 61 to 90 days	10,818	22%	2,388
Past due 91 to 180 days	14,555	11%	1,553
Total	\$ 19,788,688		7,818

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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The movement in the allowance for accounts receivable was as follows:

	For the nine months ended September 30	
	2023	2022
Balance on January 1	\$ 7,818	4,686
Impairment losses recognized	123,877	4,612
Impairment losses reversed	(131,188)	(4,723)
Balance on September 30	\$ 507	4,575

As of September 30, 2023, December 31 and September 30, 2022, 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 September 30, 2023, December 31 and September 30, 2022, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

September 30, 2023						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ 156,253	600,000 (Note)	156,253	-	6.04%~6.24%	None
December 31, 2022						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ 841,848	202,080 (Note)	841,848	-	4.87%~5.37%	None
September 30, 2022						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ 926,927	47,103 (Note)	926,927	-	3.38~4.38%	None

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Other receivables

	September 30,	December 31,	September 30,
	2023	2022	2022
Other receivables	\$ 28,565	2,493	891
Other receivables - related parties	878,644	1,307,048	856,336
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 907,209</u>	<u>1,309,541</u>	<u>857,227</u>

As of September 30, 2023, December 31 and September 30, 2022, the other receivables were not pledged.

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

(e) Inventories

	September 30,	December 31,	September 30,
	2023	2022	2022
Raw materials	\$ 16,596,717	12,131,458	23,795,423
Finished goods	12,287,714	19,540,141	15,952,683
Inventory in transit	<u>1,623,772</u>	<u>4,340,137</u>	<u>2,717,138</u>
	<u>\$ 30,508,203</u>	<u>36,011,736</u>	<u>42,465,244</u>

Except cost of goods sold, the remaining gains or losses which were recognized as cost of sales were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Losses(gains) on valuation of inventories	\$ (90,152)	584,655	1,187,040	683,985
Royalty	3,044	12,323	28,603	33,251
Others	<u>(346)</u>	<u>(1,954)</u>	<u>(3,697)</u>	<u>(5,408)</u>
	<u>\$ (87,454)</u>	<u>595,024</u>	<u>1,211,946</u>	<u>711,828</u>

As of September 30, 2023 and December 31, 2022, the inventories of the Group had pledged, please refer to note 8. There were no such transaction for the year ended September 30, 2022.

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Investments accounted for using equity method

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

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 186,330</u>	<u>198,890</u>	<u>221,754</u>

(i) Associates

On March, 2021, the Group acquired 1,000 thousand shares, equivalent to 20% 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. In the 2nd quarter of 2023, the Group did not subscribe proportionately in the capital increase of LiquidStack, resulting in its shareholding in LiquidStack to decrease from 20.00% to 15.13%. Since the above transactions did not have any impact on the Group's significant influence over LiquidStack, the equity change was regarded as an equity transaction. The following summarizes the changes in equity of the associate due to changes in the equity of associates amounting to \$22,239, recognized as capital surplus. The relevant information was as follows:

Name of associate	Nature of Relationship with the Group	Main operating location / Registered Country of the Company	Proportion of Shareholding and voting rights		
			September 30, 2023	December 31, 2022	September 30, 2022
LiquidStack Holding B.V.	R&D of liquid cooling technology	Netherlands	15.13 %	20.00 %	20.00 %

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.

	September 30, 2023	December 31, 2022	September 30, 2022	
Carrying amount of individually insignificant associates' equity	<u>\$ 186,330</u>	<u>198,890</u>	<u>221,754</u>	
	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Attributable to the Group:				
Net loss from continuing operations	\$ (14,418)	(16,871)	(45,145)	(52,006)
Other comprehensive (loss) income	<u>6,507</u>	<u>14,403</u>	<u>10,346</u>	<u>23,669</u>
Comprehensive income	<u>\$ (7,911)</u>	<u>(2,468)</u>	<u>(34,799)</u>	<u>(28,337)</u>

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Pledge

As of September 30, 2023, December 31 and September 30, 2022, the investments accounted for using equity method were not pledged.

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the nine months ended September 30, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Research and development equipment</u>	<u>Machinery and equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:								
Balance on January 1, 2023	\$ 168,929	-	225,454	839,654	429,162	1,066,182	851,023	3,580,404
Additions	496,745	76,873	4,066	16,252	44,745	168,685	1,743,994	2,551,360
Disposals	-	-	(2,386)	(1,670)	(4,600)	(3,196)	-	(11,852)
Reclassification (Note)	-	763,517	4,876	36,924	47,050	147,076	(860,908)	138,535
Effect of changes in foreign exchange rates	25,841	(992)	-	2,955	8,150	55,263	77,179	168,396
Balance on September 30, 2023	<u>\$ 691,515</u>	<u>839,398</u>	<u>232,010</u>	<u>894,115</u>	<u>524,507</u>	<u>1,434,010</u>	<u>1,811,288</u>	<u>6,426,843</u>
Balance on January 1, 2022	\$ -	-	185,806	784,754	275,357	678,649	40,056	1,964,622
Additions	77,615	-	24,971	21,414	11,405	144,114	174,553	454,072
Disposals	-	-	(3,033)	-	-	(4,843)	-	(7,876)
Reclassification (Note)	-	-	2,059	3,375	106,167	124,505	(52,808)	183,298
Effect of changes in foreign exchange rates	6,962	-	-	6,767	2,803	62,463	7,687	86,682
Balance on September 30, 2022	<u>\$ 84,577</u>	<u>-</u>	<u>209,803</u>	<u>816,310</u>	<u>395,732</u>	<u>1,004,888</u>	<u>169,488</u>	<u>2,680,798</u>
Accumulated depreciation:								
Balance on January 1, 2023	\$ -	-	144,942	399,481	273,142	606,261	-	1,423,826
Depreciation	-	9,894	24,728	109,716	62,042	214,996	-	421,376
Disposals	-	-	(2,386)	(939)	(4,438)	(2,895)	-	(10,658)
Effect of changes in foreign exchange rates	-	(11)	-	2,252	590	21,265	-	24,096
Balance on September 30, 2023	<u>\$ -</u>	<u>9,883</u>	<u>167,284</u>	<u>510,510</u>	<u>331,336</u>	<u>839,627</u>	<u>-</u>	<u>1,858,640</u>
Balance on January 1, 2022	\$ -	-	118,683	256,576	173,911	377,032	-	926,202
Depreciation	-	-	21,280	104,228	74,731	143,892	-	344,131
Disposals	-	-	(3,031)	-	-	(4,139)	-	(7,170)
Effect of changes in foreign exchange rates	-	-	-	4,311	61	24,840	-	29,212
Balance on September 30, 2022	<u>\$ -</u>	<u>-</u>	<u>136,932</u>	<u>365,115</u>	<u>248,703</u>	<u>541,625</u>	<u>-</u>	<u>1,292,375</u>
Carrying value:								
Balance on January 1, 2023	<u>\$ 168,929</u>	<u>-</u>	<u>80,512</u>	<u>440,173</u>	<u>156,020</u>	<u>459,921</u>	<u>851,023</u>	<u>2,156,578</u>
Balance on September 30, 2023	<u>\$ 691,515</u>	<u>829,515</u>	<u>64,726</u>	<u>383,605</u>	<u>193,171</u>	<u>594,383</u>	<u>1,811,288</u>	<u>4,568,203</u>
Balance on January 1, 2022	<u>\$ -</u>	<u>-</u>	<u>67,123</u>	<u>528,178</u>	<u>101,446</u>	<u>301,617</u>	<u>40,056</u>	<u>1,038,420</u>
Balance on September 30, 2022	<u>\$ 84,577</u>	<u>-</u>	<u>72,871</u>	<u>451,195</u>	<u>147,029</u>	<u>463,263</u>	<u>169,488</u>	<u>1,388,423</u>

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

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As of September 30, 2023, December 31 and September 30, 2022, the property, plant and equipment were not pledged.

(h) Right-of-use assets

The cost and accumulated depreciation of the Group leases land, buildings and other equipment for the nine months ended September 30, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2023	\$ -	1,427,500	2,747	1,430,247
Acquisitions	11,880	663,193	9,357	684,430
Disposals	-	(1,806)	(2,304)	(4,110)
Effect of changes in foreign exchange rates	-	146,977	17	146,994
Balance on September 30, 2023	<u>\$ 11,880</u>	<u>2,235,864</u>	<u>9,817</u>	<u>2,257,561</u>
Balance on January 1, 2022	\$ -	916,328	5,309	921,637
Acquisitions	-	352,281	423	352,704
Disposals	-	(21,340)	(502)	(21,842)
Effect of changes in foreign exchange rates	-	127,414	63	127,477
Balance on September 30, 2022	<u>\$ -</u>	<u>1,374,683</u>	<u>5,293</u>	<u>1,379,976</u>
Accumulated depreciation:				
Balance on January 1, 2023	\$ -	433,266	1,547	434,813
Depreciation	99	202,264	646	203,009
Disposals	-	(1,806)	(1,766)	(3,572)
Effect of changes in foreign exchange rates	-	32,316	7	32,323
Balance on September 30, 2023	<u>\$ 99</u>	<u>666,040</u>	<u>434</u>	<u>666,573</u>
Balance on January 1, 2022	\$ -	247,566	2,545	250,111
Depreciation	-	132,988	804	133,792
Disposals	-	(21,340)	(502)	(21,842)
Effect of changes in foreign exchange rates	-	19,455	25	19,480
Balance on September 30, 2022	<u>\$ -</u>	<u>378,669</u>	<u>2,872</u>	<u>381,541</u>
Carrying amount:				
Balance on January 1, 2023	<u>\$ -</u>	<u>994,234</u>	<u>1,200</u>	<u>995,434</u>
Balance on September 30, 2023	<u>\$ 11,781</u>	<u>1,569,824</u>	<u>9,383</u>	<u>1,590,988</u>
Balance on January 1, 2022	<u>\$ -</u>	<u>668,762</u>	<u>2,764</u>	<u>671,526</u>
Balance on September 30, 2022	<u>\$ -</u>	<u>996,014</u>	<u>2,421</u>	<u>998,435</u>

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Notes to the Consolidated Financial Statements

(i) Intangible assets

	<u>Software</u>	<u>Other</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2023	\$ <u>136,511</u>	<u>1,040</u>	<u>137,551</u>
Balance on September 30, 2023	\$ <u>119,017</u>	<u>1,040</u>	<u>120,057</u>
Balance on January 1, 2022	\$ <u>97,692</u>	<u>1,040</u>	<u>98,732</u>
Balance on September 30, 2022	\$ <u>139,399</u>	<u>1,040</u>	<u>140,439</u>

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the nine months ended September 30, 2023 and 2022. 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, 2022.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other current assets:			
Tax refundable	\$ 374,446	236,445	235,157
Other prepayments	263,218	210,875	184,490
Others	<u>201,466</u>	<u>269,703</u>	<u>215,954</u>
	<u>\$ 839,130</u>	<u>717,023</u>	<u>635,601</u>
Other non-current assets:			
Refundable deposits	\$ 290,896	334,990	104,934
Restricted deposits	31,085	29,582	30,579
Prepayments for equipment	952,768	55,700	62,860
Prepayments for land	<u>-</u>	<u>238,168</u>	<u>233,643</u>
	<u>\$ 1,274,749</u>	<u>658,440</u>	<u>432,016</u>

(k) Bank Loans

(i) Short-term borrowings

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

	<u>September 30, 2023</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	5.40%~5.93%	2023/10/6~2023/10/20	\$ <u>2,549,120</u>
Unused credit line				\$ <u>60,023,925</u>

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	December 31, 2022			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	-	-	-	\$ -
Unused credit line				\$ 57,658,356

	September 30, 2022			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	-	-	-	\$ -
Unused credit line				\$ 55,153,185

(ii) Long-term borrowings

	September 30, 2023			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	TWD	2.74%	2026/1/6	\$ 1,500,000
Unused credit line				\$ -

There were no such transaction as of December 31 and September 30, 2022.

(iii) Breach of covenant — Long-term borrowings

According to the loan agreement, during the loan repayment periods, the Company must comply with certain financial covenants, such as current ratio, net debt to equity ratio, interest coverage ratio and tangible net worth, based on its audited annual consolidated financial statements, which shall be reviewed after issuance. Also, the Company is required to provide its financial statements semi-annually. Furthermore, if the financial ratios mentioned above cannot be maintained, the Company shall be granted an improvement period of 6 months, starting from the day after the audited annual consolidated financial statements were issued. However, if the Company failed to do so, the financial covenants may be renegotiated with the bank.

(l) Bonds payable

The details of unsecured ordinary bonds were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Total ordinary corporate bonds issued	\$ 9,450,000	9,450,000	9,450,000
Unamortized discounted bonds payable	(7,891)	(10,317)	(11,126)
Bonds payable balance at period-end	\$ 9,442,109	9,439,683	9,438,874

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest expense	<u>\$ 18,336</u>	<u>18,336</u>	<u>54,435</u>	<u>54,435</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:

	September 30,	December 31,	September 30,
	2023	2022	2022
Current	<u>\$ 346,809</u>	<u>211,343</u>	<u>207,253</u>
Non-current	<u>\$ 1,281,828</u>	<u>801,865</u>	<u>804,715</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest expenses on lease liabilities	<u>\$ 20,097</u>	<u>14,671</u>	<u>47,440</u>	<u>45,199</u>
Cost and expenses relating to short-term leases	<u>\$ 33,057</u>	<u>40,303</u>	<u>109,004</u>	<u>118,052</u>

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

	For the nine months ended	
	September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 344,365</u>	<u>283,606</u>

(i) Real estate leases

The Group leases land and buildings for its office space and factory. The leases of land run for 20 years, of office space typically for a period of 2 to 5 years, and of factory for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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WIWYNN CORPORATION AND SUBSIDIARIES
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(ii) Other leases

The Group leases other equipment, with lease terms of 3 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:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Operating expense	\$ <u>591</u>	<u>246</u>	<u>1,552</u>	<u>702</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Operating cost	\$ 63,313	44,945	185,544	115,396
Operating expenses	<u>14,749</u>	<u>13,155</u>	<u>43,686</u>	<u>36,066</u>
	<u>\$ 78,062</u>	<u>58,100</u>	<u>229,230</u>	<u>151,462</u>

(o) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ <u>648,890</u>	<u>1,130,520</u>	<u>2,457,278</u>	<u>2,709,695</u>

(ii) There were no income tax expense recognized in other comprehensive income for the nine months ended September 30, 2023 and 2022.

(iii) The ROC income tax authorities have examined the Company's income tax returns for all years through 2020.

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the nine months ended September 30, 2023 and 2022. For the related information, please refer to the note 6(o) of the consolidated financial statements for the year ended December 31, 2022.

(i) Retained earnings

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

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with regulations by the FSC, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. For the year 2022 and 2021 earnings distribution in 2023 and 2022, the amount to be reclassified to special reserve shall be a portion of current-period after-tax net profit plus items other than current-period after-tax net profit in the undistributed retained earnings and undistributed prior-period earning. When the debit balance of any of the contra accounts in the shareholders' entity is reserved, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Earnings distribution

The appropriation of 2022 and 2021 earnings that were approved by the shareholders' meeting on May 29, 2023 and May 31, 2022, respectively, were as follow:

	2022	2021
Dividends distributed to ordinary shareholders		
Cash	\$ 8,742,040	4,371,020

(ii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2023	\$ 1,181,660
Exchange differences on translation of foreign financial statements	1,773,962
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	10,346
Balance on September 30, 2023	\$ 2,965,968
Balance on January 1, 2022	\$ (431,020)
Exchange differences on translation of foreign financial statements	2,206,349
Balance on September 30, 2022	\$ 1,775,329

(q) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to common shareholders of the Company	\$ 2,615,056	4,315,829	8,528,887	10,224,411
Weighted-average common stock outstanding (in thousands)	174,841	174,841	174,841	174,841
	\$ 14.96	24.68	48.78	58.48

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Diluted earnings per share:				
Profit attributable to common shareholders of the Company	\$ <u>2,615,056</u>	<u>4,315,829</u>	<u>8,528,887</u>	<u>10,224,411</u>
Weighted-average common stock outstanding (in thousands)	174,841	174,841	174,841	174,841
Effect of potentially dilutive common stock (in thousands):				
Employee compensation	<u>378</u>	<u>833</u>	<u>589</u>	<u>954</u>
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>175,219</u>	<u>175,674</u>	<u>175,430</u>	<u>175,795</u>
	<u>\$ 14.92</u>	<u>24.57</u>	<u>48.62</u>	<u>58.16</u>

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<u>Primary geographical markets</u>				
America	\$ 40,020,981	65,771,482	142,479,797	163,315,620
Europe	7,521,669	9,094,623	23,077,012	26,750,081
Asia	4,531,716	3,944,970	15,381,510	12,633,800
Other	<u>742,884</u>	<u>862,924</u>	<u>2,412,965</u>	<u>2,737,140</u>
	<u>\$ 52,817,250</u>	<u>79,673,999</u>	<u>183,351,284</u>	<u>205,436,641</u>
<u>Major products</u>				
Hyperscale data center	<u>\$ 52,817,250</u>	<u>79,673,999</u>	<u>183,351,284</u>	<u>205,436,641</u>

(ii) Contract balance

	September 30,	December 31,	September 30,
	2023	2022	2022
Accounts receivable	\$ 24,838,849	18,698,313	17,606,792
Accounts receivable – related parties	388,033	1,090,375	934,585
Less: loss allowance	<u>(507)</u>	<u>(7,818)</u>	<u>(4,575)</u>
	<u>\$ 25,226,375</u>	<u>19,780,870</u>	<u>18,536,802</u>

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WIWYNN CORPORATION AND SUBSIDIARIES
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	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Contract liabilities – provisions for warranty	<u>\$ 5,402,611</u>	<u>5,296,970</u>	<u>4,966,070</u>

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

The contract liabilities were primarily related to the advance received from customers due to the warranty service. The major change in the balance of contract liabilities was the difference between the time frame of the performance obligation to be satisfied and the payment to be received. The amounts of revenue recognized for the three months and nine months ended September 30, 2023 and 2022 that were included in the contract liability balances at the beginning of the years were \$467,793, \$523,457, \$2,938,522 and \$1,521,606, respectively.

(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:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Employees' compensation	\$ 165,000	284,000	565,000	673,000
Directors' compensation	9,000	7,500	27,000	22,500
	<u>\$ 174,000</u>	<u>291,500</u>	<u>592,000</u>	<u>695,500</u>

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.

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WIWYNN CORPORATION AND SUBSIDIARIES
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For the years ended December 31, 2022 and 2021, the employees' compensation amounted to \$935,000 thousand and \$574,000 thousand, respectively, and directors' compensation amounted to \$36,000 thousand and \$27,450 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the board of directors resolved for 2023 and 2022. The related information can be available on Market Observation Post System Website.

(t) Non-operating income and expenses

(i) Interest income

The details of Interest income were as follows:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>109,011</u>	<u>21,024</u>	<u>298,178</u>	<u>52,342</u>

(ii) Other income

The details of other income were as follows:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Others	\$ <u>-</u>	<u>128</u>	<u>-</u>	<u>789</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Foreign exchange gains, net	\$ 216,620	748,404	257,953	1,228,887
Gains (losses) on valuation of financial assets and liabilities at fair value	(9,013)	104,559	6,768	(14,286)
Gains on disposal of investments	-	-	5,339	-
Others	<u>3,374</u>	<u>5,930</u>	<u>24,086</u>	<u>15,983</u>
Total	\$ <u>210,981</u>	<u>858,893</u>	<u>294,146</u>	<u>1,230,584</u>

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest expenses				
Bank loans	\$ (254,967)	(260,536)	(683,891)	(563,601)
Bonds payable	(18,336)	(18,336)	(54,435)	(54,435)
Others	(20,098)	(14,671)	(47,441)	(45,199)
Total	<u>\$ (293,401)</u>	<u>(293,543)</u>	<u>(785,767)</u>	<u>(663,235)</u>

(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(t) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of September 30, 2023, December 31 and September 30, 2022, 95.85%, 92.18% and 85.62% of the Group's accounts receivable were concentrated on 3, 5 and 5 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

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

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

As of September 30, 2023, December 31 and September 30, 2022, the other receivables were not accrue any loss allowance.

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Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
September 30, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,549,120	2,561,802	2,561,802	-	-	-
Long-term borrowings	1,500,000	1,602,964	41,118	41,118	1,520,728	-
Bonds payable	9,442,109	9,580,387	69,535	2,547,810	6,963,042	-
Notes and accounts payable (including related parties)	17,293,999	17,293,999	17,293,999	-	-	-
Other payables (including related parties)	4,493,320	4,493,320	4,493,320	-	-	-
Lease liabilities (including current and non-current)	1,628,637	1,887,806	445,153	359,176	889,125	194,352
Other current liabilities	1,000,308	1,000,308	1,000,308	-	-	-
Subtotal	<u>37,907,493</u>	<u>38,420,586</u>	<u>25,905,235</u>	<u>2,948,104</u>	<u>9,372,895</u>	<u>194,352</u>
Derivative financial liabilities						
Foreign currency forward contracts:						
Outflow	4,380	4,380	4,380	-	-	-
Carrying amount	4,380	4,380	4,380	-	-	-
Total	<u>\$ 37,911,873</u>	<u>38,424,966</u>	<u>25,909,615</u>	<u>2,948,104</u>	<u>9,372,895</u>	<u>194,352</u>
December 31, 2022						
Non-derivative financial liabilities						
Bonds payable	\$ 9,439,683	9,632,396	69,535	2,565,442	6,997,419	-
Notes and accounts payable (including related parties)	26,464,920	26,464,920	26,464,920	-	-	-
Other payables (including related parties)	3,132,145	3,132,145	3,132,145	-	-	-
Lease liabilities (including current and non-current)	1,013,208	1,223,825	261,489	245,769	344,374	372,193
Guarantee deposits received	951,948	951,948	951,948	-	-	-
Total	<u>\$ 41,001,904</u>	<u>41,405,234</u>	<u>30,880,037</u>	<u>2,811,211</u>	<u>7,341,793</u>	<u>372,193</u>
September 30, 2022						
Non-derivative financial liabilities						
Bonds payable	\$ 9,438,874	9,649,922	69,535	69,535	9,510,852	-
Notes and accounts payable (including related parties)	35,708,874	35,708,874	35,708,874	-	-	-
Other payables (including related parties)	2,850,314	2,850,314	2,850,314	-	-	-
Lease liabilities (including current and non-current)	1,011,968	1,259,995	260,535	216,738	404,932	377,790
Subtotal	<u>49,010,030</u>	<u>49,469,105</u>	<u>38,889,258</u>	<u>286,273</u>	<u>9,915,784</u>	<u>377,790</u>
Derivative financial liabilities						
Foreign currency forward contracts:						
Outflow	462	462	462	-	-	-
Carrying amount	462	462	462	-	-	-
Total	<u>\$ 49,010,492</u>	<u>49,469,567</u>	<u>38,889,720</u>	<u>286,273</u>	<u>9,915,784</u>	<u>377,790</u>

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

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(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk of financial assets, financial liabilities and others were as follows:

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency (in thousand)	Exchange rate	TWD	Foreign currency (in thousand)	Exchange rate	TWD	Foreign currency (in thousand)	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 570,541	32.268	18,410,224	1,054,486	30.708	32,381,171	817,305	31.743	25,943,718
<u>Non-monetary items</u>									
USD	5,774	32.268	186,330	6,477	30.708	198,890	6,986	31.743	221,754
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	434,503	32.268	14,020,543	435,066	30.708	13,360,014	359,941	31.743	11,425,596

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the nine months ended September 30, 2023 and 2022, the net income would be changed by \$175,587 thousand and \$580,725 thousand and the equity by \$7,453 thousand and \$8,870 thousand due to exchange differences on translation of foreign financial statements. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three-months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, foreign exchange gains (including realized and unrealized portions) amounted to \$216,620 thousand, \$748,404 thousand, \$257,953 thousand and \$1,228,887 thousand, respectively.

2) Interest rate analysis

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

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

If the interest rate increased / decreased by 1%, the Group's net income would have been changed by \$4,248 thousand and \$4,265 thousand, respectively, for the nine months ended September 30, 2023 and 2022, 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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(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, financial liabilities and lease liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	September 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 12	-	12	-	12
Financial assets at fair value through other comprehensive income					
Accounts receivable	5,293,406	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	19,367,134	-	-	-	-
Accounts receivable (including related parties)	19,932,969	-	-	-	-
Other receivable (including related parties)	907,209	-	-	-	-
Other non-current assets	321,981	-	-	-	-
Subtotal	\$ 40,529,293	-	-	-	-
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 4,380	-	4,380	-	4,380
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 2,549,120	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable	9,442,109	-	-	-	-
Notes and accounts payable (including related parties)	17,293,999	-	-	-	-
Other payables (including related parties)	4,493,320	-	-	-	-
Lease liabilities (including current and non-current)	1,628,637	-	-	-	-
Other current liabilities	1,000,308	-	-	-	-
Subtotal	\$ 37,907,493	-	-	-	-

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	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	\$ <u>235,006</u>	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 26,231,920	-	-	-	-
Accounts receivable (including related parties)	19,545,864	-	-	-	-
Other receivable (including related parties)	1,309,541	-	-	-	-
Other non-current assets	364,572	-	-	-	-
Subtotal	\$ <u>47,451,897</u>	-	-	-	-
Financial liabilities measured at amortized cost					
Bonds payable	\$ 9,439,683	-	-	-	-
Notes and accounts payable (including related parties)	26,464,920	-	-	-	-
Other payables (including related parties)	3,132,145	-	-	-	-
Lease liabilities (including current and non-current)	1,013,208	-	-	-	-
Guarantee deposits received	951,948	-	-	-	-
Subtotal	\$ <u>41,001,904</u>	-	-	-	-
	September 30, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ <u>21,481</u>	-	<u>21,481</u>	-	<u>21,481</u>
Financial assets at fair value through other comprehensive income					
Accounts receivable	<u>1,995,433</u>	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	26,024,385	-	-	-	-
Accounts receivable (including related parties)	16,541,369	-	-	-	-
Other receivable (including related parties)	857,227	-	-	-	-
Other non-current assets	135,513	-	-	-	-
Subtotal	\$ <u>43,558,494</u>	-	-	-	-
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>462</u>	-	<u>462</u>	-	<u>462</u>
Financial liabilities measured at amortized cost					
Bonds payable	9,438,874	-	-	-	-
Notes and accounts payable (including related parties)	35,708,874	-	-	-	-
Other payables (including related parties)	2,850,314	-	-	-	-
Lease liabilities (including current and non-current)	1,011,968	-	-	-	-
Subtotal	\$ <u>49,010,030</u>	-	-	-	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- 3) Transfers between Level 1 and Level 2: none.
4) Changes between Level 3: none.
5) Offsetting financial assets and financial liabilities

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

September 30, 2023						
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	\$ 464,008	464,008	-	-	-	-

September 30, 2023						
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	
Notes payable and accounts payable	\$ 3,597,466	464,008	3,133,458	-	-	3,133,458

December 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	\$ 169,444	169,444	-	-	-	-

December 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	
Notes payable and accounts payable	\$ 9,965,364	169,444	9,795,920	-	-	9,795,920

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2022						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	\$ 521,195	521,195	-	-	-	-

September 30, 2022						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	\$ 8,962,456	521,195	8,441,261	-	-	8,441,261

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(u) of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. 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, 2022. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

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

For the nine months ended September 30, 2023 and 2022, reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes				Foreign exchange movement	September 30, 2023
			Change in lease payments	Addition	Interest expenses	Reclassification		
Short-term borrowings	\$ -	2,549,540	-	-	-	-	(420)	2,549,120
Long-term borrowings	-	1,500,000	-	-	-	-	-	1,500,000
Bonds payable	9,439,683	-	-	-	2,426	-	-	9,442,109
Lease liabilities	1,013,208	(187,921)	(21)	684,430	-	-	118,941	1,628,637
Guarantee deposits received	951,948	-	-	-	-	(965,185)	13,237	-
Total liabilities from financing activities	\$ 11,404,839	3,861,619	(21)	684,430	2,426	(965,185)	131,758	15,119,866

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of September 30, 2023, December 31 and September 30, 2022, it owns 37.68%, respectively, of all shares outstanding of the Company.

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group 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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
Wistron InfoComm Technology Service (Kunshan) Co., Ltd (WRKS)	Other related parties
Wistron Medical Technology Corporation (WMT)	Other related parties
Wuhan Wistron Virgin Technology & Service INC. (WIWZ)	Other related parties

(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</u>		<u>For the nine months ended</u>		<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>September 30</u>		<u>September 30</u>				
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
WHQ	\$ 798	43	2,311	34,259	1,198	15,683	-
Other related parties	<u>171,430</u>	<u>686,803</u>	<u>865,848</u>	<u>1,307,777</u>	<u>386,835</u>	<u>1,074,692</u>	<u>934,585</u>
	<u>\$ 172,228</u>	<u>686,846</u>	<u>868,159</u>	<u>1,342,036</u>	<u>388,033</u>	<u>1,090,375</u>	<u>934,585</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</u>		<u>For the nine months ended</u>		<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>September 30</u>		<u>September 30</u>				
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
WHQ	\$ 9,651,841	15,080,324	38,813,178	51,576,316	3,186,032	9,838,681	8,494,272
Other related parties	<u>692,013</u>	<u>1,553,512</u>	<u>2,159,261</u>	<u>2,991,498</u>	<u>768,603</u>	<u>1,483,242</u>	<u>1,631,455</u>
	<u>\$ 10,343,854</u>	<u>16,633,836</u>	<u>40,972,439</u>	<u>54,567,814</u>	<u>3,954,635</u>	<u>11,321,923</u>	<u>10,125,727</u>

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Processing fee

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

	Processing Fee				Payables to related parties		
	For the three months ended September 30		For the nine months ended September 30		September 30,	December 31,	September 30,
	2023	2022	2023	2022	2023	2022	2022
WMX	\$ 62	447,577	4,822	479,508	13	59,199	483,883

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

(iv) Operating Expense

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	WHQ	\$ 7,366	47,692	28,967
Other related parties	52,602	102,233	166,306	222,445
	\$ 59,968	149,925	195,273	413,310

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

(v) Acquisitions of assets

The acquisitions of assets from related parties were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	WHQ	\$ -	8,127	99
Other related parties				
WMX	-	115	-	291
AGI	23,486	18,301	25,332	18,301
WZS	-	-	3,510	-
Other related parties	1,905	393	2,043	970
	\$ 25,391	26,936	30,984	51,715

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 Consolidated Financial Statements

(vi) 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>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
WHQ	\$ 532,247	1,200,174	567,313
Other related parties:			
WZS	344,110	59,868	242,617
Other related parties	<u>2,287</u>	<u>47,006</u>	<u>46,406</u>
Total	<u>\$ 878,644</u>	<u>1,307,048</u>	<u>856,336</u>

(vii) Other payables

The Group purchased research and development materials, testing services and etc. The outstanding balance were as follows:

	<u>Other payables to related parties</u>		
	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
WHQ	\$ 268,615	10,172	19,291
Other related parties	<u>44,887</u>	<u>35,598</u>	<u>34,194</u>
Total	<u>\$ 313,502</u>	<u>45,770</u>	<u>53,485</u>

(viii) Leases

The Group signed a lease contract for its factory and warehouse with WIMX and WNC, and the total value of the contract was amount to \$899,924 thousand and \$326,523 thousand, respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	<u>Lease liabilities</u> <u>(including current and non-current)</u>		
	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
WIMX	\$ 590,045	502,283	513,132
WNC	<u>226,172</u>	<u>80,037</u>	<u>49,058</u>
Total	<u>\$ 816,217</u>	<u>582,320</u>	<u>562,190</u>

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Interest expense			
	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
WIMX	\$ 10,856	10,986	31,652	35,379
WNC	<u>1,172</u>	<u>261</u>	<u>1,859</u>	<u>1,324</u>
	<u>\$ 12,028</u>	<u>11,247</u>	<u>33,511</u>	<u>36,703</u>

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 30,596	48,442	101,496	118,036
Post-employment benefits	<u>182</u>	<u>242</u>	<u>586</u>	<u>718</u>
	<u>\$ 30,778</u>	<u>48,684</u>	<u>102,082</u>	<u>118,754</u>

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	September 30,	December 31,	September 30,
		2023	2022	2022
Inventory	Inventory guarantee	\$ 1,000,308	951,948	-
Other non-current assets	Guarantee	<u>31,085</u>	<u>29,582</u>	<u>30,579</u>
		<u>\$ 1,031,393</u>	<u>981,530</u>	<u>30,579</u>

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	September 30,	December 31,	September 30,
	2023	2022	2022
Acquisition of property, plant and equipment	<u>\$ 1,323,493</u>	<u>2,415,953</u>	<u>2,717,617</u>

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) As of September 30, 2023, the unused letters of credit were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Unused letters of credit	\$ 131,628	-	-

(c) 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, wherein the Company appointed an attorney to deal with the matter. The case was still in progress as of the reporting date.
- (ii) Elite Gaming Tech LLC. filed a patent infringement complaint against the Company in the United States District Court - East District of Texas. In August 2023, the Company has been notified concerning the above case, wherein it appointed an attorney to deal with the matter. The case was still in progress as of the reporting date.

(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:

	For the three months ended September 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salary	689,082	510,143	1,199,225	518,388	573,953	1,092,341
Labor and health insurance	91,024	37,774	128,798	77,546	33,141	110,687
Pension	63,313	15,340	78,653	44,945	13,401	58,346
Remuneration of directors	-	9,090	9,090	-	7,600	7,600
Others	26,533	8,133	34,666	40,748	9,066	49,814
Depreciation	179,144	49,055	228,199	129,450	59,749	189,199
Amortization	6,948	22,223	29,171	13,596	14,801	28,397

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

By function	For the nine months ended September 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salary	1,976,107	1,564,840	3,540,947	1,340,776	1,460,024	2,800,800
Labor and health insurance	274,692	109,201	383,893	195,410	89,232	284,642
Pension	185,544	45,238	230,782	115,396	36,768	152,164
Remuneration of directors	-	27,630	27,630	-	23,060	23,060
Others	69,002	25,902	94,904	63,655	24,269	87,924
Depreciation	451,732	172,653	624,385	338,539	139,384	477,923
Amortization	28,669	60,453	89,122	22,179	35,801	57,980

(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" of the Group for the nine months ended September 30, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Table 1 attached.
- (iii) Securities held as of September 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Table 2 attached.
- (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.
- (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.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 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 nine months ended September 30, 2023 (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 Consolidated Financial Statements

Table 1 Guarantees and endorsements for other parties
(September 30, 2023)

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	12,114,120	1,425,416	1,425,416	1,425,416	31,085	3.53%	20,190,200	Y	N	N	Note 4
0	The Company	WYUS	2	12,114,120	86,034	86,034	86,034	-	0.21%	20,190,200	Y	N	N	Note 4
0	The Company	WYMY	2	12,114,120	141	137	137	-	0.00%	20,190,200	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 2 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of share capital
(September 30, 2023)

Name of company	Category and name of security		Account name	Name of counter - party	Relationship with the company	Beginning balance		Purchases		Sales				Ending balance		Notes
						Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
The Company	WYUS	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	569,010	18,136,234	400,000	12,320,000	-	-	-	-	969,010	32,227,254	(Note)
The Company	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	336,764	2,304,502	222,288	1,474,993	-	-	-	-	559,052	3,628,567	(Note)
The Company	MYMX	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	769,675	1,410,512	344,086	614,580	-	-	-	-	1,113,761	2,779,955	(Note)

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

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital
(September 30, 2023)

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	308,336	payment:100%	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	188,409	payment:100%	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	886,464	payment:93%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-
WYMY	Property, plant and equipment-Building	2022/8	2,191,706	payment:42%	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 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
(September 30, 2023)

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	WIN	The Company's other related company	Sale	502,191	0.77%	OA90	-	-	347,199	2.20%	-
"	WYUS	The Company's subsidiary	Sale	24,725,931	37.86%	OA150	-	-	5,724,760	36.20%	(Note)
"	WYJP	The Company's subsidiary	Sale	2,610,613	4.00%	OA90	-	-	731,400	4.62%	(Note)
"	WYKR	The Company's subsidiary	Sale	1,375,634	2.11%	OA90	-	-	720,979	4.56%	(Note)
"	WYHK	The Company's subsidiary	Sale	454,142	0.70%	OA90	-	-	224,151	1.42%	(Note)
"	WYKS	The Company's subsidiary	Sale	517,624	0.79%	OA90	-	-	-	-	(Note)
"	WHQ	The Company's parent company	Purchase	38,351,443	77.02%	OA45	-	-	(3,133,458)	(40.74%)	-
"	WYUS	The Company's subsidiary	Purchase	1,816,875	3.65%	OA90	-	-	(375,442)	(4.88%)	(Note)
"	WYMY	The Company's subsidiary	Purchase	765,869	1.54%	OA30	-	-	(423,032)	(5.50%)	(Note)
WYUS	WBR	WYUS's other related company	Sale	289,706	0.20%	OA90	-	-	36,533	0.23%	-
"	The Company	WYUS's parent company	Sale	1,816,875	1.49%	OA90	-	-	375,442	2.47%	(Note)
"	WHQ	WYUS's parent company	Purchase	326,001	0.24%	OA45	-	-	(16,757)	(0.11%)	-
"	WITX	WYUS's other related company	Purchase	2,132,066	1.59%	OA90	-	-	(740,663)	(4.70%)	-
"	The Company	WYUS's parent company	Purchase and Service cost	24,725,931	19.08%	OA150	-	-	(5,724,760)	(36.29%)	(Note)
"	WYMX	WYUS's affiliate company	Processing fee	2,679,071	1.99%	OA60	-	-	(547,982)	(3.47%)	(Note)
WYJP	The Company	WYJP's parent company	Purchase	2,610,613	100.00%	OA90	-	-	(731,400)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	1,375,634	100.00%	OA90	-	-	(720,979)	(100.00%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	454,142	71.69%	OA90	-	-	(224,151)	(76.39%)	(Note)
"	WHQ	WYHK's parent company	Purchase	135,733	21.62%	OA45	-	-	(35,817)	(12.21%)	-
WYKS	The Company	WYKS's parent company	Purchase	517,624	100.00%	OA90	-	-	-	-	(Note)
WYMX	WYUS	WYMX's affiliate company	Processing income	2,679,071	100.00%	OA60	-	-	547,982	100.00%	(Note)
WYMY	The Company	WYMY's parent company	Sale	765,869	100.00%	OA30	-	-	423,032	100.00%	(Note)

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

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Table 5 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock
(September 30, 2023)

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	347,199	294.75%	127,295	Collecting	200,469	-	-
"	WYUS	The Company's subsidiary	5,724,760	272.11%	-	-	-	-	(Note)
"	WYJP	The Company's subsidiary	731,400	473.57%	-	-	-	-	(Note)
"	WYKR	The Company's subsidiary	720,979	450.81%	137,873	Collecting	-	-	(Note)
"	WYHK	The Company's subsidiary	224,151	227.89%	-	-	-	-	(Note)
WYUS	The Company	WYUS's parent company	375,442	713.20%	-	-	-	-	(Note)
WYMY	The Company	WYMY's parent company	423,032	709.05%	-	-	-	-	(Note)
WYMX	WYUS	WYMX's affiliate company	547,982	885.83%	-	-	256,007	-	(Note)
Other Receivables									
The Company	WYMY	The Company's subsidiary	127,891	-	4,739	Collecting	-	-	(Note)
"	WYUS	The Company's subsidiary	1,956,806	-	-	-	-	-	(Note)
"	WZS	The Company's other related company	344,110	-	-	-	-	-	-
WYUS	WHQ	WYUS's parent company	532,247	-	37,090	Collecting	37,090	-	-
"	The Company	WYUS's parent company	872,209	-	-	-	-	-	(Note)
"	WYMY	WYUS's affiliate company	142,695	-	6,581	Collecting	-	-	(Note)

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

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Table 6 Significant intercompany transactions and business relationships between parent company and its subsidiaries
(September 30, 2023)

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	24,725,931	OA150	13.49%
0	The Company	WYJP	1	Sale	2,610,613	OA90	1.42%
0	The Company	WYKR	1	Sale	1,375,634	OA90	0.75%
0	The Company	WYHK	1	Sale	454,142	OA90	0.25%
0	The Company	WYKS	1	Sale	517,624	OA90	0.28%
1	WYUS	The Company	2	Sale	1,816,875	OA90	0.99%
1	WYMY	The Company	2	Sale	765,869	OA30	0.42%
2	WYMX	WYUS	3	Processing income	2,679,071	OA60	1.46%
0	The Company	WYUS	1	Account receivable	5,724,760	OA150	6.72%
0	The Company	WYJP	1	Account receivable	731,400	OA90	0.86%
0	The Company	WYKR	1	Account receivable	720,979	OA90	0.85%
0	The Company	WYHK	1	Account receivable	224,151	OA90	0.26%
1	WYUS	The Company	2	Account receivable	375,442	OA90	0.44%
1	WYMY	The Company	2	Account receivable	423,032	OA30	0.50%
2	WYMX	WYUS	3	Account receivable	547,982	OA60	0.64%

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.

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Table 7 Information on investments (excluding investees in mainland China)

The following are the information on investees for January 1 to September 30, 2023 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				September 30, 2023	December 31, 2022	Shares(In thousands)	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	333,430	68,447	68,447	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	28,773,581	16,453,581	969,010	100.00%	32,227,254	251,736	251,736	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	296,277	23,965	23,965	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	202,920	27,860	27,860	(Note)
"	WYMY	Malaysia	Manufacturing and sales of cloud data center equipment	3,775,716	2,300,724	559,052	100.00%	3,628,567	(160,712)	(160,712)	(Note)
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	1,741,251	1,126,671	1,113,761	100.00%	2,779,955	498,612	498,612	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	58,025	40,444	100.00%	64,464	(6,290)	(6,290)	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	15.13%	186,330	(271,456)	(45,145)	-

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

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Table 8 Information on investment in mainland China

(i) 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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	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	13,277	100%	13,277	120,059	-	(Note 5)

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of September 30, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	11,294(USD 350,000)	24,228,240

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

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

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

(Note 6) Translated using the ending rates on September 30, 2023.

(iii) Significant transactions

For the nine months ended September 30, 2023, 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".