

**WIWYNN CORPORATION AND SUBSIDIARIES****CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
for the Six Months Ended June 30, 2021 and 2020**

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.)

Telephone 電話 + 886 2 8101 6666

Fax 傳真 + 886 2 8101 6667

Internet 網址 home.kpmg/tw

## Independent Auditors' Review Report

To the Board of Directors Wiwynn Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Wiwynn Corporation (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, 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 Standards 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our 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 the Group as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)

August 3, 2021

#### **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' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2021 and 2020**

**Wiwynn Corporation and Subsidiaries**

**Consolidated Balance Sheets**

**June 30, 2021, December 31, and June 30, 2020**

(Expressed in Thousands of New Taiwan dollars)

	June 30, 2021		December 31, 2020		June 30, 2020			June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>													
<b>Current assets:</b>							<b>Liabilities and Equity</b>						
1100 Cash and cash equivalents (note 6(a))	\$ 20,251,696	31	23,169,231	42	12,685,346	22	2100 Short-term borrowings (note 6(k))	\$ 16,805,610	26	5,359,504	10	7,270,329	13
1110 Financial assets at fair value through profit or loss-current (note 6(b))	23,167	-	-	-	13,294	-	2120 Financial liabilities at fair value through profit or loss-current (note 6(b))	6,812	-	-	-	17,331	-
1170 Accounts receivable, net (notes 6(c)(s))	16,374,558	25	7,827,082	14	15,007,089	26	2130 Contract liabilities-current (note 6(s))	2,829,791	4	2,297,417	4	1,257,189	2
1180 Accounts receivable-related parties, net (notes 6(c)(s) and 7)	19,986	-	340,218	1	430,042	1	2170 Notes payable and accounts payable	7,018,349	11	2,761,327	5	8,890,564	16
1200 Other receivables (note 6(d))	2,905	-	3,166	-	9,461	-	2180 Accounts payable-related parties (note 7)	961,151	2	9,758,171	18	10,993,623	19
1210 Other receivables-related parties (notes 6(d) and 7)	682,533	1	588,047	1	111,371	-	2200 Other payables (notes 6(p)(t))	8,134,648	12	2,516,597	4	6,982,941	12
130X Inventories (note 6(e))	25,872,389	39	19,827,729	36	26,763,184	46	2220 Other payables-related parties (note 7)	83,706	-	148,666	-	389,598	1
1479 Other current assets (note 6(j))	540,955	1	1,011,905	2	902,054	2	2230 Current tax liabilities	1,113,273	2	1,509,458	3	917,318	2
<b>Total current assets</b>	<b>63,768,189</b>	<b>97</b>	<b>52,767,378</b>	<b>96</b>	<b>55,921,841</b>	<b>97</b>	2280 Lease liabilities-current (notes 6(m) and 7)	112,682	-	105,132	-	101,011	-
<b>Non-current assets:</b>							2399 Other current liabilities	817,509	1	343,433	1	727,613	1
1550 Investments accounted for using equity method (note 6(f))	269,005	-	-	-	-	-	<b>Total current liabilities</b>	<b>37,883,531</b>	<b>58</b>	<b>24,799,705</b>	<b>45</b>	<b>37,547,517</b>	<b>66</b>
1600 Property, plant and equipment (note 6(g))	987,496	1	951,781	2	888,779	2	<b>Non-current liabilities:</b>						
1755 Right-of-use assets (notes 6(h) and 7)	377,034	1	377,227	1	318,767	-	2530 Bonds payable (note 6(l))	4,992,633	8	4,991,783	9	-	-
1780 Intangible assets (note 6(i))	70,497	-	64,602	-	49,941	-	2570 Deferred tax liabilities	134,642	-	134,642	-	104,534	-
1840 Deferred tax assets	418,823	1	419,083	1	320,674	1	2580 Lease liabilities-non-current (notes 6(m) and 7)	264,882	-	275,205	1	229,585	-
1990 Other non-current assets (notes 6(j) and 8)	181,057	-	144,094	-	123,068	-	2640 Net defined benefit liabilities-non-current	8,981	-	8,907	-	2,922	-
<b>Total non-current assets</b>	<b>2,303,912</b>	<b>3</b>	<b>1,956,787</b>	<b>4</b>	<b>1,701,229</b>	<b>3</b>	<b>Total non-current liabilities</b>	<b>5,401,138</b>	<b>8</b>	<b>5,410,537</b>	<b>10</b>	<b>337,041</b>	<b>-</b>
							<b>Total liabilities</b>	<b>43,284,669</b>	<b>66</b>	<b>30,210,242</b>	<b>55</b>	<b>37,884,558</b>	<b>66</b>
							<b>Equity (notes 6(f)(p)):</b>						
							3110 Common shares	1,748,408	3	1,748,408	3	1,748,408	3
							3200 Capital surplus	8,817,380	13	8,817,380	16	8,817,380	15
							3300 Retained earnings	12,598,700	19	14,186,029	26	9,213,068	16
							3400 Other equity	(377,056)	(1)	(237,894)	-	(40,344)	-
							<b>Total equity</b>	<b>22,787,432</b>	<b>34</b>	<b>24,513,923</b>	<b>45</b>	<b>19,738,512</b>	<b>34</b>
<b>Total assets</b>	<b>\$ 66,072,101</b>	<b>100</b>	<b>54,724,165</b>	<b>100</b>	<b>57,623,070</b>	<b>100</b>	<b>Total liabilities and equity</b>	<b>\$ 66,072,101</b>	<b>100</b>	<b>54,724,165</b>	<b>100</b>	<b>57,623,070</b>	<b>100</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**Wiwynn Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the three months and six months ended June 30, 2021 and 2020**

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

	For the three months ended June 30				For the six months ended June 30				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (notes 6(s) and 7)</b>								
	\$ 51,192,867	100	52,070,931	100	90,483,159	100	87,208,055	100	
5000	<b>Operating costs (notes 6(e)(g)(h)(i)(m)(n)(t), 7 and 12)</b>								
	47,030,040	92	47,985,728	92	83,095,340	92	80,479,142	92	
	<b>Gross profit from operations</b>								
	4,162,827	8	4,085,203	8	7,387,819	8	6,728,913	8	
	<b>Operating expenses (notes 6(c)(g)(h)(i)(m)(n)(t), 7 and 12):</b>								
6100	Selling expenses	213,941	1	421,980	1	394,478	1	665,487	1
6200	Administrative expenses	191,381	-	179,230	1	374,308	1	310,612	1
6300	Research and development expenses	731,257	1	564,564	1	1,313,152	1	1,023,206	1
6450	Expected credit loss (gain)	38,980	-	(90)	-	37,000	-	(122)	-
	<b>Total operating expenses</b>	<u>1,175,559</u>	<u>2</u>	<u>1,165,684</u>	<u>3</u>	<u>2,118,938</u>	<u>3</u>	<u>1,999,183</u>	<u>3</u>
	<b>Net operating income</b>	<u>2,987,268</u>	<u>6</u>	<u>2,919,519</u>	<u>5</u>	<u>5,268,881</u>	<u>5</u>	<u>4,729,730</u>	<u>5</u>
	<b>Non-operating income and expenses (notes 6(f)(l)(m)(u) and 7):</b>								
7100	Interest income	19,570	-	5,628	-	32,913	-	18,001	-
7010	Other income	16	-	16	-	31	-	31	-
7020	Other gains and losses	16,459	-	(127,570)	-	(52,528)	-	(3,822)	-
7050	Finance costs	(71,974)	-	(76,303)	-	(130,129)	-	(188,383)	-
7060	Share of associates and joint ventures accounted for using equity method	(7,371)	-	-	-	(7,371)	-	-	-
	<b>Total non-operating income and expenses</b>	<u>(43,300)</u>	<u>-</u>	<u>(198,229)</u>	<u>-</u>	<u>(157,084)</u>	<u>-</u>	<u>(174,173)</u>	<u>-</u>
7900	<b>Income before tax</b>	<u>2,943,968</u>	<u>6</u>	<u>2,721,290</u>	<u>5</u>	<u>5,111,797</u>	<u>5</u>	<u>4,555,557</u>	<u>5</u>
7950	<b>Income tax expense (note 6(o))</b>	<u>635,414</u>	<u>1</u>	<u>551,996</u>	<u>1</u>	<u>1,104,221</u>	<u>1</u>	<u>923,758</u>	<u>1</u>
	<b>Net income</b>	<u>2,308,554</u>	<u>5</u>	<u>2,169,294</u>	<u>4</u>	<u>4,007,576</u>	<u>4</u>	<u>3,631,799</u>	<u>4</u>
8300	<b>Other comprehensive income (notes 6(f)(p)):</b>								
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	(128,677)	-	(105,906)	-	(139,162)	-	(94,258)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>(128,677)</u>	<u>-</u>	<u>(105,906)</u>	<u>-</u>	<u>(139,162)</u>	<u>-</u>	<u>(94,258)</u>	<u>-</u>
8300	<b>Other comprehensive income (net of tax)</b>	<u>(128,677)</u>	<u>-</u>	<u>(105,906)</u>	<u>-</u>	<u>(139,162)</u>	<u>-</u>	<u>(94,258)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 2,179,877</u>	<u>5</u>	<u>2,063,388</u>	<u>4</u>	<u>3,868,414</u>	<u>4</u>	<u>3,537,541</u>	<u>4</u>
	<b>Profit attributable to:</b>								
8610	Owners of parent	<u>\$ 2,308,554</u>	<u>5</u>	<u>2,169,294</u>	<u>4</u>	<u>4,007,576</u>	<u>4</u>	<u>3,631,799</u>	<u>4</u>
	<b>Comprehensive income attributable to:</b>								
8710	Owners of parent	<u>\$ 2,179,877</u>	<u>5</u>	<u>2,063,388</u>	<u>4</u>	<u>3,868,414</u>	<u>4</u>	<u>3,537,541</u>	<u>4</u>
	<b>Earnings per share (expressed in New Taiwan dollars) (note 6(r))</b>								
9750	<b>Basic earnings per share</b>	<u>\$ 13.20</u>		<u>12.41</u>		<u>22.92</u>		<u>20.78</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 13.18</u>		<u>12.39</u>		<u>22.85</u>		<u>20.71</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**Wiwynn Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the six months ended June 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan dollars)**

	Retained earnings					Other equity		Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	
<b>Balance on January 1, 2020</b>	\$ 1,746,368	8,816,183	752,956	-	8,849,444	9,602,400	53,914	20,218,865
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	616,925	-	(616,925)	-	-	-
Cash dividends	-	-	-	-	(4,021,131)	(4,021,131)	-	(4,021,131)
Net income	-	-	-	-	3,631,799	3,631,799	-	3,631,799
Other comprehensive income	-	-	-	-	-	-	(94,258)	(94,258)
Total comprehensive income	-	-	-	-	3,631,799	3,631,799	(94,258)	3,537,541
Issue of common shares-employee stock options	2,040	1,197	-	-	-	-	-	3,237
<b>Balance on June 30, 2020</b>	<u>\$ 1,748,408</u>	<u>8,817,380</u>	<u>1,369,881</u>	<u>-</u>	<u>7,843,187</u>	<u>9,213,068</u>	<u>(40,344)</u>	<u>19,738,512</u>
<b>Balance on January 1, 2021</b>	\$ 1,748,408	8,817,380	1,369,881	-	12,816,148	14,186,029	(237,894)	24,513,923
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	860,476	-	(860,476)	-	-	-
Special reserve	-	-	-	237,894	(237,894)	-	-	-
Cash dividends	-	-	-	-	(5,594,905)	(5,594,905)	-	(5,594,905)
Net income	-	-	-	-	4,007,576	4,007,576	-	4,007,576
Other comprehensive income	-	-	-	-	-	-	(139,162)	(139,162)
Total other comprehensive income	-	-	-	-	4,007,576	4,007,576	(139,162)	3,868,414
<b>Balance on June 30, 2021</b>	<u>\$ 1,748,408</u>	<u>8,817,380</u>	<u>2,230,357</u>	<u>237,894</u>	<u>10,130,449</u>	<u>12,598,700</u>	<u>(377,056)</u>	<u>22,787,432</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**Wiwynn Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan dollars)**

	For the six months ended June 30	
	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 5,111,797	4,555,557
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	231,710	168,008
Amortization expense	15,657	6,693
Expected credit loss (gain)	37,000	(122)
Net gains on financial assets or liabilities at fair value through profit or loss	(13,878)	(178,939)
Interest expense	130,129	188,383
Interest income	(32,913)	(18,001)
Share of loss of associates and joint ventures accounted for using equity method	7,371	-
Lease modification gain	(1,468)	-
Total adjustments to reconcile profit	<u>373,608</u>	<u>166,022</u>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	(9,289)	165,645
Increase in accounts receivable, net	(8,728,369)	(1,474,146)
Decrease (increase) in accounts receivable-related parties, net	320,232	(14,110)
Decrease (increase) in other receivable	264	(3,529)
Decrease (increase) in other receivable-related parties	(125,098)	2,235,175
Increase in inventories	(6,526,001)	(9,656,622)
Decrease (increase) in other current assets	471,127	(365,654)
Total changes in operating assets	<u>(14,597,134)</u>	<u>(9,113,241)</u>
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	6,812	17,331
Increase in contract liabilities-current	532,374	395,686
Increase in notes and accounts payable	4,333,748	2,014,931
Increase (decrease) in accounts payable-related parties	(8,479,522)	3,739,714
Increase in other payable	54,883	899,147
Increase (decrease) in other payable-related parties	(64,960)	254,790
Increase in other current liabilities	483,273	475,634
Increase in net defined benefit liabilities	74	51
Total changes in operating liabilities	<u>(3,133,318)</u>	<u>7,797,284</u>
Total changes in operating assets and liabilities	<u>(17,730,452)</u>	<u>(1,315,957)</u>
Total adjustments	<u>(17,356,844)</u>	<u>(1,149,935)</u>
Cash inflow generated used in operations	(12,245,047)	3,405,622
Interest received	33,198	17,831
Interest paid	(106,054)	(187,149)
Income taxes paid	(1,532,948)	(849,459)
<b>Net cash flows from (used in) operating activities</b>	<u>(13,850,851)</u>	<u>2,386,845</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(276,609)	-
Acquisition of property, plant and equipment	(175,157)	(239,241)
Proceeds from disposal of property, plant and equipment	91	-
Acquisition of intangible assets	(21,552)	(37,528)
Decrease (increase) in other non-current assets	(103)	394
Increase in prepayments for equipment	(79,675)	(66,079)
<b>Net cash used in investing activities</b>	<u>(553,005)</u>	<u>(342,454)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	67,124,690	30,225,853
Decrease in short-term borrowings	(55,527,287)	(31,491,167)
Exercise of employee stock options	-	3,237
Payment of lease liabilities	(54,735)	(48,219)
<b>Net cash from (used in) financing activities</b>	<u>11,542,668</u>	<u>(1,310,296)</u>
Effect of exchange rate changes on cash and cash equivalents	(56,347)	(40,888)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(2,917,535)</u>	<u>693,207</u>
Cash and cash equivalents at beginning of period	23,169,231	11,992,139
<b>Cash and cash equivalents at end of period</b>	<u>\$ 20,251,696</u>	<u>12,685,346</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**Wiwynn Corporation and Subsidiaries**

**Notes to the Consolidated Financial Statements**

**For the six months ended June 30, 2021 and 2020**

(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 abovementioned 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 issue by the Board of Directors on August 3, 2021.

**(3) New standards, amendments and interpretations adopted:**

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

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

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

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

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

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

(Continued)

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

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

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn International Corporation (WYUS)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn Mexico S.A.de C.V. (WYMX)	Human resource service provision	100 %	100 %	100 %	-
WYHK	Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Sales of data storage equipment	100 %	100 %	100 %	-

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

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

(c) Investment in associates

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

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

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

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

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

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

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

(e) Employee benefits

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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**(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, 2020. Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash on hand	\$ 635	562	580
Demand and checking deposits	14,212,164	18,168,669	12,684,766
Time deposits	<u>6,038,897</u>	<u>5,000,000</u>	<u>-</u>
	<b><u>\$ 20,251,696</u></b>	<b><u>23,169,231</u></b>	<b><u>12,685,346</u></b>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Foreign currency forward contracts	\$ 23,167	-	2,590
Foreign currency swap contracts	<u>-</u>	<u>-</u>	<u>10,704</u>
	<b><u>\$ 23,167</u></b>	<b><u>-</u></b>	<b><u>13,294</u></b>
<b>Held-for-trading financial liabilities:</b>			
Foreign currency forward contracts	\$ 6,812	-	6,387
Foreign currency swap contracts	<u>-</u>	<u>-</u>	<u>10,944</u>
	<b><u>\$ 6,812</u></b>	<b><u>-</u></b>	<b><u>17,331</u></b>

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

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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	<b>June 30, 2021</b>		
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Foreign currency swap contracts:</b>			
Foreign currency swap purchased	USD\$ <u>62,000</u>	USD to NTD	2021/8/23~2021/12/2
Foreign currency swap sold	USD\$ <u>12,000</u>	NTD to USD	2021/8/23~2021/9/27
	<b>June 30, 2020</b>		
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Foreign currency swap contracts:</b>			
Foreign currency swap purchased	USD\$ <u>30,000</u>	USD to NTD	2020/7/2
Foreign currency swap sold	USD\$ <u>130,000</u>	NTD to USD	2020/7/7~2020/8/3
<b>Foreign currency forward contracts:</b>			
Foreign currency forward purchased	USD\$ <u>118,000</u>	USD to NTD	2020/7/9~2020/8/3

## (c) Accounts receivable

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Accounts receivable—measured at amortized cost	\$ 14,492,507	6,655,061	9,985,088
Accounts receivable-related parties—measured at amortized cost	19,986	340,218	430,042
Accounts receivable—measured at fair value through other comprehensive income	1,921,236	1,174,206	5,030,673
Less: loss allowance	<u>(39,185)</u>	<u>(2,185)</u>	<u>(8,672)</u>
	<b><u>\$ 16,394,544</u></b>	<b><u>8,167,300</u></b>	<b><u>15,437,131</u></b>

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

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

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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	<b>June 30, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 15,857,302	-	-
Past due under 30 days	468,349	-	-
Past due 31 to 60 days	29,788	-	-
Past due 61 to 90 days	32	-	-
Past due 91 to 180 days	78,256	50%	39,183
Past due 181 to 270 days	-	-	-
Past due over 271 days	<u>2</u>	100%	<u>2</u>
<b>Total</b>	<b><u>\$ 16,433,729</u></b>		<b><u>39,185</u></b>

  

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 8,121,956	-	-
Past due under 30 days	36,051	-	-
Past due 31 to 60 days	1,755	-	-
Past due 61 to 90 days	7,127	5%	343
Past due 91 to 180 days	<u>2,596</u>	71%	<u>1,842</u>
<b>Total</b>	<b><u>\$ 8,169,485</u></b>		<b><u>2,185</u></b>

  

	<b>June 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 15,148,636	-	-
Past due under 30 days	286,575	-	-
Past due 31 to 60 days	2,391	20%	471
Past due 61 to 90 days	-	-	-
Past due 91 to 180 days	80	100%	80
Past due 181 to 270 days	-	-	-
Past due over 271 days	<u>8,121</u>	100%	<u>8,121</u>
<b>Total</b>	<b><u>\$ 15,445,803</u></b>		<b><u>8,672</u></b>

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 2,185	8,794
Impairment losses recognized	37,000	8,677
Impairment losses reversed	-	(8,799)
Balance on June 30	<b>\$ 39,185</b>	<b>8,672</b>

As of June 30, 2021, December 31 and June 30, 2020, the accounts receivable were not pledged.

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

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 June 30, 2021, December 31 and June 30, 2020, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

<b>June 30, 2021</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
ING, Taipei branch	\$ 191,992	208,008	191,992	-	0.56%-0.83%	None
CITI, New York branch	225,903	<Note>	225,903	-	0.71%-0.85%	None
	<b>\$ 417,895</b>		<b>417,895</b>	<b>-</b>		
<b>December 31, 2020</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
ING, Taipei branch	\$ 176,352	223,648	176,352	-	0.62%-3.65%	None
CITI, New York branch	249,102	<Note>	249,102	-	0.63%-2.40%	None
	<b>\$ 425,454</b>		<b>425,454</b>	<b>-</b>		

(Continued)

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

June 30, 2020

Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
ING, Taipei branch	\$ 156,202	243,798	156,202	-	0.74%~3.65%	None
CITI, New York branch	301,873	<Note>	301,873	-	0.63%~2.40%	None
	<u>\$ 458,075</u>		<u>458,075</u>	<u>-</u>		

<Note> The purchaser has the right to make factoring transactions with the company based on the amount allocated by the client under factoring agreement.

(d) Other receivables

	June 30, 2021	December 31, 2020	June 30, 2020
Other receivables	\$ 2,905	3,166	9,461
Other receivables - related parties	682,533	588,047	111,371
Less: loss allowance	-	-	-
	<u>\$ 685,438</u>	<u>591,213</u>	<u>120,832</u>

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

(e) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 12,540,356	10,012,269	16,343,978
Finished goods	12,296,132	7,912,712	8,223,797
Inventory in transit	1,035,901	1,902,748	2,195,409
	<u>\$ 25,872,389</u>	<u>19,827,729</u>	<u>26,763,184</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Losses on valuation of inventories	\$ -	-	-	90,213
Royalty	6,537	13,401	17,277	23,752
Other	-	252	-	(647)
	<u>\$ 6,537</u>	<u>13,653</u>	<u>17,277</u>	<u>113,318</u>

As of June 30, 2021, December 31 and June 30, 2020, the inventories were not pledged.

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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:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Associates	<u>\$ 269,005</u>	<u>-</u>	<u>-</u>

(i) Associates

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

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

<b>Name of associate</b>	<b>Nature of Relation ship with the Group</b>	<b>Main operating location / Registered Country of the Company</b>	<b>Proportion of Shareholding and voting rights</b>		
			<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
LiquidStack Holding B.V.	Sales and R&D of date storage equipment	Netherlands	20 %	-	-

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

	<b>June 30, 2021</b>	
	<u>\$ 269,005</u>	
	<b>For the three months ended June 30 2021</b>	<b>For the six months ended June 30 2021</b>
Carrying amount of individually insignificant associates' equity		
Attributable to the Group:		
Profit (loss) from continuing operations	\$ (7,371)	(7,371)
Other comprehensive (loss) income	<u>(233)</u>	<u>(233)</u>
Comprehensive income	<u>\$ (7,604)</u>	<u>(7,604)</u>

(ii) Pledge

As of June 30, 2021, the investments accounted for using equity method were not pledged.

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

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the six months ended June 30, 2021 and 2020, were as follows:

	<u>Research and development equipment</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deem cost:							
Balance on January 1, 2021	\$ 143,104	739,973	107,132	226,819	282,361	13,968	1,513,357
Additions	7,539	26,835	41,541	34,929	52,166	12,147	175,157
Disposals	-	-	(102)	(1,575)	-	-	(1,677)
Reclassification (Note)	-	5,527	2,513	3,160	46,310	(15,734)	41,776
Effect of changes in foreign exchange rates	-	(984)	(990)	-	(2,490)	(275)	(4,739)
Balance on June 30, 2021	<u>\$ 150,643</u>	<u>771,351</u>	<u>150,094</u>	<u>263,333</u>	<u>378,347</u>	<u>10,106</u>	<u>1,723,874</u>
Balance on January 1, 2020	\$ 120,084	455,663	63,214	186,061	176,293	-	1,001,315
Additions	1,146	179,113	13,262	15,215	25,950	4,555	239,241
Disposals	-	-	(92)	-	-	-	(92)
Reclassification (Note)	3,000	36,667	3,025	-	16,026	(3,385)	55,333
Effect of changes in foreign exchange rates	-	(502)	(303)	-	(486)	(14)	(1,305)
Balance on June 30, 2020	<u>\$ 124,230</u>	<u>670,941</u>	<u>79,106</u>	<u>201,276</u>	<u>217,783</u>	<u>1,156</u>	<u>1,294,492</u>
Accumulated depreciation:							
Balance on January 1, 2021	\$ 99,573	124,079	42,538	102,635	192,751	-	561,576
Depreciation	17,165	65,424	12,278	39,782	43,518	-	178,167
Disposals	-	-	(11)	(1,575)	-	-	(1,586)
Effect of changes in foreign exchange rates	-	(406)	(299)	-	(1,074)	-	(1,779)
Balance on June 30, 2021	<u>\$ 116,738</u>	<u>189,097</u>	<u>54,506</u>	<u>140,842</u>	<u>235,195</u>	<u>-</u>	<u>736,378</u>
Balance on January 1, 2020	\$ 84,640	20,297	29,074	40,209	108,928	-	283,148
Depreciation	7,596	44,594	6,835	29,540	34,476	-	123,041
Disposals	-	-	(92)	-	-	-	(92)
Effect of changes in foreign exchange rates	-	(167)	(123)	-	(94)	-	(384)
Balance on June 30, 2020	<u>\$ 92,236</u>	<u>64,724</u>	<u>35,694</u>	<u>69,749</u>	<u>143,310</u>	<u>-</u>	<u>405,713</u>
Carrying value:							
Balance on January 1, 2021	<u>\$ 43,531</u>	<u>615,894</u>	<u>64,594</u>	<u>124,184</u>	<u>89,610</u>	<u>13,968</u>	<u>951,781</u>
Balance on June 30, 2021	<u>\$ 33,905</u>	<u>582,254</u>	<u>95,588</u>	<u>122,491</u>	<u>143,152</u>	<u>10,106</u>	<u>987,496</u>
Balance on January 1, 2020	<u>\$ 35,444</u>	<u>435,366</u>	<u>34,140</u>	<u>145,852</u>	<u>67,365</u>	<u>-</u>	<u>718,167</u>
Balance on June 30, 2020	<u>\$ 31,994</u>	<u>606,217</u>	<u>43,412</u>	<u>131,527</u>	<u>74,473</u>	<u>1,156</u>	<u>888,779</u>

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

As of June 30, 2021, December 31 and June 30, 2020, the property, plant and equipment were not pledged.

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(h) Right-of-use assets

The Group leases buildings and other equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2021	\$ 528,712	5,620	534,332
Acquisitions	57,907	-	57,907
Disposals	(19,101)	-	(19,101)
Effect of changes in foreign exchange rates	(5,143)	(18)	(5,161)
Balance on June 30, 2021	<u>\$ 562,375</u>	<u>5,602</u>	<u>567,977</u>
Balance on January 1, 2020	\$ 471,846	5,664	477,510
Acquisitions	2,599	-	2,599
Disposals	(3,729)	-	(3,729)
Effect of changes in foreign exchange rates	(24,738)	(12)	(24,750)
Balance on June 30, 2020	<u>\$ 445,978</u>	<u>5,652</u>	<u>451,630</u>
<b>Accumulated depreciation:</b>			
Balance on January 1, 2021	\$ 155,469	1,636	157,105
Depreciation for the year	52,927	616	53,543
Disposals	(19,101)	-	(19,101)
Effect of changes in foreign exchange rates	(592)	(12)	(604)
Balance on June 30, 2021	<u>\$ 188,703</u>	<u>2,240</u>	<u>190,943</u>
Balance on January 1, 2020	\$ 88,285	410	88,695
Depreciation for the year	44,341	626	44,967
Effect of changes in foreign exchange rates	(795)	(4)	(799)
Balance on June 30, 2020	<u>\$ 131,831</u>	<u>1,032</u>	<u>132,863</u>
<b>Carrying amount:</b>			
Balance on January 1, 2021	<u>\$ 373,243</u>	<u>3,984</u>	<u>377,227</u>
Balance on June 30, 2021	<u>\$ 373,672</u>	<u>3,362</u>	<u>377,034</u>
Balance at January 1, 2020	<u>\$ 383,561</u>	<u>5,254</u>	<u>388,815</u>
Balance on June 30, 2020	<u>\$ 314,147</u>	<u>4,620</u>	<u>318,767</u>

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

## (i) Intangible assets

	<u>Software</u>	<u>Other</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2021	\$ <u>63,562</u>	<u>1,040</u>	<u>64,602</u>
Balance on June 30, 2021	\$ <u>69,457</u>	<u>1,040</u>	<u>70,497</u>
Balance on January 1, 2020	\$ <u>18,066</u>	<u>1,040</u>	<u>19,106</u>
Balance on June 30, 2020	\$ <u>48,901</u>	<u>1,040</u>	<u>49,941</u>

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the six months ended June 30, 2021 and 2020. Please refer to note 12 for the amounts of amortization. For other related information, please refer to the note 6(g) of the consolidated financial statements for the year ended December 31, 2020

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other current assets:			
Tax refundable	\$ 269,552	868,072	718,542
Other prepayments	230,795	107,482	123,186
Others	<u>40,608</u>	<u>36,351</u>	<u>60,326</u>
	<u>\$ 540,955</u>	<u>1,011,905</u>	<u>902,054</u>
Other non-current assets:			
Refundable deposits	\$ 38,190	37,602	34,905
Restricted deposits	26,848	27,463	28,572
Prepayments for equipment	<u>116,019</u>	<u>79,029</u>	<u>59,591</u>
	<u>\$ 181,057</u>	<u>144,094</u>	<u>123,068</u>

## (k) Short-term borrowings

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

	<u>June 30, 2021</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	0.56%~1.00%	2021/7/7~2021/8/25	<u>\$ 16,805,610</u>
Unused credit line				<u>\$ 12,925,939</u>
	<u>December 31, 2020</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	0.58%~0.76%	2021/1/11~2021/3/26	<u>\$ 5,359,504</u>
Unused credit line				<u>\$ 21,302,194</u>

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

	<b>June 30, 2020</b>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	0.91%~3.85%	2020/7/3~2020/9/23	\$ <u>7,270,329</u>
Unused credit line				\$ <u>17,645,789</u>

## (l) Bonds payable

The details of unsecured ordinary bonds were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total ordinary corporate bonds issued	\$ 5,000,000	5,000,000	-
Unamortized discounted bonds payable	<u>(7,367)</u>	<u>(8,217)</u>	-
Bonds payable balance at year-end	<u>\$ 4,992,633</u>	<u>4,991,783</u>	-
		<b>For the three months ended June 30 2021</b>	<b>For the six months ended June 30 2021</b>
Interest expense		<u>\$ 10,771</u>	<u>21,429</u>

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:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current	<u>\$ 112,682</u>	<u>105,132</u>	<u>101,011</u>
Non-current	<u>\$ 264,882</u>	<u>275,205</u>	<u>229,585</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expenses on lease liabilities	<u>\$ 3,597</u>	<u>3,914</u>	<u>7,218</u>	<u>8,193</u>
Expenses relating to short-term leases	<u>\$ 8,564</u>	<u>14,579</u>	<u>17,196</u>	<u>19,670</u>

(Continued)

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

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

	<b>For the six months ended</b>	
	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 79,149</u>	<u>76,082</u>

(i) Real estate leases

The Group leases land and buildings for its office space, factory and employee dormitory. The leases of office space typically run for a period of 1 to 10 years, factory for 5 years, and of employee dormitory for 2 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

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

(n) Employee benefits

(i) Defined benefit plans

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating expense	<u>\$ 212</u>	<u>206</u>	<u>418</u>	<u>299</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan for the three months and six months ended June 30, 2021 and 2020 were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating cost	\$ 12,856	8,426	24,857	16,145
Operating expenses	<u>9,410</u>	<u>8,317</u>	<u>18,691</u>	<u>16,275</u>
	<u>\$ 22,266</u>	<u>16,743</u>	<u>43,548</u>	<u>32,420</u>

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

(o) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current tax expense	635,414	378,272	1,104,221	750,034
Deferred tax expense	-	173,724	-	173,724
Income tax expense	<b>\$ 635,414</b>	<b>551,996</b>	<b>1,104,221</b>	<b>923,758</b>

(ii) There were no income tax expense recognized in other comprehensive income for the six months ended June 30, 2021 and 2020.

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

(p) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the six months ended June 30, 2021 and 2020. For the related information, please refer to the note 6(n) of the consolidated financial statements for the year ended December 31, 2020.

(i) Common shares

The Company issued 204 thousand new shares of common shares with the amounts of \$3,237 thousand for the execution of employee stock options for the six months ended June 30, 2020. All proceeds from outstanding shares have been collected and all related registration procedures had been completed. There was no such transaction for the six months ended June 30, 2021.

(ii) Retained earnings

The Company's article 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.

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

1) Legal reserve

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

2) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of earning in 2020 has reached the statutory resolution threshold through electronic voting on June 13, 2021 and was approved during shareholders' meeting held on July 8, 2021. In addition, the appropriation of earnings in 2019 was approved during the shareholders' meeting held on June 15, 2020. The amounts of dividends distributed to owners were as follows:

	2020	2019
Dividends distributed to ordinary shareholders		
Cash	\$ 5,594,905	4,021,131

(iii) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2021	\$ (237,894)
Exchange differences on translation of foreign financial statements	(139,162)
Balance on June 30, 2021	\$ (377,056)
Balance on January 1, 2020	\$ 53,914
Exchange differences on translation of foreign financial statements	(94,258)
Balance on June 30, 2020	\$ (40,344)

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

(q) Share-based payment

There were no significant changes of share-based payment during the periods from January 1 to June 30, 2021 and 2020. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2020.

(r) Earnings per share

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Basic earnings per share:				
Profit attributable to common shareholders of the Company	\$ <u>2,308,554</u>	<u>2,169,294</u>	<u>4,007,576</u>	<u>3,631,799</u>
Weighted-average common stock outstanding (in thousands)	<u>174,841</u>	<u>174,838</u>	<u>174,841</u>	<u>174,783</u>
	<u>\$ 13.20</u>	<u>12.41</u>	<u>22.92</u>	<u>20.78</u>
Diluted earnings per share:				
Profit attributable to common shareholders of the Company	\$ <u>2,308,554</u>	<u>2,169,294</u>	<u>4,007,576</u>	<u>3,631,799</u>
Weighted-average common stock outstanding (in thousands)	174,841	174,838	174,841	174,783
Effect of potentially dilutive common stock (in thousands):				
Employee compensation	271	300	525	593
Employee stock option	-	-	-	1
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>175,112</u>	<u>175,138</u>	<u>175,366</u>	<u>175,377</u>
	<u>\$ 13.18</u>	<u>12.39</u>	<u>22.85</u>	<u>20.71</u>

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

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<u>Primary geographical markets</u>				
America	\$ 37,084,332	37,751,135	65,532,356	66,463,859
Europe	9,781,485	9,479,363	17,522,149	14,671,766
Asia	4,026,064	4,039,352	6,590,990	4,635,181
Other	300,986	801,081	837,664	1,437,249
	<u>\$ 51,192,867</u>	<u>52,070,931</u>	<u>90,483,159</u>	<u>87,208,055</u>
<u>Major products</u>				
Hyperscale data center	<u>\$ 51,192,867</u>	<u>52,070,931</u>	<u>90,483,159</u>	<u>87,208,055</u>

(ii) Contract balance

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Accounts receivable	\$ 16,413,743	7,829,267	15,015,761
Accounts receivable – related parties	19,986	340,218	430,042
Less: loss allowance	(39,185)	(2,185)	(8,672)
	<u>\$ 16,394,544</u>	<u>8,167,300</u>	<u>15,437,131</u>
	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Contract liabilities – provisions for warranty	<u>\$ 2,829,791</u>	<u>2,297,417</u>	<u>1,257,189</u>

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

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

The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There was no significant changes during the current period.

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

(t) Employee's and directors' compensation

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

- (i) No less than 5% of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.
- (ii) No more than 1% of profit as the compensation in cash to the Directors.

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Employees' compensation	\$ 155,500	144,000	270,000	241,000
Directors' compensation	5,650	6,250	12,513	10,000
	<b><u>\$ 161,150</u></b>	<b><u>150,250</u></b>	<b><u>282,513</u></b>	<b><u>251,000</u></b>

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

For the years ended December 31, 2020 and 2019, the employees' compensation amounted to \$571,500 thousand and \$407,000 thousand, respectively, and directors' compensation amounted to \$25,025 thousand and \$18,174 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the board of directors resolved for 2021 and 2020. The related information can be available on Market Observation Post System Website.

(u) Non-operating income and expenses

(i) Interest income

The details of Interest income were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ <b><u>19,570</u></b>	<b><u>5,628</u></b>	<b><u>32,913</u></b>	<b><u>18,001</u></b>

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

## (ii) Other income

The details of other income were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Others	<u>\$ 16</u>	<u>16</u>	<u>31</u>	<u>31</u>

## (iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Foreign exchange losses, net	\$ (14,114)	(199,883)	(72,737)	(175,409)
Gains on valuation of financial assets and liabilities at fair value	24,892	71,720	13,878	178,939
Others	<u>5,681</u>	<u>593</u>	<u>6,331</u>	<u>(7,352)</u>
	<u>\$ 16,459</u>	<u>(127,570)</u>	<u>(52,528)</u>	<u>(3,822)</u>

## (iv) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest expenses				
Bank loans	\$ (57,606)	(72,389)	(101,482)	(180,190)
Bonds payable	(10,771)	-	(21,429)	-
Others	<u>(3,597)</u>	<u>(3,914)</u>	<u>(7,218)</u>	<u>(8,193)</u>
Total	<u>\$ (71,974)</u>	<u>(76,303)</u>	<u>(130,129)</u>	<u>(188,383)</u>

## (v) 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, 2020.

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

(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 June 30, 2021, December 31 and June 30, 2020, 91.15%, 87.83% and 74.86% of the Group's accounts receivable were concentrated on 3, 2 and 2 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

For credit risk exposure of accounts receivables, 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 June 30, 2021, December 31 and June 30, 2020, the other receivable were not accrue any loss allowance.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>June 30, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 16,805,610	16,818,692	16,818,692	-	-	-
Bonds payable	4,992,633	5,178,734	41,500	41,500	5,095,734	-
Notes and accounts payable (including related parties)	7,979,500	7,979,500	7,979,500	-	-	-
Other payables (including related parties)	8,208,469	8,208,469	8,208,469	-	-	-
Lease liabilities (including current and non-current)	<u>377,564</u>	<u>387,104</u>	<u>117,126</u>	<u>118,613</u>	<u>146,764</u>	<u>4,601</u>
Subtotal	<u>38,363,776</u>	<u>38,572,499</u>	<u>33,165,287</u>	<u>160,113</u>	<u>5,242,498</u>	<u>4,601</u>
Derivative financial liabilities						
Foreign currency forward contracts:						
Outflow	<u>6,812</u>	<u>6,812</u>	<u>6,812</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>6,812</u>	<u>6,812</u>	<u>6,812</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 38,370,588</u>	<u>38,579,311</u>	<u>33,172,099</u>	<u>160,113</u>	<u>5,242,498</u>	<u>4,601</u>

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>December 31, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 5,359,504	5,363,050	5,363,050	-	-	-
Bonds payable	4,991,783	5,199,200	41,500	41,500	5,116,200	-
Notes and accounts payable (including related parties)	12,519,498	12,519,498	12,519,498	-	-	-
Other payables (including related parties)	2,660,263	2,660,263	2,660,263	-	-	-
Lease liabilities (including current and non-current)	380,337	398,021	109,365	109,684	176,438	2,534
Total	<u>\$ 25,911,385</u>	<u>26,140,032</u>	<u>20,693,676</u>	<u>151,184</u>	<u>5,292,638</u>	<u>2,534</u>
<b>June 30, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 7,270,329	7,278,063	7,278,063	-	-	-
Notes and accounts payable (including related parties)	19,884,187	19,884,187	19,884,187	-	-	-
Other payables (including related parties)	7,364,455	7,364,455	7,364,455	-	-	-
Lease liabilities (including current and non-current)	330,596	361,108	104,386	82,214	171,159	3,349
Subtotal	<u>34,849,567</u>	<u>34,887,813</u>	<u>34,631,091</u>	<u>82,214</u>	<u>171,159</u>	<u>3,349</u>
Derivative financial liabilities						
Foreign currency swap contacts:						
Outflow	2,658,240	2,658,240	2,658,240	-	-	-
Inflow	2,647,296	2,647,296	2,647,296	-	-	-
Carrying amount	<u>10,944</u>	<u>10,944</u>	<u>10,944</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:						
Outflow	6,387	6,387	6,387	-	-	-
Carrying amount	<u>6,387</u>	<u>6,387</u>	<u>6,387</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>17,331</u>	<u>17,331</u>	<u>17,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 34,866,898</u>	<u>34,905,144</u>	<u>34,648,422</u>	<u>82,214</u>	<u>171,159</u>	<u>3,349</u>

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

(iii) Market risk

1) Currency risk

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

	<u>June 30, 2021</u>			<u>December 31, 2020</u>			<u>June 30, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 697,640	27.870	19,443,234	665,825	28.508	18,981,330	757,019	29.660	22,453,170
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	675,592	27.870	18,828,758	539,019	28.508	15,366,366	486,359	29.660	14,425,395

(Continued)

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

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 six months ended June 30, 2021 and 2020, the net income would be changed by \$24,579 thousand and \$321,111 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three-months ended June 30, 2021 and 2020, and six-months ended June 30, 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(14,114) thousand, \$(199,883) thousand, \$(72,737) thousand and \$(175,409) 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 \$5,482 thousand and \$4,961 thousand, respectively, for the six months ended June 30, 2021 and 2020, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

(iv) Fair value information

1) Categories and fair values of financial instruments

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

(Continued)

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

June 30, 2021					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ 23,167	-	23,167	-	23,167
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	1,921,236	-	-	-	-
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	20,251,696	-	-	-	-
Accounts receivable (including related parties)	14,473,308	-	-	-	-
Other receivable (including related parties)	685,438	-	-	-	-
Other non-current assets	65,038	-	-	-	-
Subtotal	\$ 35,475,480	-	-	-	-
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 6,812	-	6,812	-	6,812
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 16,805,610	-	-	-	-
Bonds payable	4,992,633	-	-	-	-
Notes and accounts payable (including related parties)	7,979,500	-	-	-	-
Other payables (including related parties)	8,208,469	-	-	-	-
Lease liabilities (including current and non-current)	377,564	-	-	-	-
Subtotal	\$ 38,363,776	-	-	-	-
December 31, 2020					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	\$ 1,174,206	-	-	-	-
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	23,169,231	-	-	-	-
Accounts receivable (including related parties)	6,993,094	-	-	-	-
Other receivable (including related parties)	591,213	-	-	-	-
Other non-current assets	65,065	-	-	-	-
Subtotal	\$ 30,818,603	-	-	-	-
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 5,359,504	-	-	-	-
Bonds payable	4,991,783	-	-	-	-
Notes and accounts payable (including related parties)	12,519,498	-	-	-	-
Other payables (including related parties)	2,660,263	-	-	-	-
Lease liabilities (including current and non-current)	380,337	-	-	-	-
Subtotal	\$ 25,911,385	-	-	-	-

(Continued)



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

	June 30, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ 13,294	-	13,294	-	13,294
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	5,030,673	-	-	-	-
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	12,685,346	-	-	-	-
Accounts receivable (including related parties)	10,406,458	-	-	-	-
Other receivable (including related parties)	120,832	-	-	-	-
Other non-current assets	63,477	-	-	-	-
Subtotal	<u>\$ 23,276,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 17,331	-	17,331	-	17,331
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	7,270,329	-	-	-	-
Accounts payable (including related parties)	19,884,187	-	-	-	-
Other payables (including related parties)	7,364,455	-	-	-	-
Lease liabilities (including current and non-current)	330,596	-	-	-	-
Subtotal	<u>\$ 34,849,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

(Continued)

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

June 30, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	\$ 137,063	137,063	-	-	-	-
June 30, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Note payable and accounts payable	\$ 788,721	137,063	651,658	-	-	651,658
December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	\$ 419,132	419,132	-	-	-	-
December 31, 2020						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Note payable and accounts payable	\$ 9,957,345	419,132	9,538,213	-	-	9,538,213
June 30, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	\$ 1,051,183	1,051,183	-	-	-	-
June 30, 2020						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Note payable and accounts payable	\$ 11,964,880	1,051,183	10,913,697	-	-	10,913,697

(Continued)

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

(w) 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, 2020.

(x) 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, 2020. 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, 2020. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2020.

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes			June 30, 2021
			Change in lease payments	Interest expenses	Foreign exchange movement	
Short-term borrowings	\$ 5,359,504	11,597,403	-	-	(151,297)	16,805,610
Bonds payable	4,991,783	-	-	850	-	4,992,633
Lease liabilities	380,337	(54,735)	56,439	-	(4,477)	377,564
Total liabilities from financing activities	\$ <u>10,731,624</u>	<u>11,542,668</u>	<u>56,439</u>	<u>850</u>	<u>(155,774)</u>	<u>22,175,807</u>

  

	January 1, 2020	Cash flows	Non-cash changes			June 30, 2020
			Change in lease payments	Foreign exchange movement		
Short-term borrowings	\$ 8,638,393	(1,265,314)	-	(102,750)		7,270,329
Lease liabilities	398,535	(48,219)	(1,130)	(18,590)		330,596
Total liabilities from financing activities	\$ <u>9,036,928</u>	<u>(1,313,533)</u>	<u>(1,130)</u>	<u>(121,340)</u>		<u>7,600,925</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 June 30, 2021, December 31 and June 30, 2020. It own 44.85%, respectively, of all shares outstanding of the Company.

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

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech). s.r.o. (WCCZ)	Other related parties
Wistron Mexico S.A. de C.V. (WMX)	Other related parties
Cowin Worldwide Corporation (COWIN)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd (WSSG)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
International Standards Labs. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation(WZS)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron NeWeb corporation (WNC)	Other related parties
Wistron Information Technology & Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
Wistron InfoCommon Technology (Texas) corporation (WITT)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron InfoCommon Technology (America) corporation (WITX)	Other related parties
Wistron InfoCommon Mexico S.A. de C.V. (WIMX)	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 six months ended</u>		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	<u>June 30</u>	<u>June 30</u>	<u>June 30</u>	<u>June 30</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
WHQ	\$ 40,844	8,097	43,512	8,136	5,554	3,075	8,139
Other related parties	14,982	214,366	113,200	1,006,820	14,432	337,143	421,903
	<u>\$ 55,826</u>	<u>222,463</u>	<u>156,712</u>	<u>1,014,956</u>	<u>19,986</u>	<u>340,218</u>	<u>430,042</u>

(Continued)

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

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:

	<b>Purchases</b>				<b>Payables to related parties</b>		
	<b>For the three months ended</b>		<b>For the six months ended</b>		<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>June 30</b>	<b>June 30</b>	<b>June 30</b>	<b>June 30</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>			
WHQ	\$ 15,492,651	15,134,749	27,552,637	22,244,847	666,241	9,638,211	10,913,697
Other related parties	182,048	36	196,106	923	73,914	94	35
	<b>\$ 15,674,699</b>	<b>15,134,785</b>	<b>27,748,743</b>	<b>22,245,770</b>	<b>740,155</b>	<b>9,638,305</b>	<b>10,913,732</b>

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

(iii) Processing Fee

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

	<b>Processing Fee</b>				<b>Payables to related parties</b>		
	<b>For the three months ended</b>		<b>For the six months ended</b>		<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>June 30</b>	<b>June 30</b>	<b>June 30</b>	<b>June 30</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>			
WMX	\$ 331,280	287,414	629,404	502,255	220,996	119,866	79,891

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 follow:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
WHQ	\$ 86,217	280,494	143,554	386,537
Other related parties	32,077	85,691	67,450	117,693
	<b>\$ 118,294</b>	<b>366,185</b>	<b>211,004</b>	<b>504,230</b>

(Continued)

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

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

(v) Other receivables

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

	<b>Other receivables from related parties</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
WHQ	\$ 151,933	238,815	30,845
Other related parties:			
WMX	29,434	29,149	42,185
COWIN	-	-	37,683
WZS	372,561	312,583	-
WITX	128,605	-	-
Others related parties	-	7,500	658
Total	<b><u>\$ 682,533</u></b>	<b><u>588,047</u></b>	<b><u>111,371</u></b>

(vi) Other payable

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

	<b>Other payables to related parties</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
WHQ	\$ 38,296	135,802	298,481
Other related parties	45,410	12,864	91,117
Total	<b><u>\$ 83,706</u></b>	<b><u>148,666</u></b>	<b><u>389,598</u></b>

(vii) Leases

The Group signed a lease contract for five year with WNC during January 2019, and the total value of the contract was amounted to \$180,507 thousand. For the three months and the six months ended June 30, 2021 and 2020, the Group recognized its interest expense amounted to \$454 thousand, \$623 thousand, \$951 thousand and \$1,308 thousand, respectively. As of June 30, 2021, December 31 and June 30, 2020, the balance of lease liabilities was \$88,105 thousand, \$105,204 thousand and \$122,562 thousand.

(Continued)

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

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 28,797	27,518	50,945	45,866
Post-employment benefits	234	230	466	443
	<u>\$ 29,031</u>	<u>27,748</u>	<u>51,411</u>	<u>46,309</u>

**(8) Pledged assets:**

The carrying amounts of pledged assets were as follow:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Other non-current assets	Guarantee	<u>\$ 26,848</u>	<u>27,463</u>	<u>28,572</u>

**(9) Commitments and contingencies:**

- (a) Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court - East District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The litigation is still in process and a decision has yet to be made by the US Patent trial and Appeal Board.
- (b) Acqis LLC. filed a patent infringement complaint against the Company in the United States District Court - West District of Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court.

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

**(11) Subsequent events:**

In order to increase its working capital, the company applied for the issuance of the first unsecured corporate bonds amounting to \$4,450,000 thousand on July 23, 2021, with Decree No.11000076321 issued by Taipei Exchange (TPEX), and the effective registration date on July 28, 2021. On August 6, 2021, the Company was permitted to issue the above unsecured corporate bonds, with Decree No. 11000078891 issued by TPEX on August 2, 2021.

(Continued)

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

**(12) Other:**

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

By function	For the three months ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	182,915	369,351	552,266	144,715	335,693	480,408
Labor and health insurance	21,780	20,025	41,805	14,346	15,641	29,987
Pension	12,856	9,622	22,478	8,426	8,523	16,949
Remuneration of directors	-	6,005	6,005	-	6,250	6,250
Others	6,955	6,850	13,805	7,550	5,575	13,125
Depreciation	81,296	42,649	123,945	53,456	31,080	84,536
Amortization	2,965	5,469	8,434	1,879	2,162	4,041

By function	For the six months ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	351,009	743,636	1,094,645	249,516	617,027	866,543
Labor and health insurance	42,878	45,094	87,972	26,994	35,147	62,141
Pension	24,857	19,109	43,966	16,145	16,574	32,719
Remuneration of directors	-	12,868	12,868	-	10,000	10,000
Others	16,483	12,817	29,300	12,396	11,007	23,403
Depreciation	148,032	83,678	231,710	101,704	66,304	168,008
Amortization	5,815	9,842	15,657	3,020	3,673	6,693

(b) Seasonality of operations

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

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2021:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Table 1 attached.

(Continued)



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

- (iii) Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (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 2 attached.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Table 3 attached.
- (ix) Trading in derivative instruments: Please refer to the note 6(b).
- (x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 4 attached.

(b) Information on investments:

The following are the information on investments for the six months ended June 30, 2021 (excluding information on investments in mainland China): Table 5 attached.

(c) Information on investment in mainland China: Table 6 attached.

(d) Major shareholders:

Unit: Share

Shareholder's Name	Shareholding	Shares	Percentage
Wistron Corporation		78,418,129	44.85 %

**(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:

(June 30, 2021)

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 endorsement s/guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China
		Name	Relationship with the company (Note 3)										
0	The Company	WYUS	2	6,836,229	123,883	121,013	121,013	-	0.53%	11,393,716	Y	N	N
0	The Company	WYMX	2	6,836,229	185,345	152,032	152,032	-	0.67%	11,393,716	Y	N	N

(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.

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

Table 2 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:  
(June 30, 2021)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	11,985,549	32.15%	OA120	-	-	8,729,437	46.96%	(note)
"	WYJP	The Company's subsidiary	Sale	1,556,030	4.17%	OA90	-	-	943,083	5.07%	(note)
"	WYKR	The Company's subsidiary	Sale	1,025,965	2.75%	OA90	-	-	497,101	2.67%	(note)
"	WYHK	The Company's subsidiary	Sale	296,091	0.79%	OA90	-	-	210,220	1.13%	(note)
"	WYKS	The Company's subsidiary	Sale	213,394	0.57%	OA90	-	-	6,427	0.03%	(note)
"	WHQ	The Company's parent company	Purchase	27,492,535	84.66%	OA45	-	-	(651,658)	(19.32%)	-
"	WYUS	The Company's subsidiary	Purchase	1,251,423	3.85%	OA90	-	-	(968,531)	(28.71%)	(note)
"	WSSG	The Company's other related company	Purchase	155,339	0.48%	YA60	-	-	(33,813)	(1.00%)	-
WYUS	The Company	WYUS's parent company	Sale	1,251,423	1.94%	OA90	-	-	968,531	12.40%	(note)
"	The Company	WYUS's parent company	Purchase and Service cost	11,985,549	17.04%	OA120	-	-	(8,729,437)	(61.08%)	(note)
"	WMX	WYUS's other related company	Processing fee	629,404	0.89%	OA90	-	-	(220,996)	(1.55%)	-
WYJP	The Company	WYJP's parent company	Purchase	1,556,030	100.00%	OA90	-	-	(943,083)	(100%)	(note)
WYKR	The Company	WYKR's parent company	Purchase	1,025,965	100.00%	OA90	-	-	(497,101)	(100%)	(note)
WYHK	The Company	WYHK's parent company	Purchase	296,091	100.00%	OA90	-	-	(210,220)	(100%)	(note)
WYKS	The Company	WYKS's parent company	Purchase	213,394	100.00%	OA90	-	-	(6,427)	(100%)	(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 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:  
(June 30, 2021)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
<b>Account Receivables</b>									
The Company	WYUS	The Company's subsidiary	8,729,437	240.04%	178	Collecting	-	-	(note)
"	WYJP	The Company's subsidiary	943,083	373.71%	-	-	370,990	-	(note)
"	WYKR	The Company's subsidiary	497,101	687.22%	-	-	-	-	(note)
"	WYHK	The Company's subsidiary	210,220	416.06%	-	-	-	-	(note)
WYUS	The Company	WYUS's parent company	968,531	443.59%	-	-	-	-	(note)
<b>Other Receivables</b>									
The Company	WYUS	The Company's subsidiary	253,947	-	-	-	-	-	(note)
"	WZS	The Company's other related company	372,561	-	-	-	-	-	-
WYUS	The Company	WYUS's parent company	881,135	-	-	-	-	-	(note)
"	WHQ	The Company's parent company	101,831	-	-	-	-	-	-
"	WITX	WYUS's other related company	126,720	-	-	-	-	-	-

(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 4 Significant intercompany transactions and business relationships between parent company and its subsidiaries:

(June 30, 2021)

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	11,985,549	OA120	13.25%
0	"	WYJP	1	Sale	1,556,030	OA90	1.72%
0	"	WYKR	1	Sale	1,025,965	OA90	1.13%
0	"	WYHK	1	Sale	296,091	OA90	0.33%
0	"	WYKS	1	Sale	213,394	OA90	0.24%
1	WYUS	WYHQ	2	Sale	1,251,423	OA90	1.38%
0	The Company	WYUS	1	Account receivable	8,729,437	OA120	13.21%
0	"	WYJP	1	Account receivable	943,083	OA90	1.43%
0	"	WYKR	1	Account receivable	497,101	OA90	0.75%
0	"	WYHK	1	Account receivable	210,220	OA90	0.32%
0	"	WYKS	1	Account receivable	6,427	OA90	0.01%
1	WYUS	WYHQ	2	Account receivable	968,531	OA90	1.47%

Note 1: relationship:

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

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

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

**WIWYNN CORPORATION AND SUBSIDIARIES**  
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Table 5 Information on investments (excluding investees in mainland China):

The following are the information on investees for January 1 to June 30, 2021 (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 June 30, 2021			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				June 30, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of data storage equipment	6,620	6,620	-	100.00%	174,732	33,024	33,024	(Note)
"	WYUS	U.S.A	Sales of data storage equipment	5,021,581	5,021,581	169,010	100.00%	5,026,290	81,142	81,142	(Note)
"	WYHK	Hong Kong	Investing activities and sale of data storage equipment	12,181	12,181	400	100.00%	201,115	13,569	13,569	(Note)
"	WYKR	South Korea	Sales of data storage equipment	2,903	2,903	20	100.00%	103,918	25,358	25,358	(Note)
"	WYMY	Malaysia	Sales of data storage equipment	15,109	15,109	2,050	100.00%	13,100	(83)	(83)	(Note)
"	WYMX	Mexico	Human resources service provision	49,285	49,285	31,053	100.00%	35,650	(2,200)	(2,200)	(Note)
"	LiquidStack Holding B.V.	Netherlands	Sales and R&D of data storage equipment	276,609	-	1,000	20.00%	269,005	(36,855)	(7,371)	-

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

**WIWYNN CORPORATION AND SUBSIDIARIES**  
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Table 6 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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Net income (loss) of the investee	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
WYKS	Sales of data storage equipment	10,659	2	10,659 (Note 1)	-	-	10,659	6,964	100.00%	6,964	84,224	-	(Note 5)

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of June 30, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	9,755(USD 350,000)	13,672,459

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

(Note 2) Ways to invest in mainland China:

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

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

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

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

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

(Note 6) Translated using the ending rates on June 30, 2021.

(iii) Significant transactions

For the six months ended June 30, 2021, 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".