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Wiwynn Corporation
2022 Annual Report

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Wiwynn Annual Report is available at http://www.wiwynn.com/zh-hant/

Published Date: April 28, 2023

1. The name, title, telephone number, and e-mail address of the spokesman or acting spokesman

Spokesman
Name : Emily Hong
Title : Vice Chairman and CEO
Tel : 886-2-6615-8888
Mail : IR@wiwynn.com
Acting spokesman
Name : Harry Chen
Title : CFO
Tel : 886-2-6615-8888
Mail : IR@wiwynn.com

2. The address and telephone number of Wiwynn corporation's headquarters, branch offices, and factories

Headquarter
Address : 8F., No.90, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221411, Taiwan (R.O.C)
Tel : 886-2-6615-8888
Tainan Branch
Address : 4F., No. 8, Beiyuan 3rd Rd., Anding Dist., Tainan City 745093, Taiwan (R.O.C.)
Tel : 886-6-6013588
Tainan Plant
Address : 3F., No. 8, Beiyuan 3rd Rd., Anding Dist., Tainan City 745093, Taiwan (R.O.C.)
Tel : 886-6-6013588
Kaohsiung Plant
Address : Room 1&2, 1F., No. 5, Luke 3rd Road, Luzhu District, Kaohsiung City, Taiwan (R.O.C.)
Tel : 886-6-6013588

3. The name, address, e-mail address, and telephone number of the agency handling shares transfer

Name: Stock Transfer Agent Department of Yuanta Securities Co., Ltd.
Address : B1F., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
Website : http://www.yuanta.com.tw
Tel : +886-2-2586-5859

4. The address and contact information of Auditing CPA in 2020

Auditors : CHIA-CHIEN TANG, MING-HUNG HUANG
Name of office : KPMG Accounting Firm
Address : 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Website : http://www.kpmg.com.tw
Tel : 886-2-8101-6666

5. **Overseas Securities Exchange:** None.

6. **Wiwynn Corporate Website**: http://www.wiwynn.com/zh-hant/

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1. LETTER TO SHAREHOLDERS

1.1 Operating performance in previous fiscal year (2022)

(1) Implementation of business plans

Retrospect to the changes of global political and economic environments in 2022, the world is facing more uncertainty and challenges under the impact of Russia-Ukraine War, the pandemic, the change of supply long chain and short chain, and the pressure of inflation and lift rates. The primary goal for enterprises in the era of rapid change is definitely the capability of agile and flexible response. The Company carries the belief of “Excellence”, “Pioneering”, “Team-Spirit”, “Agility”, and “Integrity” as our core values to move forward steadily and continue pursuing sustainable development.

The Company formulates the global strategy by forward-thinking. After initiating phase 1 construction for our Malaysia Plant by the end of 2021, phase 2 was commenced in 2022. The construction is estimated to be completed in the next two to three years for formal production. Mexican Plant and Southern Taiwan Science Park Plant are going to be expanded for increasing 50% of total capacity. Other than maintaining operational stability and flexibility, we also consider geopolitical factors for risk diversification in order to provide services with efficiency to customers.

The Company continues pursuing excellence and was awarded “Sustainable Report Golden Award” by Taiwan Corporate Sustainability Awards (TCSA), “2022 Taiwan Best-in-Class 100” by Taiwan Institute of Directors (TWIOD), “Top 10% Outstanding Enterprises in Occupational Health and Safety” by Occupational Safety and Health Administration, MOL, and “BSI 2022 Sustainable Resilience- Excellence Award” this year. Our performance in environmental protection, social responsibility, and corporate governance has been highly recognized.

“Unleash the Power of Digitalization, Ignite the Innovation of Sustainability” is the vision that the Company is dedicated to achieve. In terms of sustainable development, we continuously innovate and develop sustainable products, and we participate in the Carbon Disclosure Project (CDP). Our goal of reducing carbon emissions has been officially approved by the Science-Based Targets initiative (SBTi).

As for the action of purchasing renewable energy, we carried out full implementation of green energy utilization in our Taipei Office in Q4, 2022 to fulfill our commitment in using green energy with actual actions. Besides, the Company also worked with financial institutions for Sustainability-linked Loan for the first time. We established the goal of sustainable performance, regularly inspected the actual performance, fulfilled the responsibilities to environment and the society in order to implement our commitment and determination on sustainable development.

Moreover, “Ocean Hugs”, an ocean environment and ecological common good scheme, initiated by the Company in 2021 to promote coastal forest planting and internal break free from plastics is still carrying on. Up to today, we have planted more than 6,000 saplings in the coastal line along Ilan and Tainan. All of our employees have implemented rubbish classification and reduction in the office areas to provide our determination on environmental care and protection.

(2) Budget implementation

It is not applicable because the Company did not publish financial forecast in 2022.

(3) Financial revenue & expenditure and profitability analysis

The Company's consolidated operating revenue in 2022 was NT$ (the same below) 292,876,040 thousand and increased 52.0% from that in the previous year. The net profit after tax was 14,174,709 thousand with an increase of 63.9% from the previous year, which was a record high. The gross profit margin, operating margin, and net profit margin was 8.2%, 6.1%, and 4.8% respectively while the basic earnings per share (EPS) was 81.07 which hits a record high.

(4) Research and development status

The Company continues R&D on servers and using central processing units (CPUs) of different structures to satisfy the application demands from different customers. Products of AI server have started to ship out in 2022. In terms of heat dissipation technology, our two-phase immersion cooling technology integrates servers and liquid cooling equipment. It can assist customers in reducing power usage effectiveness and developing sustainable data centers. In addition, the Company promotes the technology of liquid cooling plates and chip packaging and expects to bring heat dissipation solutions with higher efficiency.

1.2 Summary of business plan for this fiscal year (2023)

(1) Business objectives

Other than maintaining the market share of the main customers, the Company participates in OCP Global Summit, CloudFest, and O-RAN Plugfest actively in order to achieve long-term business stability and growth. We display the latest product and innovative technology developed by the Company, strengthen technical image of Wiwynn, maintain good interaction with key partners and potential customers, continue developing the current market of large data centers, and closely track the technology of AI, IoT, edge computing, and 5G as well as devote resources to relevant application areas.

(2) Sales forecast and accordance

It is not applicable because the Company did not publish any financial forecast.

(3) Important production and marketing policies

The company's production and marketing policies focus on services close to customers' needs as our main consideration. We provide integrated services to satisfy customers' demands. In order to achieve this purpose, the Company established our global presence with a forward-thinking approach. Other than planning to enhance production capacities in Malaysian Plant, Mexican Plant, and Taiwan Southern Science Park Plant to maintain stability and flexibility of operation, we also consider geopolitical factors for risk diversification in order to provide close services to customers. Besides, the Company works hard to achieve localization in talent cultivation and strengthen the core capabilities in production and marketing to become an essential working partner for our customers. The Company also continues developing innovative sustainable products, assisting customers in reducing power usage effectiveness, developing sustainable data centers, fulfilling our responsibility to environment and the society in order to implement our commitment and determination in sustainable development.

1.3 Development strategy in the future

The Company's long-term goal in the future will still be ODM direct sales and will work closer with open communities to continue developing diverse hardware design among OCP communities. With the continuous improving and developing of open architecture, it pushes the Company entering the further application field that provided by 5G infrastructure.

The Company continues developing power converter and cooling solution with high-efficient energy saving and carbon reduction in order to provide the optimal new product and technology to various workloads in hyperscale data centers so that the centers will have the best total cost of ownership. Besides, we work with partners possessing key technology and global software manufacturers closely for the rapid implementation of the latest technology to respond fast-growing market demands. We also actively investing in high performance computing, power supply and high-efficient heat dissipation solutions, and software-defined & application efficiency management as well as in deep learning and artificial intelligence to provide various AI server solutions.

In terms of collaborative development related to network functions virtualization infrastructure (NFVI), we hope to extend server products to wider application areas and continue working with network communities, telecom operators, equipment providers, and the third-party service developers to provide them open or optimal solutions and speed up their time in developing, deploying, or upgrading network.

The Company also develops a series of products of carrier-class edge computing with general functions so that cloud service providers can easily arrange edge servers with telecom cloud computing functions to provide customers diverse options in different areas. While servers are extending to edge computing, the Company installs components with the function of AI computing in edge servers in order to ensure edge server implementing applications related to AI processing. We further push services provided by cloud centers a huge step to edge computing to lower latency and ensure cloud services closers to end users.

The Company will also make good preparation for 6G in the future by investing personnel to participate in international organizations related to 6G at home and abroad, understanding the development direction of 6G industry, and implement an early arrangement in advance technology, hoping to continue leading domestic industries to involve with leading market of 6G and obtain a leading position in the early stage of 6G development.

1.4 Impact from external competitive environment, regulatory environment, and macroeconomic condition

Looking into the coming year, inflation and the lift interest rate of capital funds will hold up economic development while demographic structure and climate change causing long risks in the society and environment as well as the development of AI technology application bringing business opportunities and challenges. The Company will continue investing in R&D of talents and products, expansion of production capacity, and our goals of development to continue moving forward boldly and cautiously.

Chairman: Simon Lin

2. COMPANY PROFILE

2.1 Date of incorporation: March 3, 2012

2.2 Brief account of the Company (the latest fiscal year and up to the publication date of annual report in the current year)

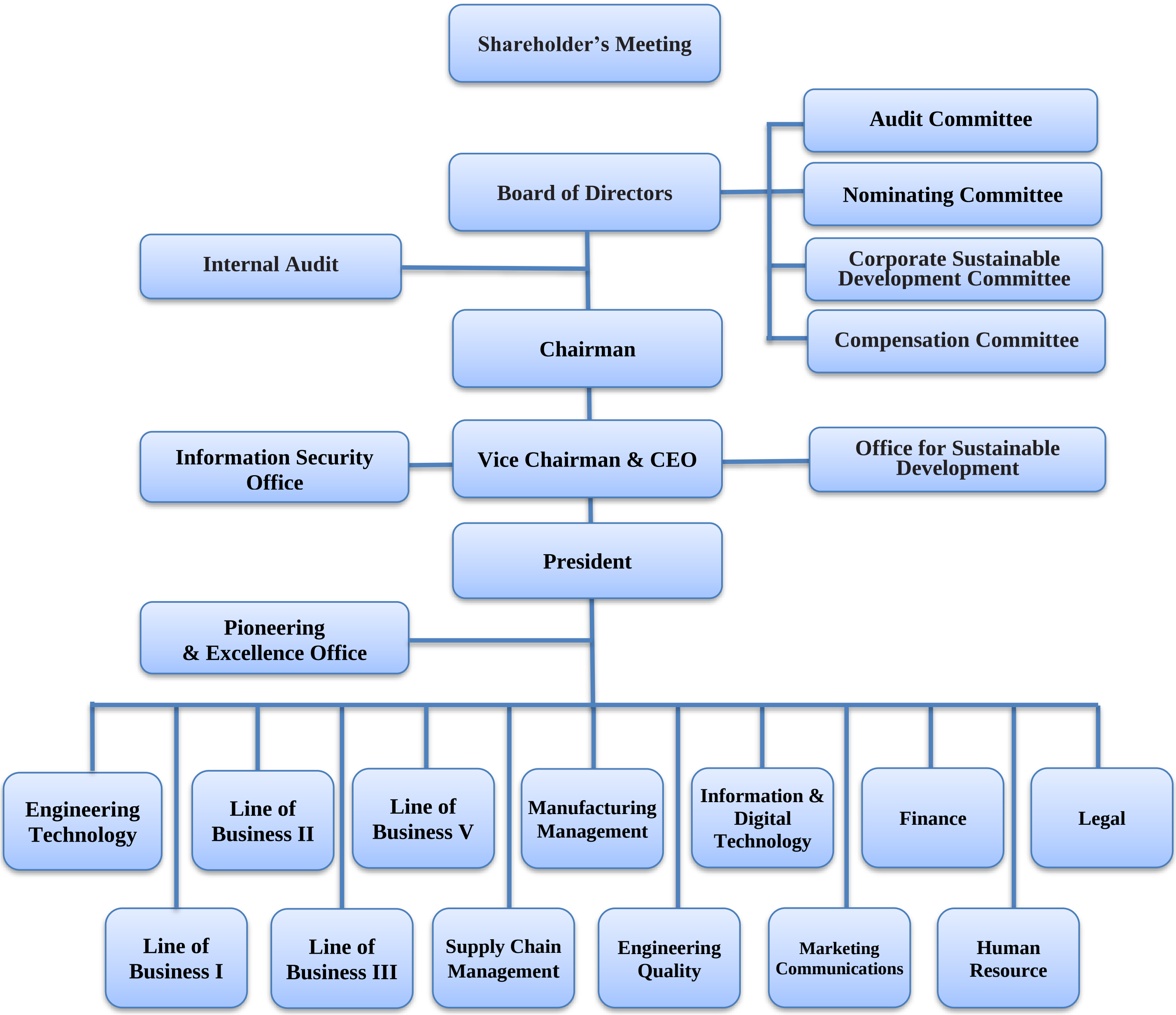
Year	Milestones
2021	1. Enhanced the timeliness and transparency of information and announced the pre-auditing profit and loss for Q4 of 2020 and for 2020 in January. 2. Established Corporate Sustainable Development Committee. 3. Invested in LiquidStack to establish strategic partner relationship in order to speed up the development of liquid cooling technology. 4. Approved seasoned equity offering to our Malaysia branch company, Wiwynn Technology Service Malaysia SDN. BHD. through the resolution of Meeting of Board of Directors. 5. Launched new generation servers, Edge Server ES200 and Cloud Server SV310G4 and SV5100G4, to enhance the operational performance of the cloud and edge data center in order to grasp the business opportunities in the flourishing could and edge application area. 6. Awarded the 1st Digital Transformation Awards and became the pioneer and model of enterprise comprehensive digital transformation. 7. Selected Malaysia to establish the whole rack server assembly plant, and it is our first self-run production base in Asia Pacific. Intelligent manufacturing skills will be introduced to the construction of the new plant, and we aim for the highest standard of green building index in Malaysia to create a green factory. It considers both the sustainable development of the environment and production efficiency to set up an index for high standard for the industry. 8. Our General Manager, Sunlai Chang, was awarded 2021 Outstanding ICT Elite Award.
2022	1. Approved seasoned equity offering to our Malaysia branch company, Wiwynn Technology Service Malaysia SDN. BHD. and American branch company, Wiwynn International Corporation through the resolution of Meeting of Board of Directors. 2. Participated in “Big 5G 2022” to present performance of Open RAN and edge computing applications. 3. Purchased green energy from AcBel Polytech. Inc. It established the foundation of using green energy. While the Company is expanding our business, we can make provisional preparation for continuous rising demands in green energy and move towards to the goal of net zero emission in 2050. 4. Demonstrated sustainable energy-saving technology for advanced computing and data centers through technical modules OCP Global Summit 2022. 5. Awarded “Sustainable Report Level A Award” by Taiwan Corporate Sustainability Awards (TCSA), “Top 10% Outstanding Enterprises in Occupational Health and Safety” by Occupational Safety and Health Administration, MOL, “2022 Taiwan Best-in-Class 100” by Taiwan Institute of Directors (TWIOD), and “BSI 2022 Sustainable Resilience-Excellence Award”, showing our performance in environmental

Year	Milestones
	protection, social responsibility, and corporate governance highly recognized by institutions at home and abroad. 6. Awarded BSI 2022 Sustainable Resilience Excellence Award by British Standards Institution. We were active in implementing UN SDGs, and our performance in ESG obtained international recognition. 7. Assisted the key telecommunications company in Poland, Hawe Telekom, to launch new-generation CDN network and implement ES200 that was with the most powerful computing capability among OCP openEDGE project to fulfill rapid data processing and high-frequency network connection. 8. Worked with Japanese MUFG Bank for the first time for sustainable financial loan and signed a sustainability-linked loan of NT$1.5 billion for the collaboration of achieving the implementation and commitment of green sustainable development. 9. Established Nominating Committee.
2023 (up to the publication date of the annual report)	1. Approved seasoned equity offering to our Malaysia branch company, Wiwynn Technology Service Malaysia SDN. BHD. and American branch company, Wiwynn International Corporation through the resolution of Meeting of Board of Directors. 2. Active in arranging and implementing UN Sustainable Development Goals (SDGs), continuing developing innovative sustainable products, establishing goals of carbon reduction and adaptation of green energy, and being formally approved by Science Based Target initiative (SBTi) to link with the international path of carbon reduction.

3. CORPORATE GOVERNANCE REPORT

3.1 Organization

(1) Organizational chart



(2) Department functions

Department	Functions
Internal Audit	Prepare an annual audit plan to assist managers in confirming the designed internal control system, effective and actual implementation of the design, so as to improve the organization's operations and increase its overall value. Assist the organization and its managers to assess and improve risk management, internal control and corporate governance through systematic and disciplined approaches in order to achieve the organizational goals. Assist the Audit Committee to supervise the implementation of the internal control system and corporate governance.
Sustainable Development Office	Drive ESG, corporate sustainability development performance.
Information Security Office	Define cyber security strategy and policies. Enforce cyber security management measures. Drive enhancement of systems, processes, procedures and training on Information and Cyber Security matters.
Pioneering & Excellence Office	Pioneer new technologies and business under the guidance of Wiwynn Corporate missions. Pursue effective and efficient operations across Wiwynn business operations.
Engineering Technology	Execute Engineering operations to ensure time to market & best product design quality with innovative technologies.
Line of Business I Line of Business II Line of Business III Line of Business V	Provide data centers best-in-class cloud-to-edge products and manage business optimizations for customers.
Supply Chain Management	Develop supply chain strategy for business operation in the areas of procurement, order fulfillment, supply planning, logistic management, and after services.
Manufacturing Management	Develop and integrate manufacturing technology and core competence to reach the highest level of quality and manufacture excellence. Build manufacturing capacity and resource to support business demand with geographical strategy.
Engineering Quality	Plan and execute the system-level and rack-level design quality validations. Provide after-sales engineering services and derive quality analysis/improvement plan.
Information & Digital Technology	Develop digitalization strategy and enable digital optimization initiatives. Adopt, implement, and enhance enterprise applications. Manage infrastructure operations.
Marketing Communications	Plan and execute marketing events. Production of video and publicity materials for products and PR purposes. Manage company brand and maintain external image, including website, social media, community, media exposure and third-party organization relationship. News gathering and marketing data analysis.
Finance	Manage finance, accounting, tax, budgeting, treasury, investor relations and governance affairs.
Human Resource	Build up human resource relevant management systems, overall manpower planning and development, employee welfare, and employee communication systems. Plan and implement recruitment, hiring, educational training, promotion, assessment, retirement, lay-off and general affairs related businesses.

Department	Functions
Legal	Review the Company's transaction contracts and legal documents to provide legal opinions and negotiation support. Manage the Company's dispute resolution procedures. Manage the application, protection and license matters of the Company's intellectual property. Provide legal advices for the laws and regulations change and compliance issue. Plan and implement legal trainings to all employees. Manage the Company's Privacy Policy.

3.2 Directors, supervisors, and management team

(1) Directors

March 30, 2023

Title	Nationality/ Place of Incorporation	Name	Gender	Age	Date Elected (on board)	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
								Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
Chairman	R.O.C	Wistron Corporation	N/A	N/A	2020. 06.15	3	2012. 2.20	78,418,129	44.85%	65,895,129	37.68%	0	0%	0	0%	—	—	None	None	None	None
		Wistron Corporation Representative : Simon Lin	Male	61-70 years old	2020. 06.15	3	2012. 2.20	-	-	5,005,111	2.86%	0	0%	0	0%	Bachelor of National Chiao University President of Acer Inc.	Note 1	None	None	None	None
Vice Chairman	R.O.C	Emily Hong	Female	61~70 years old	2020. 06.15	3	2015. 05.22	2,613,624	1.49%	2,944,624	1.68%	307,968	0.18%	0	0%	The Alumni Association of Executives Program, Graduate School of Business Administration, National Chengchi University Bachelor of Political Science, National Taiwan University General Manager of Enterprise Product Division and Cloud Business Division in Wistron Corp. Vice General Manager in Acer Inc.	Note 2	None	None	None	None
Director	R.O.C	Wistron Corporation	N/A	N/A	2020. 06.15	3	2012. 2.20	78,418,129	44.85%	65,895,129	37.68%	0	0%	0	0%	—	—	None	None	None	None
		Wistron Corporation Representative : Frank Lin	Male	61~70 years old	2020. 06.15	3	2012.2.20 First Appointment 2014.7.22 Change to Authorized Representative	-	-	200,980	0.12%	0	0%	0	0%	Bachelor of Accounting, Feng Chia University Chief Financial Officer of Acer Inc.	Note 3	None	None	None	None
Director	R.O.C	Sunlai Chang	Male	61~70 years old	2020. 06.15	3	2017. 05.31	738,235	0.42%	490,235	0.28%	282,000	0.16%	0	0%	PhD., University of Maryland, College Park. Bachelor of Science in Mechanical Engineering, National Taiwan University Director of Mechanical Design, Enterprise Business Division in Wistron Corp.	Note 4	None	None	None	None
Director	R.O.C	Steven Lu	Male	51~60 years old	2020. 06.15	3	2019. 06.25	340,455	0.19%	340,455	0.19%	185,000	0.11%	0	0%	Master of Business Administration, The Fuqua School of Business, Duke University Bachelor and Master of Science in Computer Science & Information Engineering, National Taiwan University Senior Manager of Enterprise Business Division in Wistron Corp. Senior Director of Server and Storage Group in Acer Inc.	Note 5	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Age	Date Elected (on board)	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
								Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
Independent Director	R.O.C	Charles Kao	Male	61~70 years old	2020. 06.15	3	2020. 06.15	0	0%	0	0%	0	0%	0	0%	Engineering, North Carolina State University Chairman of Inotera Memories, Inc. General Manager of Nanya Technology Corporation	Note 6	None	None	None	None
Independent Director	R.O.C	Simon Zeng	Male	61~70 years old	2020. 06.15	3	2018. 01.17	0	0%	0	0%	0	0%	0	0%	PhD in Accounting, Drexel University MBA in Finance, Drexel University Bachelor of Business Administration, National Taiwan University Executive Vice President of Mega Financial Holding Corp. Chairman of Mega Bills Finance Co., LTD. Executive Vice President of China Development Financial Holding Corp. and President of China Development Industrial Bank	Note 7	None	None	None	None
Independent Director	R.O.C	Cathy Han	Female	51~60 years old	2020. 06.15	3	2018. 01.17	0	0%	0	0%	0	0%	0	0%	MBA, University of Connecticut Senior Vice President of Principal Investment Department, China Development Industrial Bank Executive Vice President of Business Development Department, CDIB Capital Group Supervisor of CDIB Capital Management Corporation Supervisor of CDIB Capital Healthcare Ventures Limited Director of CDIB Private Equity (China) Corporation	Note 8	None	None	None	None
Independent Director	R.O.C	Victor Cheng	Male	71~80 years old	2020. 06.15	3	2019. 06.25	0	0%	0	0%	0	0%	0	0%	SJD, Stanford University Bachelor, School of Law, Soochow University Professor, National Taiwan University of Science and Technology Professor, School of Law, Shih Hsin University Director and Dean, Institute of Intellectual Property, Shih Hsin University Legal supervisor in Acer Inc.	Note 9	None	None	None	None

Note 1: Chairman & Chief Strategy Officer of Wistron Corporation, Chairman of Wistron Green Energy Holding Co., Ltd., Director of Gamania Digital Entertainment Co., Ltd., Independent Director of Elan Microelectronics Corp., and Independent Director of Powerchip Semiconductor Manufacturing Corp.

Note 2: Vice Chairman & CEO of Wiwynn Corporation. Other positions in subsidiaries are specified on page 129.

Note 3: Chief of Staff Officer of Wistron Corporation, Director of Wistron NeWeb Corp., Director of Wistron ITS Corp., Director of Changing Information Technology Inc., Director of IP Fund Six, Director of Join-Link International Technology Co., Ltd., Director of Maya International Co., Ltd., Director of Wistron Medical Tech Holding Company, Director of Wistron Digital Technology Holding Company, Director of Wistron Medical Tech

Corporation, Director of Pell Bio-Med Technology Co., Ltd., Director of Wistron Green Energy Holding Co., Ltd., Director of Hartec Asia Pte. Ltd., Director of Hukui Biotechnology Corporation, Chairman of Wise Cap Limited Company, Chairman of WLB Ltd., Chairman of WiseCap (Hong Kong) Limited, Director of B-Temia Asia Pte. Ltd., and Supervisor of Enrich Technology Corp.

Note 4: President of Wiwynn Corporation and Director of LiquidStack Holding B.V. Other positions in subsidiaries are specified on page 129.

Note 5: Senior Vice President of Wiwynn Corporation. Other positions in subsidiaries are specified on page 129.

Note 6: Chairman of ION Electronic Materials Co., Ltd. (Taiwan) and Independent Director of Hauman Technologies Corporation.

Note 7: Chairman of Hopewell Asset Management, Inc., Chairman of Hopewell Investments, Inc., Chairman of Capstone Investments, Inc., Chairman of Formacell Inc., Independent Director of E&E Recycling, Inc., Director of Jinwen University of Science and Technology.

Note 8: Independent Director of AUO Corporation, Independent Director of Macroblock Inc, and Independent Director of Apacer Technology Inc.

Note 9: Director of Throughtek Co., Ltd., and Independent Director of Yodn Lighting Corp.

Major shareholders of the institutional shareholders

April 17,2023

Name of Institutional Shareholders	Major Shareholders	%
Wistron Corporation	Yuanta Taiwan Dividend Plus ETF	4.68%
	Labor Pension Fund	2.47%
	Acer Incorporated	1.89%
	J.P. Morgan Securities PLC	1.63%
	Fubon Taiwan high dividend 30 ETF	1.62%
	Taipei Fubon Bank Trust Account (employee share ownership trust)	1.49%
	BNP Paribas Arbitrage S.N.C.	1.49%
	Lin Hsien-Ming	1.47%
	Taipei Fubon Bank Trust Account (employee restricted stock awards)	1.38%
	Fubon Life Insurance Co., Ltd.	1.38%

Major shareholders of the Company’s major institutional shareholders

April 8,2023

Name of Institutional Shareholders	Major Shareholders	%
Acer Incorporated	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Fund under the custody of Taishin Bank	7.64%
	Hung Rouan Investment Corp.	2.42%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.31%
	iShares ESG Aware MSCI EM ETF	1.26%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23%
	Stan Shih	1.15%
	Labor Pension Fund（The New Fund）	0.97%
	Acer GDR	0.93%
	J.P. MORGAN SECURITIES PLC	0.88%
	Norges Bank	0.86%

March 30,2023

Name of Institutional Shareholders	Major Shareholders	%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co.	100.00%

Professional qualifications and independence analysis of directors

Criteria / Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Simon Lin	Other than the post of Chairman in our Company, Mr. Simon Lin is also the Chairman and Chief Strategy Officer of Wistron Corporation (hereinafter referred to as "Wistron"). Before the establishment of Wistron, Mr. Simon Lin took several important posts in Acer Group, including the General Manager of Acer Incorporated. Simon Lin was awarded "Outstanding Marketing Manager Award" by Chinese Professional Management Association in 1989. In 1996 and 2000, he received the Distinguished Alumni Award from Chiao Tung University and National Tainan First Senior High School respectively. In 2008, he was awarded "Audience Selected Annual Best CEO in Asia" in the Asia Best Business Leaders Awards of that year by CNBC Asia. In 2011, he received "EY Entrepreneur of the Year" from Ernst & Young, which praises outstanding entrepreneurs who lead the enterprise to continuous growth and successful operation with wisdom and determination. In 2013, he was awarded "National Excellence and Achievement Award" by Chinese Professional Management Association. In 2020, he received the special honor of ITRI Laureate. Besides, Mr. Simon Lin is not involved with anything specified in Article 30, Company Act.	Not an independent director, and the description of independence state is not required.	3 (Note1)
Vice Chairman Emily Hong	Ms. Emily Hong is currently CEO in Wiwynn Corporation. Before Wiwynn, she was the Vice Chairman & CEO of Product and Business Division in Wistron Corporation. During her experience in the information industry for more than 20 years, her abundant experiences in international affairs, global business operation and management, IT and technology product design, and production and marketing strategies planning help her establishing essential and long-term partnership of mutual trust with famous IT enterprises in the world as well as public and private sectors. In 2019, she received "ERSO Award" and was recognized as a person who achieve excellent contribution in the semiconductor, electronics, and information communication industries in Taiwan. Besides, Ms. Emily Hong is not involved with anything specified in Article 30, Company Act.		None
Director Frank Lin	Mr. Frank Lin was the Financial Manager at Acer Incorporated before being promoted to the post of Chief Financial Officer. After the establishment of Wistron, he took the post of CFO and then the Chief of Staff at Wistron. His outstanding performance in financial analysis and operational management won him the recognition of R.O.C. Outstanding Financial Leader Award in 1996. Besides, Mr. Frank Lin is not involved with anything specified in Article 30, Company Act.		None
Director Sunlai Chang	Dr. Sunlai Chang is the current President of Wiwynn Corporation (hereinafter referred to as Wiwynn) and in charge of the departments of product development, business, supply chain & manufacturing, product structure, quality engineering, and business automation. Before the establishment of Wiwynn, he was the Chief Mechanical Designer at Product and Business Division in Wistron as well as in charge of product storage department at the same time. Dr. Chang has more than 20-year produce development experience in automation, national defense, semiconductor equipment, and IT software industries. After joining Wiwynn, he successfully established and led the product development team carry out technology research as well as build working relationship with multiple teams. He works hard to deliver the most advanced equipment to the customers of data centers. In 2021, he received the recognition of Outstanding Information Talent Award. Besides, Dr. Sunlai Chang is not involved with anything specified in Article 30, Company Act.		None
Director Steven Lu	Mr. Steven Lu is the current Senior Vice President of Wiwynn Corporation. He has more than 25 years' experience in the server, storage, and communications industries. He used to take important posts in well-known ODM companies, including Acer, MiTAC, Sercomm, and Wiwynn. Besides, Mr. Steven Lu is not involved with anything specified in Article 30, Company Act.		None

Criteria Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Charles Kao	Mr. Charles Kao used to be the President of Micron Technology Taiwan, Inc. and the General Manager of Nanya Technology Corporation. He has more than 30 years of experience in the DRAM industry. He is an important promoter for the development of relevant technology industries and is called the Father of DRAM in Taiwan in the industry. Besides, Mr. Charles Kao is not involved with anything specified in Article 30, Company Act.	The detail of the independence of the four independent directors are as below: 1. Either the independent director, their spouses, or their relatives within the second degree of kinship are not the director, supervisor, or employee of our Company or our affiliates. 2. Either the independent director, their spouses, or their relatives within the second degree of kinship (or use other people's names) hold any share of our Company. 3. Are not the director, supervisor, or employee in companies with special relationship of our Company. 4. Not providing commercial, legal, financial, and accounting services to our Company or our affiliates within the past two years.	3 Note 2
Independent Director Simon Zeng	Dr. Simon Zeng used to be the Vice General Manager of Mega Financial Holding Company Ltd., President of Mega Bills Finance Co., Ltd, Senior Vice General Manager of China Development Financial Holding Corporation, and General Manager of China Development Industrial Bank. He has abundant experience in accounting, finance, consultation, and academic research. Besides, Mr. Simon Zeng does not involve with anything specified in Article 30, Company Act.		1 Note 3
Independent Director Cathy Han	Ms. Cathy Han used to be the Vice General Manager of Business Development Division in CDIB Capital Group as well as the supervisor and the director for many companies under the group of China Development Financial Holding Corporation. She was also the independent director for many listed companies. She has abundant knowledge and experience related to investment, corporate governance, and financial analysis. Besides, Ms. Cathy Han does not involve with anything specified in Article 30, Company Act.		3 Note 4
Independent Director Victor Cheng	Dr. Victor Cheng used to be the Legal Supervisor at Acer, full-time professor at Graduate Institute of Patent in National Taiwan University of Science and Technology, full-time professor & Dean of School of Law and the Head of Graduate Institute of Intellectual Property in Shih Hsin University. He is very well known in academic and industrial circles and is the leading expert of intellectual property right in Taiwan. Besides, Dr. Victor Cheng does not involve with anything specified in Article 30, Company Act.		1 Note 5

Note1: Taiwan IC Packaging Corp., Elan Microelectronics Corp, Powerchip Semiconductor Manufacturing Corp.
Note2: Hauman Technologies Corp., Rockchip Electronics Co., Ltd., WUS Printed Circuit (Kunshan) Co., Ltd.
Note3: E&E Recycling, Inc.
Note4: Macroblock Inc., Apacer Technology Inc., AUO Corporation
Note5: YODN Lighting Corp.

The Diversity and Independence of Board of Directors

1. Diversity

Our Company establishes a policy of diverse members of Board of Directors in Article 20 of “Corporate Governance Best Practice Principles”, and the provision is as below.

The composition of Board of Directors should consider member diversity, and an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

(1) Basic requirements and values: gender, age, nationality, and culture.
(2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industrial experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

(1) Ability to make operational judgments.
(2) Ability to perform accounting and financial analysis.
(3) Ability to conduct management administration.
(4) Ability to conduct crisis management.
(5) Knowledge of the industry.
(6) An international market perspective.
(7) Ability to lead.
(8) Ability to make policy decisions.

All of the directors in our Company possess above abilities. Our Chairman, Mr. Simon Lin, is a business leader who leads Wiwynn Corporation to grow continuously. He possesses sharp observation and clear judgment and decision-making abilities. Our Vice Chairman & CEO, Ms. Emily Hong is an entrepreneur who is brave in taking challenges and adventures. She has abundant global business operation and management experience as well as possesses innovative thinking style and strong leadership. Our Director, Frank Lin, has profound knowledge and experience in finance and corporate governance as well as is highly sensitive towards numbers. Director & President, Dr. Sunlai Chang, has professional background in mechanical engineering. He presents excellent leadership and flexible thinking when leading our R&D team for product development. Director & Senior Vice President, Mr. Steven Lu, has professional background in information engineering and business management. He has great insight in product development, product management, and the response to rapid industrial changes.

Among our independent directors, Mr. Charles Kao is known as the father of DRAM in Taiwan in the industrial circle. He possesses professional abilities of forward-looking and familiar with global economy. Mr. Simon Zeng has a PhD degree in accounting and has a professional background in accounting, financial analysis, banking, and investment. Mr. Victor Cheng has a background in law and is especially good at technology patent and intellectual property rights. Ms. Cathy Han has worked in the banking industry for a long time and possesses a professional background of investment, corporate governance, and financial analysis. Each of our independent directors will be able to provide our Company with professional suggestions from different dimensions.

We have nine directors in the company. Three of them are the employees of our Company, four are independent directors, and the term of each independent director should not exceed consecutive three terms.

All of the directors in the company all have nationality from Taiwan. In terms of gender, we have two female directors and seven male directors. As for age, one director is over 71 years old, six directors are between 61-70 years old, and two are less than 60 years old.

Our Company has achieved the management goal of establishing four independent directors and the directors with concurrent post of manager in the company must be less than one third of the total number of directors. In the future, we will continue developing towards a diverse Board of Directors.

2. Independence

   We have nine directors in the company, and four of them are independent directors with a ratio of 44%. After confirming the family table and declaration form with directors, we did not find any of the relationship of a spouse or relatives within second degree of kinship among directors.

(2) Management team

March 30, 2023

Title	Nationality	Name	Gender	Date Elected (on board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
Vice Chairman & CEO	R.O.C	Emily Hong	Female	2012.04.02	2,944,624	1.68%	307,968	0.18%	0	0%	1.The Alumni Association of Executives Program, Graduate School of Business Administration, National Chengchi University 2.Bachelor of Political Science, National Taiwan University 3.General Manager of Enterprise Product Group and Cloud Business Group in Wistron Corp. 4.Vice General Manager in Acer Inc.	Note	None	None	None	None
President	R.O.C	Sunlai Chang	Male	2012.04.02	490,235	0.28%	282,000	0.16%	0	0%	1.PhD., University of Maryland, College Park. 2.Bachelor of Science in Mechanical Engineering, National Taiwan University 3.Director of Mechanical Design, Enterprise Business Group in Wistron Corp.	Note	None	None	None	None
Senior Vice President	R.O.C	Steven Lu	Male	2014.07.16	340,455	0.19%	185,000	0.11%	0	0%	1.Master of Business Administration, The Fuqua School of Business, Duke University 2.Bachelor and Master of Science in Computer Science & Information Engineering, National Taiwan University 3.Senior Manager of Enterprise Business Group in Wistron Corp. 4.Senior Director of Server and Storage Group in Acer Inc.	Note	None	None	None	None
Vice President	R.O.C	Robin Wang	Male	2016.05.03	327,905	0.19%	47,214	0.03%	0	0%	1.EMBA, Ateneo de Manila University 2.Bachelor of Mechanical Engineering, National Taiwan University of Science and Technology 3.Manufacturing Direct of Enterprise Products Group in Wistron Corp. 4.Procurement Manager, Plant Manager, General Manager of Overseas Plant in Acer Inc.	Note	None	None	None	None
Vice President	R.O.C	Joe Chiao	Male	2016.05.03	490,722	0.28%	0	0%	0	0%	1. The Alumni Association of Executives Program, Graduate School of Business Administration, National Chengchi University 2. Bachelor of Computer Science, National Chiao Tung University 3..Chief of Applied Computer Dept., Chief of Server Dept., Senior Executive Assistant to the General Manager in Wistron Corp.	Note	None	None	None	None
Chief Financial Officer	R.O.C	Harry Chen	Male	2012.04.02	521,495	0.30%	0	0%	0	0%	1.Bachelor, Accounting, Tunghai University 2.Senior manager of Financial Strategy Planning in Wistron Corp.	Note	None	None	None	None

Note: Other positions in subsidiaries is specified on page 129.

3.3 Remuneration paid to directors, supervisors, president, and vice president in the most recent fiscal year

(1) General directors and independent directors

Unit: NT$ Thousand

Title		Name	Remuneration								Ratio and amount of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio and amount of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
			Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
			The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																	Cash	Stock	Cash	Stock			
Director	Chairman	Wistron Corporation	0	0	0	0	28,300	28,300	350	350	28,650 0.20%	28,650 0.20%	33,107	33,107	443	443	95,620	0	95,620	0	157,820 1.11%	157,820 1.11%	140,000
		Wistron Corporation Representative : Simon Lin																					
	Vice Chairman	Emily Hong																					
	Director	Wistron Corporation																					
		Wistron Corporation Representative : Frank Lin																					
	Director	Sunlai Chang																					
	Director	Steven Lu																					
Independent Director	Independent Director	Charles Kao	0	0	0	0	7,700	7,700	300	300	8,000 0.06%	8,000 0.06%	0	0	0	0	0	0	0	0	8,000 0.06%	8,000 0.06%	0
	Independent Director	Simon Zeng																					
	Independent Director	Cathy Han																					
	Independent Director	Victor Cheng																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration of independent directors of the company is based on the "Compensation Principles of Directors and Functional Committee", and additional allowances are given in consideration of the duties of individual independent directors participating in the functional committee.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services (such as taking the post of non-employee consultant for the Company, Companies in the consolidated financial statements, or re-investment businesses) : None.

Remarks: The remuneration disclosed in this table is subject to a distinction from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

Remuneration Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements (H)	The company	Parent Company and all the reinvestment businesses (I)
Less than NT$ 1,000,000	2；Note 1	2；Note 1	2；Note 1	
NT$1,000,000 ~ NT$1,999,999	1；Note 2	1；Note 2	1；Note 2	1；Note 2
NT$2,000,000 ~ NT$3,499,999	3；Note 3	3；Note 3	3；Note 6	3；Note 6
NT$3,500,000 ~ NT$4,999,999	3 ; Note 4	3 ; Note 4		
NT$5,000,000 ~ NT$9,999,999				
NT$10,000,000 ~ NT$14,999,999	1 ; Note 5	1 ; Note 5	1；Note 5	1；Note 5
NT$15,000,000~ NT$29,999,999			1；Note 7	1；Note 7
NT$30,000,000 ~ NT$49,999,999			1 ; Note 8	2；Note 9
NT$50,000,000 ~ NT$99,999,999			1；Note 10	1；Note 10
Greater than or equal to NT$100,000,000				1；Note 11
Total	10	10	10	10

Note 1: Representative: Simon Lin, Representative: Frank Lin,
Note 2: Victor Cheng
Note 3: Charles Kao, Simon Zeng, Cathy Han
Note 4: Emily Hong, Sunlai Chang, Steven Lu
Note 5: Wistron Corporation
Note 6: Charles Kao, Simon Zeng, Cathy Han
Note 7: Steven Lu
Note 8 Sunlai Chang
Note 9: Sunlai Chang, Representative: Frank Lin,
Note 10: Emily Hong
Note 11: Representative: Simon Lin

(2) Supervisors: Not applicable as the Company has already established an Audit Committee.

(3) President and vice presidents

Unit: NT$ thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio and amount of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Vice Chairman & CEO	Emily Hong	15,471	15,471	796	796	28,742	28,742	115,410	0	115,410	0	160,419 1.13%	160,419 1.13%	None
President	Sunlai Chang													
Senior Vice President	Steven Lu													
Vice President	Robin Wang													
Vice President	Joe Chiao													

Remarks: The remuneration disclosed in this table is subject to a distinction from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes

Remuneration Table

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements (E)
Less than NT$ 1,000,000		
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4,999,999		
NT$5,000,000 ~ NT$9,999,999		
NT$10,000,000 ~ NT$14,999,999		
NT$15,000,000~ NT$29,999,999	4；Note 1	4；Note 1
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999	1；Note 2	1；Note 2
Greater than or equal to NT$100,000,000		
Total	5	5

Note 1: Sunlai Chang, Steven Lu, Robin Wang, Joe Chiao

Note 2: Emily Hong

(4) If any of the following applies to the company, it shall disclose the individual remuneration paid to each of its top five management personnel:

It is not applicable due to there is no following situation involved.

1. The company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years: None.
2. The company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation: The evaluation result of corporate governance at Wiwynn Corporation in 2022 was above 5%.

(5) Employees' profit sharing paid to executive officers and the state of distribution

December 31, 2022

Unit: NT$ Thousand

	Title	Name	Employee Compensation - in Stock	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Vice Chairman & CEO	Emily Hong	0	124,660	124,660	0.88%
	President	Sunlai Chang				
	Senior Vice President	Steven Lu				
	Vice President	Robin Wang				
	Vice President	Joe Chiao				
	Chief Financial Officer	Harry Chen				
	Accounting Officer	Wenifred Wen				

(6) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of the net profit after tax, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in

the consolidated financial statements to directors, president, and vice presidents:

Title \ Item	Total compensation, as a percentage of net income stated in the parent company only financial reports or individual financial reports			
	2021 (Note 1)		2022 (Note 2)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors and Independent Directors	0.32%	0.32%	0.26%	0.26%
President and Vice Presidents	1.27%	1.27%	1.13%	1.13%

Note 1: It was calculated based on the net profit after tax of NT$8,648,012 thousand stated in 2021 parent company only financial reports.

Note 2: It was calculated based on the net profit after tax of NT$ 14,174,708 thousand stated in 2022 parent company only financial reports。

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

The payment policy of remuneration for the directors in the Company shall be handled according to Article 21 of “Articles of Incorporation” for the Company. If the Company has net profit as a result of the yearly accounting closing, (profit means the profit before tax, excluding the amounts of employees’ and directors’ compensation), the company shall appropriate an amount no more than 1% of the profit as the compensation in cash to the directors.

The procedures of establishing compensation to the directors and managers in the Company are based on “management rules for salary system and structure to directors and managers, and their management performance evaluation” as the accordance for assessment. Compensation to directors considers the authority, number of attendances, and other performance evaluation of individual director for the final approval. Salary to President and Vice Presidents is based on the business performance and target conversion rate of the team managed as well as referred to the payment standard from other manufacturers in the same trade plus the position, the responsibility undertaken, and association to the future risk for reasonable decision.

Relevant performance assessment and the reasonableness of compensation have been approved by Compensation Committee and Board of Directors before implementation. The compensation system will be reviewed timely based on the actual operational conditions and relevant legal regulations in order to seek the balance between the sustainable operation and risk control in the Company.

3.4 Implementation of corporate governance

(1) Operations of Board of Directors

A total of 8 (A) meetings of the Board of Directors were held in 2022. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1)	Remarks
Chairman	Wistron Corporation Representative: Simon Lin	8	0	100 %	
Vice Chairman	Emily Hong	8	0	100 %	
Director	Wistron Corporation Representative: Frank Lin	8	0	100 %	
Director	Sunlai Chang	8	0	100 %	
Director	Steven Lu	8	0	100 %	
Independent director	Charles Kao	8	0	100 %	
Independent director	Simon Zeng	8	0	100 %	
Independent director	Cathy Han	8	0	100 %	
Independent director	Victor Cheng	8	0	100 %	

Note1: The actual attendance rate (%) shall be calculated by the number of meeting and number of attendances in person during the term of office.

Other mentionable items:

Attendance of independent directors at Board meeting in 2022

●：Attendance in person ○：By proxy

	1st	2nd	3rd	4th	5th	6th	7th	8th
Charles Kao	●	●	●	●	●	●	●	●
Simon Zeng	●	●	●	●	●	●	●	●
Cathy Han	●	●	●	●	●	●	●	●
Victor Cheng	●	●	●	●	●	●	●	●

1. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.: Not applicable as the Company has already established an Audit Committee.
   (2) Other matters involving objections or expressed reservations by independent directors which were recorded or stated in writing that require a resolution by the board of directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Meeting	Date	Subject Matter	Participation in Deliberation
1st meeting in 2022	2022.01.18	Motion 1: Business performance bonus granting proposal for managers, except CEO of the Company, in the second half year of 2021. Motion 2: Operating performance granting proposal for the CEO of the Company in the second half year of 2021.	Directors, Mr. Sunlai Chang and Mr. Steven Lu, were the stakeholders for Motion 1. Following the principle of conflict-of-interest avoidance, they did not participate in the discussion and voting for the topic. Director, Ms. Emily Hong, was the stakeholder for Motion 2. Following the principle of conflict-of-interest avoidance, she did not participate in discussion and voting for the topic. After excluding directors of interest avoidance, all the motions were approved by all the attended directors without any objection after the inquiry from the chairman.

2nd meeting in 2022	2022.02.25	Motion 2: Employee compensation ratio and recommended amount for managers, except CEO of the Company, in 2021. Motion 3: Annual salary adjustment proposal for managers, except the CEO of the Company, in 2022. Motion 4: Operating performance bonus granting pre-approval proposal for mangers, except CEO of the Company, in 2022. Motion 5: Employee compensation ratio and recommended amount for CEO of the Company in 2021. Motion 6: Annual salary adjustment proposal for CEO of the Company in 2022. Motion 7: Annual operating performance bonus pre-approval proposal for CEO of the Company in 2022.	Directors, Mr. Sunlai Chang and Mr. Steven Lu, were the stakeholders for motions 2-4. Following the principle of conflict-of-interest avoidance, they did not participate in the discussion and voting for the topic. Director, Ms. Emily Hong, was the stakeholder for motions 5-7. Following the principle of conflict-of-interest avoidance, she did not participate in discussion and voting for the topic. After excluding directors with interest avoidance, all the motions were approved by all the attended directors without any objection after the inquiry from the chairman.
6th meeting in 2022	2022.05.31	Motion 1: The Company's new share issuance by capital increase participating the distribution of global depository receipt to managerial officer in the Company, except CEO, and the amount of subscription suggested. Motion 2: The Company's new share issuance by capital increase participating the distribution of global depository receipt to CEO of the Company, and the amount of subscription suggested.	Directors, Mr. Sunlai Chang and Mr. Steven Lu, were the stakeholders for Motion 1. Following the principle of conflict-of-interest avoidance, they did not participate in the discussion and voting for the topic. Director, Ms. Emily Hong, was the stakeholder for Motion 2. Following the principle of conflict-of-interest avoidance, she did not participate in discussion and voting for the topic. After excluding directors of interest avoidance, all the motions were approved by all the attended directors without any objection after the inquiry from the chairman.
7th meeting in 2022	2022.08.02	Motion 1: Business performance bonus granting proposal for managers, except CEO of the Company, in the first half year of 2022. Motion 2: Operating performance granting proposal for the CEO of the Company in the first half year of 2022.	Directors, Mr. Sunlai Chang and Mr. Steven Lu, were the stakeholders for Motion 1. Following the principle of conflict-of-interest avoidance, they did not participate in the discussion and voting for the topic. Director, Ms. Emily Hong, was the stakeholder for Motion 2. Following the principle of conflict-of-interest avoidance, she did not participate in discussion and voting for the topic. After excluding directors of interest avoidance, all the motions were approved by all the attended directors without any objection after the inquiry from the chairman.

3. Implementation state of Board evaluation:

Type	Cycle	Period	Scope	Method	Content
Board of Directors	Once a year	2022/01/01~ 2022/12/31	Board of Directors and individual directors	Internal evaluation of Board of Directors Self-evaluation by individual directors External evaluation by a third-party institution	The criteria of evaluating the performance of the Board of Directors covered the following five dimensions: 1.Participation in the operation of the Company. 2.Improvement of the quality of decisions made by the Board of Directors. 3.Composition and structure of the Board of Directors. 4.Election and continuing education of the directors. 5.Internal control. The criteria of evaluating the performance of the board members covered the following six dimensions: 1.Alignment of the goals and missions of the Company. 2.Awareness of the duties of a director. 3.Participation in the operation of the Company. 4.Management of internal relationship and communication. 5.The director's professionalism and continuing education. 6.Internal control. The criteria of performance evaluation by the external party include the following seven dimensions: 1. Composition and structure of the Board of Directors. 2. Election and continuing education of the directors. 3. Participation in the operation of the Company. 4. Improvement of the quality of decisions made by the Board of Directors. 5. Internal control. 6. Environment, society, and corporate governance. 7. Value creation.
Audit Committee	Once a year	2022/01/01~ 2022/12/31	Audit Committee and individual members	Internal evaluation of Audit Committee Self-evaluation by individual members	The criteria of evaluating the performance of the Audit Committee covered the following five dimensions: 1.Participation in the operation of the Company. 2.Awareness of the duties of the Audit Committee. 3.Improvement of the quality of decisions made by the Audit Committee. 4.Composition of the Audit Committee and election of its members. 5.Internal control.

Compensation Committee	Once a year	2022/01/01~ 2022/12/31	Compensation Committee and individual members	Internal evaluation of Compensation Committee Self-evaluation by individual members	The criteria of evaluating the performance of the Compensation Committee covered the following five dimensions: 1.Participation in the operation of the Company. 2.Awareness of the duties of the Compensation Committee. 3.Improvement of the quality of decisions made by the Compensation Committee. 4.Composition of the Compensation Committee and election of its members. 5.Internal control.
Corporate Sustainable Development Committee	Once a year	2022/01/01~ 2022/12/31	Corporate Sustainable Development Committee and individual members	Internal evaluation of Corporate Sustainable Development Committee Self-evaluation by individual members	The criteria of evaluating the performance of the Corporate Sustainable Development Committee covered the following four dimensions: 1.Participation in the operation of the Company. 2.Awareness of the duties of the Corporate Sustainable Development Committee. 3.Improvement of the quality of decisions made by the Committee. 4.Composition of the Corporate Sustainable Development Committee and election of its members.

4. Measures taken to strengthen the functionality of the board of the year and evaluation of implementation:

Company has completed the performance evaluation on the board and functional committees according to "Method of Evaluating Performance of the Board of Directors" at quarter 1, 2023. The evaluation results on Board of Directors, Audit Committee, Compensation Committee, and Corporate Sustainable Development Committee of the Company in 2022 were all "exceeding the standard" (with a score of more than 90 points).

In December, 2022, the Company entrusted Taiwan Association of Board Governance to carry out external evaluation of performance of the Board of Directors in 2022 (2022.1.1~2022.12.31). Through independence and professional interview and assessed by external experts, seven dimensions in the composition and structure of the Board of Directors, election and continuing education of directors, participation of the Board to the operation of the Company, improvement of decision-making quality made by the Board, internal control, environment, society & corporate governance, and value creation were reviewed with 70 questions in total. The performance of the Board of Directors was evaluated via questionnaires and on-site visits.

Taiwan Association of Board Governance submitted the evaluation report of performance of the Board of Directors on January 17, 2023, and the evaluation results and suggestions were submitted to the meeting of Board of Directors on February 22, 2023. Relevant content of the report and the measures taken were as below:

(1) Overall appraisal of the report:

Members of the Board have diverse professional background. General directors have abundant industrial experience while independent directors have professional knowledge in finance, semi-conductor, investment, and laws. The structure of internal and external directors and the number of independent directors is well-balanced in order to achieve the effectiveness of the duties of the Board of Directors. Each director performed the duty very well, and all the meetings in 2022 were attended by all the directors. In terms of the succession plan for the members of Board of Director, the Company has established a Nominating Committee to development successors. Besides, the Company also emphasizes our intellectual property rights and has launched TIPS system and AA certification. Overall, employees of the Company have a strong sense of team cohesion. All the managers recruited since the establishment of the business are all still on board.

(2) Suggestions and measures planned to be taken:

It is suggested to establish a mechanism to synchronize emails from whistleblowers to the mailbox of independent directors (or their representatives) to reinforce how the Company can deal with the complaints fairly. In addition, we suggest submit the performance assessment and remuneration of the chief internal audit officer to the Compensation Committee for discussion. The Company plans to include stakeholder report in the meeting of Board of Directors to fully disclose relevant matters and ensure timely understanding and fair discussion among members of Board of Directors.

(2) Operation of Audit Committee or participation of supervisors in the operation of Board of Directors

The Audit Committee of the Company consists of 4 independent directors, and please refer to page 13 to 14 “professional qualifications and independence analysis of directors” for their professional qualification and experience. The operation of the committee shall be handled according to “Organic Regulations of Audit Committee” in the Company and relevant laws. A regular meeting will be held every quarter before the meeting of the board to review the implementation of internal control and internal audit as well as material financial business behavior. The committee is responsible for communicating and opinion exchanging with internal auditing officers and certified public accountants to ensure the supervision on company operation and risk control. The items reviewed and audited in 2022 mainly include:

- Financial statement review
- Material loans of funds
- Appointment (discharge) of certified public accountants, their remuneration, and independence assessment
- Effectiveness assessment of internal control system
- Material asset transaction

1. Operations of the Audit Committee:

A total of 7 (A) Audit Committee meetings were held in 2022. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1)	Remarks
Independent director	Charles Kao	7	0	100 %	
Independent director	Simon Zeng	7	0	100 %	
Independent director	Cathy Han	7	0	100 %	
Independent director	Victor Cheng	7	0	100 %	

Note1: The actual attendance rate (%) shall be calculated by the number of meeting and number of attendances by the independent director during the term of office.

Other mentionable items:

1. If any of the following circumstances occurs, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to the major resolutions of the board meeting from page 67 to 77.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.
2. If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified: None.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of corporate finance or operations, etc.)
   (1) The internal auditing officer in the Company reports auditing business to the Audit Committee at least once every quarter. The audit reports and follow-up reports should be submitted based on the progress of auditing plan to the chairman for approval, and then be delivered to the independent directors for reviewing. Communication and discussion will be carried out immediately if there is any doubt or instruction after being reviewed by the independent directors. The direction and key auditing items of auditing plan for the second half of the year shall be established (including risk evaluation) by the end of every year. A workshop should be held for discussion in advance to obtain the opinions from the independent directors. Internal audit unit shall communicate with the independent directors at normal time by email, phone, or face-to-face discussion based on demands. The communication between the independent directors and the internal auditing officer in the Company is good.
   (2) The Company will invite the certified public accounts attend meetings at Audit Committee at least four times a year to communicate or discuss quarterly and annual financial report review or audit result, key auditing items, annual auditing plan, internal audit at subsidiaries, important accounting standards or interpretative letters, and updated securities management regulations and tax regulations. The communication between the independent directors in the Company and certified public accountant is good.

2. Participation of supervisors in the operation of the Board of Directors:
Not applicable as the Company has already established an Audit Committee.

(3) Corporate governance implementation status and deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?</td><td>V</td><td></td><td>The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". It was approved by the board. The information of the provisions has been disclosed on the Company's website(http://www.wiwynn.com/zh-hanu/) and Taiwan Stock Exchange Market Observation Post System.</td><td>No discrepancy</td></tr>
<tr><td colspan="5">2. Shareholding structure of the Company & shareholders' rights and interests</td></tr>
<tr><td>(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?</td><td>V</td><td></td><td>The Company has set up a contact window to deal with investor relations and stock affairs as well as to handle the suggestions from shareholders and the response to shareholders' doubts. The legal affair unit will handle disputes and lawsuits that involve with shareholders. Relevant handling procedures will follow the internal operational procedure.</td><td>No discrepancy</td></tr>
<tr><td>(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?</td><td>V</td><td></td><td>The Company has the information on the updated main shareholders and their controller through the register of shareholders issued from stock transfer agent.</td><td>No discrepancy</td></tr>
<tr><td>(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?</td><td>V</td><td></td><td>The Company has established relevant regulations for risk control and firewall mechanism, including "Methods for Supervising and Managing Subsidiaries", "Procedures for Transaction Among Related Parties, Specific Company, and Companies in the Enterprise Group", "Procedures for Governing Loaning of Funds and Marking of Endorsements", and "Procedures for Governing the Acquisition and Disposal of Assets".</td><td>No discrepancy</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(4) Does the company establish internal rules against insiders trading with undisclosed information?</td><td>V</td><td></td><td>The Company has established “Regulation of Insider Trading” and “Procedures for Handling Material Inside Information” to forbid insiders from trading securities using information not disclosed to the market. In addition, educational promotion of relevant laws will be provided to directors and managers irregularly.
Relevant information provided to the current directors of the Company in 2022 is as below:
<table>
<tr><th>Object</th><th>Content</th></tr>
<tr><td>All the current directors</td><td>The Company currently has 9 directors and has revised “Management Methods for Prevention of Insider Trading” and “Procedures for Handling Material Inside Information” by the meeting of Board of Directors on November 1, 2022. The revised regulations have been provided to directors.
In addition, the Company explained the most common violation of regulation when insiders transfer equity to our employees on April 22 and October 19, 2022 respectively. We also reminded insiders the period of time that trading of the company shares should be suspended before Board Meeting, revenue announcement, and the release of significant news.</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td colspan="5">3. Composition and responsibilities of the Board of Directors</td></tr>
<tr><td>(1) Does the board develop and implement a diversified policy for the composition of its members and specific goal of management?</td><td>V</td><td></td><td>A policy of diversity in the composition of board members has been specified in the “Corporate Governance Practice Principles”.
In order to make sure the composition of the board members is diverse, so that to strengthen the function of the board, a reelection was carried out at Ordinary Shareholders’ Meeting in 2020 to recruit a forward-looking technical talent, Mr. Charles Kao, as an independent director. Meanwhile, the seat for female directors was maintained at least two (included) seats. These achieved the goal of diversification effectively. Besides, the board elected Ms. Emily Hong as Vice Chairman on June 15th, 2020 to deepen the engagement of decision making by female directors. Our Company has achieved the management goal of establishing four independent directors and the directors with concurrent post of manager in the company must be less than one third of the total number of directors. In the future, we will continue developing towards a diverse Board of Directors.</td><td>No discrepancy</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td>V</td><td></td><td>State of implementation of diversification among board members
<table>
<tr><th rowspan="2">Core item of diversification / Name of the director</th><th colspan="6">Basic composition</th><th colspan="4">Industrial background</th><th colspan="4">Professional skills</th></tr>
<tr><th>Gender</th><th>Currently serve as employees</th><th>Age: Under 40</th><th>Age: 40-60</th><th>Age: Over 61</th><th>Seniority of independent director</th><th>Finance, banking/ la</th><th>Venture capital/ advisor</th><th>Communication network</th><th>Computer and peripheral</th><th>Accounting and financial analysis</th><th>Information technology</th><th>Risk management</th><th>Business operation</th></tr>
<tr><td>Simon Lin</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Emily Hong</td><td>Female</td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Frank Lin</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>Sunlai Chang</td><td>Male</td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Steven Lu</td><td>Male</td><td>V</td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Charles Kao</td><td>Male</td><td></td><td></td><td></td><td>V</td><td rowspan="4">Less than 3 years</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Simon Zeng</td><td>Male</td><td></td><td></td><td></td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>Cathy Han</td><td>Female</td><td></td><td></td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>Victor Cheng</td><td>Male</td><td></td><td></td><td></td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td></td><td></td><td>V</td><td>V</td></tr>
</table></td><td></td></tr>
<tr><td>(2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?</td><td>V</td><td></td><td>Other than the establishment of the Compensation Committee and Audit Committee, according to law, the Company also set up Corporate Sustainable Development Committee on March 8th, 2021. Vice Chairman & CEO, Ms. Emily Hong, takes the post of the chairperson with President Mr. Sunlai Chang and Senior President Mr. Steven Lu as members and Independent Director Mrs. Cathy Han as the supervisor. The committee is in charge of sustainable risk identification and management as well as assist the board to implement risk supervision and control mechanisms.
To ensure the function of the Board of Directors and strengthen management mechanism, the Company established the “Nominating Committee” under the approval of Board of Directors on</td><td>No discrepancy</td></tr>
</table>

Item of evaluation	Implementation status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary description	
			November 1, 2022. Company’s Chairman, Simon Lin, is the convener of the committee and the independent directors, Mr. Charles Kao and Mr. Victor Cheng, are the members.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		The Company established “Regulations for Evaluating Performance of Board of Directors” with the approval by the board on March 16th, 2018. It was revised on November 6th, 2019 with the approval from the board to include functional committees in the scope of performance evaluation. The performance evaluation shall be carried out by internal evaluation of the board, self-evaluation of the director, internal evaluation of the functional committees, or other proper methods. The Board of Director (including functional committees) in the Company shall carry out performance evaluation once every year. The period of evaluation is from January 1st to December 31st of the current year. The performance evaluation of the year shall be implemented based on evaluation procedures and evaluation indicators. It shall be completed by the end of quarter 1 next year, and the evaluation results shall be sent to each functional committee and the board for report. In addition, the evaluation result will be used as the reference for compensation and reelection of the director according to “Management Method for Compensation System, Structure, and Business Performance Evaluation on Directors and Managers”. The Company has completed 2022 board performance evaluation and submitted to the meeting of the board on February 22, 2023 as well as each functional committee for report. The score of 2022 board performance evaluation is 99 points while Audit Committee scored 98, Compensation Committee scored 99, and Corporate Sustainable Development Committee scored 95. The results were all “exceeding standard” (above 90 points). The Board of Directors of the Company approved “Regulations of Evaluating Performance of Board of Directors and Functional Committee” on November 1, 2022. The performance of the Board should be evaluated by an external professional independent institution or external team of experts once every three years. In December, 2022, the Company entrusted Taiwan Association of Board Governance to carry out external evaluation of performance of the Board of Directors in 2022 (2022.1.1~2022.12.31). Through independence and professionalism interview and assessed by external experts, seven dimensions in the composition and structure of the Board of Directors, election and continuing education of directors, participation of the Board to the operation of the Company, improvement of decision-making quality made by the Board, internal control, environment, society & corporate governance, and value creation were reviewed with 70 questions in total. The performance of the Board of Directors was evaluated via questionnaires and on-site visits. Taiwan Association of Board Governance submitted the evaluation report of performance of the Board of Directors on January 17, 2023, and the evaluation results and suggestions were submitted to the meeting of Board of Directors on February 22, 2023. Relevant content of the report and the	No discrepancy

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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>measures taken were as below:
(1) Overall appraisal of the report:
Members of the Board have diverse professional backgrounds. General directors have abundant industrial experience while independent directors have professional knowledge in finance, semi-conductor, investment, and laws. The structure of internal and external directors and the number of independent directors is well-balanced in order to achieve the effectiveness of the duties of the Board of Directors. Each director performed the duty very well, and all the meetings in 2022 were attended by all the directors. In terms of the succession plan for the members of Board of Director, the Company has established a Nominating Committee to development successors. Besides, the Company also emphasizes our intellectual property rights and has launched TIPS system and AA certification. Overall, employees of the Company have a strong sense of team cohesion. All the managers recruited since the establishment of the business are all still on board.
(2) Suggestions and measures planned to be taken:
It is suggested to establish a mechanism to synchronize emails from whistleblowers to the mailbox of independent directors (or their representatives) to reinforce how the Company can deal with the complaints fairly. In addition, we suggest submit the performance assessment and renumeration of the chief internal audit officer to the Compensation Committee for discussion. The Company plans to include stakeholder report in the meeting of Board of Directors to fully disclose relevant matters and ensure timely understanding and fair discussion among members of Board of Directors.</td><td></td></tr>
<tr><td>(4) Does the company regularly evaluate the independence of CPAs?</td><td>V</td><td></td><td>The Company will evaluate the independence of the certified public accountants at least once every year.
The evaluation report on the entrusted certified public accountants and their independence has been approved by the Audit Committee and the board on February 22, 2023. Other than reviewing the reasonableness of the auditing fee, we request the certified public accountants and the company they work for to provide relevant information and declaration. The regulations for independence include personal independence of all the members in the accountants’ office (financial interests, financing guarantees, employment relationship), business relationship with customers, auditor partner rotating system, and non-auditing service. The evaluation is based on whether there is any violation on the matters specified in The No. 10 Bulletin of Norm of Professional Ethics for Certified Public Accountant and on audit quality indicators (AQIs). The evaluation confirms the relevant requirements in independence and competency specified in Norm of Professional Ethics for Certified Public Accountant have been satisfied.</td><td>No discrepancy</td></tr>
</table>

Item of evaluation	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		In order to cooperate with the competent authority for the promotion of corporate governance blueprint to root our corporate governance, the board approved the establishment of Corporate Governance Officer on August 7th, 2020 and assigned the highest manager at financial unit, Mr. Harry Chen for the post to be in charge of matters related to corporate governance as well as assist directors to implement business and exercise the function of supervision as the communication bridge between the board and each business unit & the competent authority. The state of business implementation in 2022 is as below: 1. Handling matters related to the meetings of the board and shareholders according to law: (1) Set up an agenda for the meeting of the board and send out the notice seven days before the meeting (except extraordinary meetings) as well as provide sufficient meeting information to directors. The topics with interest, avoidance shall be reminded of in advance, and the meeting minute shall be produced and distributed to directors within twenty days after the meeting. (2) Register the date of the shareholders' meeting in advance according to law and produce meeting notice, annual report, handbook for the meeting, and meeting minute within the legal deadline. (3) Articles revision or registration change for the reelection of directors. (4) Invite certified public accountants to attend the meeting or arrange relevant personnel to attend the board meeting according to the demand of the topics. 2. In charge of handling the requests from directors, providing information required to directors to implement business, and responding to the demands from directors properly and timely. 3. Set up training plans and courses and arrange directors' further study. 4. Assist the board to establish the target of performance so that to strengthen the efficiency of the operation of the board as well as implement performance evaluation of the board. 5. Assist directors for regulatory compliance: (1) Assist the operations of the board and shareholders' meeting to meet the regulations of relevant laws and code of corporate governance. (2) Assist and remind directors of the legal regulations that they shall comply with when implementing business. 6. Symmetric and transparent information: In charge of releasing the important messages from resolutions at meetings, ensure the legality and correctness of the content, and protect the symmetric information for the transaction done by the investors. 7. Hold investor conferences irregularly to maintain investor relationship and strengthen the communication channels with investors. 8. Other matters based on the articles of incorporation or contract.	No discrepancy

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>The Corporate Governance Officer of the Company completed the following training in 2022:
<table>
<tr><th rowspan="2">Institution</th><th rowspan="2">Name of the course</th><th colspan="2">Training period</th><th rowspan="2">Training hours</th></tr>
<tr><th>From</th><th>To</th></tr>
<tr><td>Taiwan Institute for Sustainable Energy</td><td>Taishin 30 Sustainable Net Zero Summit Forum- Taking it seriously</td><td>2022/04/22</td><td>2022/04/22</td><td>3.0</td></tr>
<tr><td>Financial Supervisory Commission</td><td>Corporate Governance and Business Sustainable Management Seminar</td><td>2022/06/22</td><td>2022/06/22</td><td>3.0</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Principle of PR in Handling Company’s Legal Issues</td><td>2022/09/30</td><td>2022/09/30</td><td>3.0</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>2030/ 2050 Green Industrial Revolution</td><td>2022/09/30</td><td>2022/09/30</td><td>3.0</td></tr>
</table></td><td></td></tr>
<tr><td>5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>V</td><td></td><td>The Company maintains smooth communication channels with government/ competent authority, customers, suppliers, correspondent banks, shareholders/investors, and employees as well as complies with its due legal rights and interests.
The Company sets up a stakeholder zone on the official website to provide a communication channel for stakeholders and properly respond the important corporate social responsibility topics that are concerned by stakeholders.</td><td>No discrepancy</td></tr>
<tr><td>6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>V</td><td></td><td>The Company entrusts Stock Transfer Department, Yuanta Securities Co., Ltd. to handle affairs related to shareholders’ meetings.</td><td>No discrepancy</td></tr>
<tr><td colspan="5">7. Information disclosure</td></tr>
<tr><td>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</td><td>V</td><td></td><td>The Company discloses the financial business and corporate governance related information on the official website as well as update the information timely.</td><td>No discrepancy</td></tr>
</table>

Item of evaluation	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has spokesman and deputy spokesman to be in charge of releasing and explaining company information externally. We implement spokesman system and appoint dedicated personnel to collect and disclose company information. In addition, the Company discloses information related to finance, business, and corporate governance on the official website in both English and Chinese to enhance information transparency. When an investor conference is held, we will put the relevant information on the official website at the same time for investors to check.	No discrepancy
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	The Company publishes and declares monthly revenue, quarterly and annual financial reports within deadlines according to relevant legal regulations. In the future, we will evaluate actual business situation and arrange schedule for relevant operation to deal with matters related to announcement and declaration.	As explanation in the left
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and	V		1. Rights of and care for employees: The Company has complete employee welfare measures, advanced study, training, and retirement system in place as well as carry out health examination regularly to care employees' health. The Company works hard to establish a friendly working environment and devotes itself to enhancing harmonious employee relationship. We listen to our employees through regular employee communication sessions and establish an absolutely confidential employee complaint channel to maintain the rights of employees. 2. Investor relationship: The Company entrusts professional stock transfer agents to handle affairs related to shareholders and assigns a dedicated person to deal with investor relationships and suggestions from shareholders. 3. Supplier relationship: The Company maintains good interaction with suppliers and develops them as our long-term strategic partners. 4. Rights of stakeholders: The Company sets up a stakeholder zone on the official website to provide	No discrepancy

Item of evaluation	Implementation status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary description	
supervisors)?			our stakeholders, including employees, suppliers, customers, banks, and shareholders, communication channels to maintain due rights and interests. 5. Implementation of advanced study carried out directors in most recent fiscal year:	

Title	Name	Date	Host	Name of course	Training hours
Chairman	Simon Lin	2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3
Vice Chairman	Emily Hong	2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3
		2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3
		2022/10/28	Securities and Futures Institute	Publicity of 2022 Inside Trading Prevention	3
Director	Sunlai Chang	2022/10/26	Securities and Futures Institute	Publicity of 2022 Insider Equity Trading Legal Regulations	3
		2022/11/17	Taiwan Institute for Sustainable Energy	Towards Net Zero: “Carbon Elimination and Sustainable Ecosphere”	3
Director	Steven Lu	2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3
Independent Director	Charles Kao	2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3
Independent Director	Simon Zeng	2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3
Independent Director	Cathy Han	2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3
		2022/10/26	Taiwan Corporation Governance Association	Governance of Group Company	3

Item of evaluation	Implementation status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary description	

		2022/11/08	Taiwan Corporation Governance Association	Trend of Digital Technology and Artificial Intelligence, and Risk Management	3
Independent Director	Victor Cheng	2022/09/30	Taiwan Corporation Governance Association	2030/ 2050 Green Industrial Revolution	3
				Principle of PR in Handling Company’s Legal Issues	3

6. Implementation of risk management policies and risk evaluation standards:
   (1) The important topics in the Company related to the major policy on operation, investment, endorsement and guarantee, lending funds, and financing have all been evaluated and analyzed by the proper competent department. Relevant personnel monitor a well-organized and constructive control environment through training, management principles, and operational procedures.
   (2) Audit unit sets up annual auditing plan for evaluation and is in charge of implementation. The results shall be reported to the Audit Committee to monitor the execution of each risk management and firm up supervision mechanism.
   (3) Audit Committee is responsible for evaluating the effectiveness of the internal control policy and procedure of the Company (including the control measures in finance, operation, risk management, information security, and regulatory compliance) as well as reviews the regular reports from audit department, certified public accountants, and management level for the appropriateness of relevant risk management framework.
7. Implementation of customer policy:
   The Company aims to deliver products and services that are with zero defects and competitive to our customers on time. Other than becoming the best technology service provider to our customers, we anticipate achieving a win-win situation with our customers in the business cooperation.
8. State of liability insurance taken out by the Company for directors and supervisors:
   The Company has taken out liability insurance for all of the directors and important staff. After renewal every year, it will be submitted to the latest Board meeting (November 1st, 2022) for report. The detail of the insurance is shown in the table below:

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Insurance company</th><th>Insured amount</th><th>Duration (from-to)</th></tr>
<tr><td>AIG, Insurance Company of North America, Fubon Insurance Co., Ltd., Taiwan Fire & Marine Insurance Company, Ltd., Cathay Century Insurance Co., Ltd., Nan Shan General Insurance Company, Shinkong Insurance Co., Ltd.</td><td>US$60 million in total</td><td>From: September 25th, 2022
To: September 25th, 2023</td></tr>
</table>

9. Information security management
The Company has established information security policies, including “Procedures for Information Operation Management”, “Management Methods for Confidential Information”, “Software Management Regulations”, “Policies of Information Security and Management”, and “Employee Information Security Code”. The relevant operating procedures have been included in the internal control system as well as listed as the audit items in the audit plan every year for monitoring in order to fully execute the protection of information security and implement risk supervision and management for information security.
To strengthen information security management, the Company continues implementing various information security protection mechanisms and measures and reports to the Board of Directors at least once a year. The latest submission to the board is February 22, 2023.
(1) Executing architectures and goals of sustainability
a. Organization: Strengthening the operation of information security organizations.
b. Personnel: Continuing strengthening the promotion and educational training of information security awareness.
c. Operation: Continuing various information security exercises/ checks and passing external information security audit/ certification.
d. System: Strengthening information security protection/ monitoring mechanism as well as the security of software utilization.
(2) Implementation results in 2022
a. Organization: There are six dedicated departments established in the Division of Information Management, including the Information Security Technology Office set up in 2020.
The top manager at the Division of Information Management in our Company is responsible for policy making and adjustment. One dedicated information security officer will be assigned to promote cross-department implementation, select and establish information security solutions, and coordinate with the human resource unit for the implementation of information security training. Through irregular internal and external audits, the evaluation of effectiveness of information security is implemented.
</td><td></td></tr>
</table>

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<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>Division of Information Management to integrate and coordinate the maintenance of information security between the Company and oversea subsidiaries, maintain information security in subsidiaries, manage core business security and disaster exercise, strengthen cloud application service security management, supervise users complying with information security measures, build customized security management system, monitor system platform security, and introduce various information security defending systems.
b. Personnel:
(1) Continue strengthening training rate on information security education (100%).
(2) Promote interactive information security promotional activities.
c. Operation:
(1) Implement backup and recovery exercise as well as phishing email exercise.
(2) Carry out vulnerability scanning every month; we achieved 100% timely recovery rate.
(3) Pass AEO and external information security audit/ certification.
d. System:
(1) Continue using the thirty-party information security rating mechanism to timely detect the vulnerable information security exposed externally.
(2) Comprehensively upgrade firewall equipment.
10. Management of intellectual property right
Our Company establishes an intellectual property strategy that combines with company operational goals and R&D resources. From strengthening defending ability to gradually activating intellectual properties, we encourage innovation and R&D, strengthen IP portfolio, enhance employees’ knowledge and risk awareness towards intellectual property, and boost competitiveness through investment and cooperation authorization.
In addition, to continue enhancing the management of intellectual property rights, we report to the Board at least once every year. The latest submission date to the board is February 22, 2023.
(1) Implementation of intellectual property in 2022
a. Continued implementing “Taiwan Intellectual Property Management System (TIPS)” and passed Level A verification. The validity is from December 31, 2022 to December 31, 2024.
b. Revised “Patent Management Regulation” and “Trademark Management Regulation”.
c. Completed training of “Intellectual Property Right Introduction” to all employees.
d. Completed educational training on “Information Classification Management” and “How to Produce Valuable Patent”.
e. Held regular patent management meetings.</td><td></td></tr>
</table>

Item of evaluation	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
			(2) Goals of intellectual property management in 2023 a. Continuous improvement of the management system of intellectual property to enhance concept and risk awareness towards intellectual property among employees. b. Encouraging innovation and R&D and strengthening the Company's IP portfolio.	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures:

- The Company held a face-to-face shareholders' general meeting on May 31, 2022. It was supported via video conference.
- To complete the functions of the Company's Board of Directors and strengthen management mechanism, the Company approved the establishment of "Nominating Committee" in the meeting of Board of Directors on November 1, 2022. The Chairman of the Company, Simon Lin, is the convener, and independent directors, Mr. Charles Kao and Mr. Victor Cheng, are members.
- The Company revised "Regulations Governing Evaluation of Board Performance" on November 1, 2022. The evaluation of Board performance should be carried out by external professional independent institution or external team of experts once every three years. The Company entrusted Taiwan Association of Board Governance in December, 2022, to carry out external evaluation on Board performance in 2011 (January 1, 2022 – December 31, 2022).

(4) Composition and operations of the Compensation Committee

1. Information on the members of Compensation Committee

Criteria Identity Name		Professional qualification and experience	State of independence	Number of other public companies in which the individual is concurrently serving as an compensation committee member
Independent Director (Convener)	Charles Kao	The members of the Compensation Committee in our Company consist of the independent directors of the Company. Please refer to page 13 to 14 for the relevant content in "directors' professional knowledge and state of independence".	The members of the Compensation Committee in our Company consist of the independent directors of the Company. It meets the regulation of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". Please refer to page 13 to 14 for the relevant content in "directors' professional knowledge and state of independence".	1 (Note 1)
Independent Director	Cathy Han			2 (Note 2)
Independent Director	Victor Cheng			1 (Note 3)

Note 1: Hauman Technologies Corp.
Note 2: Macroblock Inc., Apacer Technology Inc.
Note 3: Yodn Lighting Corp.

2. Information on operations of the Compensation Committee

The Compensation Committee of the Company consists of 3 independent directors, and it holds at least three meetings a year. The Committee performs the duty faithfully with the due care of a good administrator and submits suggestions to the Board for discussion.

(1) Function and power of the Compensation Committee:

- Review "Organizational Regulations for Compensation Committee" and make recommendations for amendments.
- Establish and regularly discuss the policies, systems, standards, and structure of performance evaluation and remuneration for directors and managers.
- Regularly evaluate and establish the remuneration to directors and managers.

(2) Compensation Committee should follow the principles below when performing the functions and power above:

- Ensure the arrangement of remuneration in the Company meets relevant legal regulations and is attractive to excellent talents.
- The performance assessment and remuneration of directors and managerial personnel of the Company should take reference of the typical pay levels adopted by peer companies and consider the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.

- Do not produce an incentive for the directors or managerial officers to engage in activity pursuing remuneration exceeding the risks that the Company may tolerate.
- The characteristics of the industry and the nature of the Company's business should be considered when determining the ratio of bonus payout for the short-term performance of directors and senior managerial officers as well as when there is any change on the payment time for some variable part of remuneration.
- Members of the Compensation Committee must not participate in the discussion and vote for the decision on the remuneration related to them.

(3) Information on meetings of Compensation Committee:

The term of office of the Compensation Committee is from June 15, 2020, to June 14, 2023. A total of 4 (A) meetings were held in 2022. The attendance of the members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1)	Remarks (Note 2)
Convener	Charles Kao	4	0	100%	Newly elected on June 15th, 2020
Committee Member	Cathy Han	4	0	100%	Re-elected on June 15th, 2020
Committee Member	Victor Cheng	4	0	100%	Newly elected on June 15th, 2020
Note 1: The actual attendance rate (%) shall be calculated by the number of meetings and number of attendances in person while in office. Note 2: Re-election of all directors at General Shareholder's Meeting on June 15th, 2020, the members of the committee be reappointed by the board meeting on the same day.					
Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the Compensation Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Compensation Committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the Compensation Committee, the circumstances and cause for the difference shall be specified): None. 2. Resolutions of the Compensation Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					

(5) Information on the members of Nominating Committee and the state of operations

1. Qualifications and duties of members of the Nominating Committee:

The Nominating Committee of the Company consists of Chairman and two independent directors. Please refer to page 13 to 14 "professional qualifications and independence analysis of directors" for their professional qualification and experience. The operations of the Nominating Committee follow "Organizational Regulations for Nominating Committee" established by the Company and relevant laws. Based on the actual demands, the Committee can hold a meeting at any time to select and review the suitable persons for directors and managerial officers, assess the state of independence of independent directors, and submit list of candidates and a succession plan to the Board of Directors.

2. Professional qualification and experience of the members of Nominating Committee, and the state of operations:

A. There are 3 members in the Nominating Committee.

B. The current term of office is from November 1, 2022 to June 14, 2023. In the most recent fiscal year, there was 1 meeting held. The professional qualification and experience of the members, their state of attendance, and discussion were as below:

Title	Name	Professional qualification and experience	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1)	Remark
Convener	Simon Lin	Please refer to page 13 to 14 "professional qualifications and independence analysis of directors" for their professional qualification and experience.	1	0	100 %	
Independent Director	Charles Kao		1	0	100 %	
Independent Director	Victor Cheng		1	0	100 %	

Note:

(1) If there is any member resigned before the end of fiscal year, the date of resignation should be remarked. The actual attendance rate (%) should be calculated by the number of meetings while in the office and the number of actual attendances.

(2) If there is any re-election before the end of fiscal year, please provide the names of newly appointed and dismissed members. Keep a record of whether the member is newly appointed, dismissed, or re-elected on the column of remark as well as the date of re-election. The actual attendance rate (%) should be calculated by the number of meetings while in office and the number of actual attendances.

3. Other mentionable matters:

Provide the information of date of meeting for main motions in the meeting of Nominating Committee, the number of sessions, the content, suggestions or objections on the content by the members, the resolution by the Nominating Committee, and the how the Company handles the opinions from the Nominating Committee.

Date and session number of the meeting	Content	Resolution and how the Company handles the opinions from the Nominating Committee
November 1, 2022 1st session of the 1st meeting	Motion 1: Selection and appointment of convener of Nominating Committee.	Chairman, Simon Lin, was elected to be the convener and the chairperson of the meetings. It was approved by all the other directors.

(6) Information on members of the Corporate Sustainable Development Committee and the state of operations

1. Qualification of members and their duties and responsibilities:

The appointment of the Company's Corporate Sustainable Development Committee is determined by the Board of Directors, and the composition of members must not be lower than three people. It consists of higher managers and independent directors of the Company. At least one of the independent directors should participate in supervision. Besides, the CEO is appointed to be the Chairperson of the committee. The terms should be the same as the terms of the Board of Directors. Duties and responsibilities are as below:

(1) To establish the direction and goals for corporate social responsibility and sustainable development as well as set up relevant management guidance and actual promotional plans.

(2) To promote and implement tasks related to corporate ethical management and risk management.

(3) To follow up, review, and revise the implementation and effectiveness of corporate sustainable development.

(4) Other matters that are approved by the Board of Directors and shall be handled by the Committee.

2. Professional qualification and experience of members of Corporate Sustainable Development Committee and the state of operations:

(1) There are 4 members in the Company's Corporate Sustainable Development Committee.

(2) The terms for the current committee: From March 8, 2021 to June 14, 2023. The Corporate Sustainable Development Committee held 2 meetings in the most recent fiscal year. The members' professional qualification and experience, attendance, and items of discussion are as below:

Title	Name	Professional qualification and experience	Number of attendances in person	Number of attendances by proxy	Actual attendance rate (%)	Remarks
Chairperson	Emily Hong	Please refer to page 13 to 14, "Professional Knowledge and State of Independence of Directors".	2	0	100%	
Member	Sunlai Chang		2	0	100%	
Member	Steven Lu		2	0	100%	
Member	Cathy Han		2	0	100%	

(3) Other mentionable items: Please describe the date of meeting, session, and content of the main motions for the Corporate Sustainable Development Committee.

Date of meeting/ session	Content	Results and how the Company's handled the opinions from members
January 3, 2022 The first meeting of the Corporate Sustainable Development Committee in 2022	1. The state of implementation in 2021 and executing direction for 2022 2. Climate change strategies and energy management 3. Ethical management 4. Intellectual property rights management 5. Activity plans for Ocean Hugs in 2022	Members carried out full discussion on the content of each motion, and all the motions were approved as proposed.
July 8, 2022 The second meeting of the Corporate Sustainable Development Committee in 2022	1. Evaluation of waste removal and disposal channels and new processing technical providers 2. Schedule of supply chain carbon reduction plans 3. Issues related to sustainable products 4. Implementation status of Ocean Hugs 5. Information security management 6. 2022 global risk and issues concerned by stakeholders	

(7) Implementation status of promoting sustainable development and the deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>1. Does the Company establish a governance structure to promote sustainable development and a dedicated unit to promote sustainable development as well as the Board of Director in the Company authorizes high management level to handle it and the state of supervision by the Board of Directors?</td><td>V</td><td></td><td>On March 8th, 2021, the Board of Directors of the Company approved the organizational regulations for "Corporate Sustainable Development Committee". The chairman of the committee is the Vice Chairman and CEO, Mrs. Emily Hong, and President, Mr. Sunlai Chang, and Senior President, Mr. Steven Lu, and the Independent Director, Mrs. Cathy Han, are the members. At least two meetings will be held every year, and the promotional result shall be reported to the Board at least once every year. The Board of Directors is the highest supervision unit to be responsible for supervising the effectiveness of implementation.
<table>
<tr><th>Date of submission</th><th>Content</th></tr>
<tr><td>August 2, 2022</td><td>1. Evaluation of waste removal and disposal channels and new processing technical providers
2. Schedule of supply chain carbon reduction plans
3. Issues related to sustainable products
4. Implementation status of Ocean Hugs
5. Information security management
6. 2022 global risk and issues concerned by stakeholders</td></tr>
<tr><td>February 22, 2023</td><td>1. Ethical management
2. Information security management
3. Intellectual property rights management
4. Engagement results on critical issues among stakeholders
5. Goals of carbon reduction in 2023 and key outcomes
6. Sustainable supply chain management plans
7. Reports of performance evaluation of 2022 Corporate Sustainable Development Committee</td></tr>
</table></td><td>No discrepancy</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>2. Does the company carry out risk evaluation on topics of environment, society, and corporate governance related to the operation of the Company based on materiality principle as well as establish relevant risk management policy or strategy?</td><td>V</td><td></td><td>The coverage rate of risk evaluation achieved all the Wiwynn’s branch offices (100% (Note)). Our Company implements risk identification and management of sustainability on topics related to environment, society, and corporate governance that are relevant with the operation of the Company through identification, materiality analysis, and confirmation. We also adjust strategies and goals for sustainability management based on the actual situation. The summary of relevant content is as below: (Note: it is calculated by the number of employees all over the world.)
<table>
<tr><th>Topic</th><th>Content</th><th>Management strategy and executing goal</th></tr>
<tr><td>Environment</td><td>Impact of climate and environment on sustainable products</td><td>1. Zero emission plans.
2. Renewable energy policies.
3. Green building committee.
4. Energy-saving measures for manufacturing processes.
5. Low-carbon products management.</td></tr>
<tr><td>Society</td><td>Equality, diversity, and care</td><td>1. Promotion of female managers and female STEM areas.
2. Employee learning and growth.
3. Enhancing the retention rate and lowering the turnover rate.
4. Globalization of EAP solutions.
5. Strengthening complaint channels.</td></tr>
<tr><td>Corporate Governance</td><td>Sustainable supply chain management</td><td>1. Sustainable supply chain risk management.
2. Supply chain educational training.
3. Establishment of suppliers’ capabilities in carbon footprint verification.</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>3. Environmental issues
(1) Does the company establish proper environmental management systems based on the industrial characteristics?</td><td>V</td><td></td><td>The Company has implemented the management systems of ISO 14001:2015 and IECQ QC 080000:2017 to establish an effective management system and continue advancing the standards and procedures of internal management.</td><td>No discrepancy</td></tr>
<tr><td>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</td><td>V</td><td></td><td>Recycled plastic has been introduced to all the new products in 2022. The total volume of plastic used in all products was 545.9 tons, and among them, the accumulated volume of recycled plastic was 191.8 tons. Compared with the usage of raw materials only, it was equivalent to the reduction of 209.1 tons of CO_2 emission. We will continue the implementation of other products and fulfill circular economy with</td><td>No discrepancy</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>responsible production to create positive effects to the environment. Other than the plastic used in products, we also introduced recycled EPE to the plastic EPE used for product packaging materials. The accumulated volume of usage was 468.3 tons. Compared with the usage of raw materials only, it is estimated to reduce 280.4 tons of CO_2 emission.</td><td></td></tr>
<tr><td>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</td><td>V</td><td></td><td>The Company uses TCFD as the framework for evaluation to respond to the risks caused by climate change actively. We grasp the opportunity obtained during the transformation to a low-carbon economy and further allocate the capital effectively to create the business operating capability with more resilience.
Please refer to the description of the chapter “climate change” in Wiwynn’s 2022 Sustainability Report for more details. The relevant summary is listed below.
<table>
<tr><th>Category</th><th>Evaluation</th><th>Responding measures</th></tr>
<tr><td>Risks of transformation</td><td>Emission costs, carbon market, technological transformation of products and manufacturing processes, trend of renewable energy, supply chain carbon reduction management, stakeholders’ concern, and carbon emission disclosure</td><td>· Implemented carbon platform management and established carbon emission data to grasp the potential carbon costs in real time.
· The Company continued implementing innovative technology to reduce the potential costs for transformation of products and manufacturing processes, assist customers reducing PUE (power usage effectiveness) with heat dissipation solutions of better efficiency, and develop sustainable data centers.
· Reduced the purchasing costs by grasping real-time trend of renewable energy and integrated supply chain carbon emission data through the implementation of the carbon platform to effectively promote carbon reduction plans.
· Implemented carbon platform management and integrated supply chain carbon data management for transparent disclosure; presented the performance of carbon reduction every year through diverse carbon reduction effects to enhance positive perception of the Company’s brand.</td></tr>
</table>
</td><td>No discrepancy</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>Physical risks</td><td>Hazards of extreme climate, long-term temperature, and unstable rainfall</td><td>· The Company established BCM (business continuity management) and various BCPs (business continuity planning) to effectively control risks of business interruption.</td></tr>
<tr><td>Opportunities</td><td>Effective utilization of resources, low-carbon products, use of low-carbon energy, and changes of consumer behaviors</td><td>· Energy-saving buildings were introduced to our Malaysia Plant, and the energy-saving efficiency achieved 15.3%. It saved around3,202,896 kWh (NT$3 per kWh) and NT$0.96 billion every year.
· After calculation, measures of energy-saving and carbon reduction saved electricity of 224,188 kWh every year as well as reduced around NT$0.085 billion of electricity expenses.
· The Company has continued introducing low-carbon projects to our products, such as 48V and 54V, high power conversion efficiency, recycled plastic, and liquid cooling. After calculation, it saved 355,253.88 kWh in 2022 and achieved670.3 tons of CO2e carbon reduction effects.
· The current recycled energy utilization rate is 27.73%. It is expected to enhance every year and grasp potential opportunities.
· Present performance of carbon reduction by diverse carbon reduction effects to enhance positive perception of the Company’s brand.</td></tr>
</table></td><td></td></tr>
<tr><td>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</td><td>V</td><td></td><td>1. Greenhouse gas emission and its goal of management:
The Company uses SBTi's decarbonization pathway as a reference for calculating climate mitigation and adaptation indicators. Based on the 2021 year baseline, we aim to achieve an annual absolute reduction of 2.5% in Scope 1+2 emissions. By year 2031, we plan to reduce Scope 1+2 emissions by 25% and Scope 3 emissions by 12.3%. To further advance our carbon reduction efforts, we have set a long-term goal to achieve net-zero by year 129. For more information, please refer to the "Climate Change" section of our 2022-year sustainability report.</td><td>No discrepancy</td></tr>
</table>

Item	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Abstract Explanation	

Statistics of greenhouse gas emission over the years

Unit: Tons CO2e

Item		2021	2022
Scope 1		361.1265	1,186.6308
Scope 2	Regional base	14,785.6430	25,961.5777
	Market base	14,785.6430	19,170.5147
Total	Regional base	15,146.7695	27,148.2085
	Market base	15,146.7695	20,357.1455
Unit revenue emission volume(Tons CO2e/NTD 0.1 billion)	Regional base	7.86	9.27
	Market base	7.86	6.95
Scope 3		3,595,477.17	5,960,082.29

State of investigation and verification of ISO14064-1:2018 in the branch offices

Region		Verification in 2022
Taiwan	Taipei Headquarters	Completed
	Tainan Branch Office	Completed
Overseas	Subsidiary in Mexico	Completed

Note: Total emission volume less than 5% or branch offices that did not have complete emission data for the whole year were excluded. Evidence-collection coverage rate was 100%.

2. Water consumption and its goal of management:

The main water consumption is domestic water. No water is required for the manufacturing process. The product contains no water, and there is no water consumption. The source of water is from running water, rainwater recycling, and underground water with no critical impact on the nature water sources. The generated wastewater is only limited to general domestic wastewater. We will work hard to implement our water-saving policies and maintain the water consumption density under 0.06.

Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Abstract Explanation	

Statistics of water consumption

Million ml

Source of water	2021	2022
A. Running water	72.300	120.484
B. Surface water (lake, river)	0	0
C. Underground water	51.314	67.015
D. Recycled rainwater	0.619	0.333
E. Total water consumption	124.233	187.832
Unit revenue water consumption (Million ml/ NTD 0.1 billion)	0.06	0.06

3. Total weight of waste, its goal of management, and state of implementation:
   In order to effectively manage the waste generated in the production and operating process, we entrust a qualified clearance and disposal organization to carry out procedures of waste disposal. We also declare relevant data according to the Waste Disposal Act to ensure the waste generated under the business operation of the Company meets the handling procedures for environment, safety, and health. The overall recoverability rate in two years achieved more than 60% of the set management goal.

Item		2021	2022
Total volume of waste (tons)	Hazardous Waste	63.859	85.962
	Non-hazardous waste	415.6535	8,434.279
Output of hazardous waste by unit revenue (Note)		0.03	0.03
Output of non-hazardous waste by unit revenue (Note)		0.22	2.88
Output of water by unit revenue (Note)		0.25	2.91
Recycling and reutilization rate (%)		61.84	94.42

Note 1: Tons/ NTD 0.1 billion.

Note 2: The data in 2022 rose significantly because of the data from the subsidiary in Mexico included.

Item	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Abstract Explanation	
			4. The Group's ISO 14001 certification coverage is approximately 100% (Note). We are committed to minimizing our impact on the environment and continuously implementing measures to maintain environmental sustainability, as outlined below: (Note：Based on the calculation of the proportion of employees at operating sites that have obtained ISO 14001 certification to the total number of employees worldwide, which is approximately 98.92%.) (1) Recycling a. Resource waste: Resource waste shall be thrown in the recycling bin for cleaning personnel to carry out secondary detailed sorting out. b. Business waste: It shall be collectively collected to grade A certified vendor for disposal every month. (2) Energy and resource conservation 1. The measures of energy-saving and carbon reduction implemented in 2022 saved electricity consumption of 224,188 kWh every year and saved around NT$0.85 million electricity expense, which was equivalent to reducing 114.11 tons of CO2e emission. 2. Strengthen energy deployment and evaluate the diversity of renewable energy (such as wind power and biofuel). 3. Energy saving is promoted to all the employees in the company, including turning off the air-conditioning and light switch near the seat before going off work, putting up slogan on the location where employees use water to promote water saving, and implementing rainwater recycling and reutilization in Tainan Plant.	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		Wiwynn established "Human Rights Policy" as well supports and follows UN Guiding Principles on Business & Human Rights, International Labor Organization Tripartite Declaration of Principles, International Labor Organization Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, UN Universal Declaration of Human Rights, United Nations Global Compact, and Responsible Business Alliance Code of Conduct. In 2022,	No discrepancy

Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Abstract Explanation	
			there was no significant violation of human rights in the branch offices all over the world. Based on risk evaluation procedures of human rights, we identified human rights issues inside and outside the organization as well as changes of legal regulations, established a checklist. Each branch office conducted human rights due diligence investigation and identified critical human rights issues through systematic procedures, including RBA SAQ self-evaluation, VAP audit procedures, and questionnaire survey. According to the level of impact on different branch offices and subjects affected, we established policies and measures for improvement, carried out risk control and compensation, and followed up the effects of the improvement. Please refer to the chapter “Human Rights Management” on the Company’s 2022 Sustainable Report for relevant information. To ensure employees understand their rights and interests as well as the policies and approaches taken by the Company in the issues of labor, human rights, health and safety, environment, and ethical regulations through training courses, we introduced relevant RBA course since 2020, completed full employees training, and listed it as the compulsory course for new employees. In 2022, we conducted retraining on relevant personnel and implement new employees training. The total training hours received by employees all over the world were 8,735.5 hours.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits) and reflect business performance or results on employee salaries?	V		The Company has “Employee Salary Policy” in place, and it was approved by Compensation Committee and Board of Directors before putting it into implementation. The salary includes fixed items and variable items. The adjustment of the fixed items shall refer to the salary level in the same trade while the variable items shall be evaluated according to the Company business performance, responsibility, and personal performance for the reward of bonus. The ratio between male and female employees in the company was 6:4, and the ratio of female employees taking the post of managers was more than 32.78%. In terms of mid-level managers, the ratio of female managers is increasing every year. It shows Wiwynn’s inclusion for a diverse workplace and provide fair opportunities for promotion and good	No discrepancy

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>career development.
In addition, the Company also set up an Employee Relations Promotion Committee. The highest manager at human resource department is the chairman of the committee and employees from different departments are elected as members. At least three meetings shall be held every year to discuss various welfare measures related to employees, to maintain good communication between the company and the employees, and to create a harmonious and competitive corporate environment. For related welfare measures, please refer to page 105-107 of the Annual Report (Labor relations).</td><td></td></tr>
<tr><td>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</td><td>V</td><td></td><td>To prevent occupational injuries and protect workers' safety and health, we established standard safety and health management procedures, implemented ISO45001:2018 management system, and passed third-party verification. The evidence-collection coverage rate in the group achieved 100%. We promise to provide employees a safe and healthy working environment. The state of implementation of the relevant measures is as below:
1. Environmental examination and maintenance:
<table>
<tr><th>Item</th><th>Frequency</th></tr>
<tr><td>CO2 concentration and lighting test in the office area</td><td>At least once every half a year</td></tr>
<tr><td>Noise test in the lab area in Taipei Headquarters</td><td>Continuous monitoring</td></tr>
<tr><td>Testing methanol, isopropyl alcohol, tin, and noise at the production line area in Tainan Plant to control the actual situation in the operating environment and evaluate the status of exposure.</td><td>At least once every half a year</td></tr>
<tr><td>Low voltage distribution board test</td><td>Once every year</td></tr>
<tr><td>Fire safety equipment test</td><td>At least once every year</td></tr>
<tr><td>Air-conditioning maintenance in the office area and R&D testing area</td><td>Once every month for self-contained air-conditioning unit and once every half a year for central air-conditioning.</td></tr>
<tr><td>Disinfection operation at the public areas in the office building in Taipei</td><td>Once every month</td></tr>
</table></td><td>No discrepancy</td></tr>
</table>

Item	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Abstract Explanation	
			2. Management of chemicals: In order to manage chemicals properly, the Company has a dedicated area to place explosion-proof racks. The interval between racks is maintained in a safe distance. Chemicals with hazard are clearly labeled and adopted necessary communication measures as well as prepared safety data sheet for checking. Name and volume of the chemicals on the chemicals control card are clearly remarked in order to control the maximum storage amount in the rack. Moreover, safety equipment is also available, such as shower and eyewash, to make sure the timely protective measures are available when the operating personnel for chemicals exposed in the hazardous risk. 3. Employee health examination: Employee health examination is held once every year. Other than general health examination, 596 employees who are qualified for the examination under labor insurance in receiving special health examination due to the noise work or exposure in ionizing radiation operations have all completed special health examination in 2022. 4. Educational training: (1) The participation number for educational training related to occupational safety in 2022 was 7,601 people with total training hours of 8,128 hours, including internal and external educational training courses (fire safety seminar, using AED, personnel practical training on using fire extinguisher, traffic safety promotional course, reinforcement of hazard communication on chemicals competency workshop). (2) Delivered a disaster drill to all the employees working in the plants. 5. Statistics of occupational injuries There was no event of occupational diseases and no deaths of workers caused by occupational disasters in 2022. 7 cases of occupational injury in Taiwan, and 1 case in overseas branch offices. The total injury index FSI was below 0.08 with a majority of injuries in cuts, burns, bruises, contusion, etc. Immediate medical	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>care was given at the moment when accidents happened. In addition, correction measures were carried out through interviews with relevant personnel, such as advocacy through meetings and training to raise employees’ awareness have to fulfill our commitment in workplace safety.</td><td></td></tr>
<tr><td>(4) Does the company provide its employees with career development and competence training sessions?</td><td>V</td><td></td><td>The Company values multiple training courses to cultivate talents with different competencies. We provide professional competency and core management competency trainings through seven key training systems (including new employee training system, professional training system, management training system, internal lecturer training system, quality training system, environment-safety-health and energy management training system, and general training system) for professional competence training and core management occupational training. Employees can enhance professional and management abilities through on-the-job training and the resources of internal & external training courses.
The hours of educational training received by employees, based on different categories, are as below:
<table>
<tr><th>Category</th><th>Gender</th><th>Number of people</th><th>Total hours</th><th>Average hours per person</th></tr>
<tr><td rowspan="2">Indirect employee</td><td>Male</td><td>1,375</td><td>63,039.48</td><td>45.85</td></tr>
<tr><td>Female</td><td>769</td><td>31,262.70</td><td>40.65</td></tr>
<tr><td rowspan="2">Direct employee</td><td>Male</td><td>2,541</td><td>62,115.65</td><td>24.45</td></tr>
<tr><td>Female</td><td>2,083</td><td>57,761.57</td><td>27.73</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</td><td>V</td><td></td><td>The Company complies with domestic legal rules and that in sales territories and international standards for customer health and safety, customer privacy, marketing and labeling on products and services provided.
The Company values customer health and safety and continues paying attention to the feedback from customers after using the product in order to implement that into product design at the early stage. We follow international regulations and verification mechanism approved by the safety certification in different countries, optimize product design, and enhance the convenience and security on customer operation and</td><td>No discrepancy</td></tr>
</table>

Item	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Abstract Explanation	
			maintenance. In terms of customer privacy, we comply with all the confidential contracts and information signed with customers. Confidential work is carried out through business secret protective measures and well-prepared information security policies to avoid damage to the rights of customers. Documents related to products and projects are managed with the establishment of access permission. Non-project related personnel must not browse and download the information. The Company manages customer feedback based on a quality management system and carries out necessary improvement. When receiving customer complaints, PM or business personnel shall understand the problems addressed by the customer first and then transfer the problem to customer service unit for handling. Customer service unit shall determine the type of customer complaint and coordinate with relevant responsible unit to handle the problem in the shortest time until it is resolved in order to protect customer rights and interests.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		Wiwynn has established a supplier code of conduct as the foundation for suppliers to follow, covering five aspects including labor, health and safety, environment, business ethics and moral standards, and management systems. The code also includes biodiversity, zero deforestation, and land conservation, which enable sustainable use of natural resources and ensure the continuity of ecosystems, while reducing environmental impacts. In 2022, an annual SAQ questionnaire survey was conducted for suppliers with a procurement amount of over 95%. The questionnaire covers five dimensions: transparency and business ethics, continuous operation management, labor rights, environmental management, and responsible procurement. Based on the responses of the suppliers, potential high-risk suppliers in the economic, environmental, and social aspects were identified. A total of 32 suppliers were surveyed in 2022, of which 20 were identified as significant suppliers, accounting for 62.5%. To confirm the implementation of sustainability by suppliers, an audit was conducted through desk assessments. Sustainability risk assessment	No discrepancy

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>was divided into four levels (A, B, C, and D). Suppliers with a score below C-level (less than 60 points) and no score in specific questions are regarded as high-risk suppliers. According to the results of the 2022 risk assessment execution, no high-risk suppliers were identified. Moreover, over 78% of the suppliers were rated above A-level (over 81 points).</td><td></td></tr>
<tr><td>5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party1verification unit?</td><td>V</td><td></td><td>The Company has issued non-financial reports every year from 2020. The 2021 “Sustainability Report” followed GRI standards (GRI Standards 2021) issued by Global Reporting Initiative when preparing the report. Besides, we take a reference to the guidance of the industry issued by Sustainability Accounting Standards Board (SASB) and Sustainable Development Goals (SDGs) as the principles for the reports. We also obtained the third-party independence declaration issued by BSI, Taiwan Branch (please refer to the appendix of 2022 Sustainable Reports).</td><td>No discrepancy</td></tr>
<tr><td colspan="5">6. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies:
The Company has established “Corporate Social Responsibility Practice & Regulation” according to “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” for compliance, and there is no difference between the actual operation and the regulations established.</td></tr>
<tr><td colspan="5">7. Other useful information for explaining the status of corporate social responsibility practices:
(1) Carbon targets passed the approval of SBTi to link with the path of international carbon reduction
We promise to use 2021 as the base year to reduce at least 25% for Scope 1 and Scope 2 and 12.3% for Scope 3 by 2031.
(2) Mileage stone of renewable energy utilization
The self-owned electricity meters in Taipei Headquarters have completed transferred to green power supply. In terms of non-self-owned electricity meters, we adopted “single meter, several users” to significantly increase the ratio of green electricity in order to fulfill our commitment to renewable energy. In 2022, the utilization rate of renewable energy was 27.73%.</td></tr>
</table>

(8) Implementation of ethical corporate management and deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons

Evaluation item	Implementation status			Deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		The Company establishes “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Codes of Ethical Conduct”. They have been approved by the board and the policy of ethical management is disclosed in the internal regulations, annual report, and the Company website to make sure suppliers, customers, or other business-related institutions and personnel clearly understand our philosophy and regulations in ethical management. The directors and senior management in the Company have issued a statement of compliance with the ethical management policy and require in the terms of employment contract that employees must comply with such policy.	No discrepancy
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		The Company has established an evaluation mechanism for unethical conducts in the internal regulations of “ Procedures for Ethical Management and Guidelines for Conduct ” and “ Codes of Ethical Conduct ” to analyze and assess regularly the business activities within the business scope which are at a higher risk of being involved in unethical conduct as well as establish prevention programs accordingly, covering the prevention measures for the behaviors specified in Article 7-2 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”.	No discrepancy
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		The Company established the operating procedures, guidelines for conduct, punishment for violation, and complaint system for the prevention of unethical conducts in the internal regulations of “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and “ Codes of Ethical Conduct ” and will revise it in compliance relevant legal rules or the actual demand of company operation. Our “Code of Ethical Management”, “Operating Procedures for Ethical Management and	No discrepancy

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary description	
			Guidelines for Conduct", and "Code of Ethics" have been approved the revision by the board on December 24th, 2019, March 20th, 2020, and January 18, 2022 respectively.	
2. Ethical management practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		The Company establishes relevant assessment mechanisms through internal regulations, including evaluating the legality and ethical management record of the dealing objects. If the objects of business interaction or cooperation involve with the facts of unethical conducts or violate relevant legal rules, the contract will be terminated or cancelled immediately, and the relevant provisions will be entered in individual business contract.	No discrepancy
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		In order to strengthen the management of ethical management, the Company establishes "Ethical Corporate Management Best Practice Principles" with approval from the board of directors and sets up Department of Human Resource Management as the dedicated unit to be in charge of the establishment of ethical management policies and prevention programs and supervision of the implementation. The department reports to the board of directors regularly (at least once a year), and no violation has been found so far. The state of implementation of ethical management in the Company in 2022 is as below, and it has been reported to the Board of Directors on February 22, 2023. 1. Supplier commitment: Supplier's ethical policy letter is listed as one of the elements in selecting new suppliers for the Company. Current suppliers must also sign to commit that they will not conduct any behavior that involves direct or indirect offering, bribery, improper gifts, entertainment, and other conveyance of unjust interests to the employees or relatives and friends of the employees in the Company. In 2022, we issued 451 copies of "Supplier's Ethical Management Letter" and recovered 437 letters effectively with a conversion rate of 96.9%. 2. Educational training: To ensure employees fully understand relevant regulations, the Company carries out online "ethical conduct code educational training" to new employees as the threshold of passing the probation. There were 1,740 new employees participating in "ethical conduct code educational training" in 2022, and 1,641 of them completed the training with a completion	No discrepancy

Evaluation item	Implementation status			Deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summary description	
			rate of 94.3%. 3. Standards of the audit and continuous promotion on the regulations of receiving gifts. (1) RBA external audit is held every two years, and there was no audit in 2022. Relevant units in the Company conducted RBA internal audit for three days from November 9 to 11, 2022. With RBA self-assessment questionnaire (SAQ), we evaluated social, environmental, ethical, and corruption risks. The evaluation revealed no critical risk, and we will continue mitigating the risks and effectively control potential risks. (2) In order to maintain the highest standard of ethical conduct, we strictly forbid any form of bribery. The regulations of receiving gifts were restated the regulations before the three traditional festivals on January 21, May 19, and August 22, 2022 respectively through internal emails and employee information portal to all the employees in Wiwynn.	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		The Company establishes the policy of conflict of interests’ prevention in the internal regulations of “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Codes of Ethical Conduct”. Proper channels for statements have been provided based on the status of the stakeholders. The state of implementation of conflict of interests’ avoidance for the meeting topics at the board of directors in the Company in 2022 was disclosed on page 23 to 26 in the annual report. Any director who is the interested party of the topics for discussion will take an initiative to avoid participating in discussion and voting to strictly follow the policy of conflict of interests’ prevention.	No discrepancy
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical	V		The Company has established effective accounting systems and internal control systems as well as ensure the design of the internal control system and its implementation continue being effective based on the items for effectiveness judgment of internal control system specified in “Regulations Governing Establishment of Internal Control Systems by Public Companies”. In addition, the audit unit in the Company uses the annual self-assessment result from each	No discrepancy

Evaluation item	Implementation status			Deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summary description	
conduct or hire outside accountants to perform the audits?			unit of implementation as the basis of risk evaluation and establish audit plans as well as carry out regular audit. All of the financial statements in the Company have been audited by certified public accountants to ensure the fairness of each statement.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		The Company continues promoting the importance of ethical management through new employee training, internal educational training, and various meetings. “Introduction of RBA Code of Conduct” and “Code of Ethical Conduct Educational Training” are the compulsory courses for new employees. Besides, “Introduction of RBA Code of Conduct” is also the key item of re-training every year, and all employees must receive the training. We carried out online training on ethical conduct to all the employees in 2022, and there were 3,365 participants with total training hours of 1,358.5 hours. There were 1,892 employees receiving RBA courses with total training hours of 1,316.5 hours.	No discrepancy
3. Implementation of complaint procedures in the company				
(1) Has the company established specific whistleblowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V V V		The Company specifies concrete whistleblowing systems and reporting channels in “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct”, and the ethical policy letter. It is explained below: (1) If the reported matter involves general employees, it shall be submitted to the manager at the department, the highest manager at administrative and human resource unit, or the highest manager at the audit unit. (2) If the reported matter involves directors or senior managers, it shall be submitted to the highest manager at the audit unit or the independent director. The manager or personnel who submitted the report as above shall investigate the facts immediately. If necessary, request assistance from other relevant departments. The Company sets up the standard operating procedures for investigation on the reported matters received in “Procedures for Ethical Management and Guidelines for Conduct”, and “Codes of Ethical Conduct”. The case officer in charge of handling the reported matter shall keep the identity of the whistleblower and the reported content confidential with a written statement. In	No discrepancy No discrepancy No discrepancy

Evaluation item	Implementation status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary description	
			order to adopt proper measures to protect the whistleblower, the Company also established "Whistleblower Protection and Counter Retaliation Management Procedure" to promise protecting the whistleblower in good faith or those who participate in the investigation from improper handling due to the reported matter or from being retaliated.	
4. Strengthening information disclosure				
(1) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed the content of code of ethical management and the effectiveness of implementation on the annual report, the Company website, and Market Observation Post System.	No discrepancy
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has established "Ethical Corporate Management Best Practice Principles" based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" for compliance, and there is no deviation between the actual operation and the code established.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies: The Company carries out social, environmental, and ethical risk evaluation based on the self-assessment questionnaire (SAQ) designed by RBA. In 2022, the Company achieved an average score more than 90 points in SAQ assessment score; all items were in low risk (≧85 points are regarded as low risk).				

(9) If the company has established corporate governance guidelines and relevant regulations, please disclose the method of inquiry:

Please refer to Wiwynn's website at http://www.wiwynn.com/zh-hant/ and Taiwan Stock Exchange Market Observation Post System (http://newmops.twse.com.tw) for relevant regulations.

(10) Other important information to enhance the understanding on the operations of corporate governance that should be disclosed:

None.

(11) The statement of internal control system should disclose the following information:

1. Statement of internal control

Wiwynn Corporation

Statement of Internal Control

Date: February 22, 2023

Based on the findings of a self-assessment, Wiwynn Corporation (Wiwynn) states the following with regard to its internal control system during the year 2022:

1. Wiwynn's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. The required system has been established accordingly. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Wiwynn takes immediate remedial actions in response to any identified deficiencies.
3. Wiwynn evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control:(1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component contains several items. Please refer to the provisions specified in "the Handling Regulations."
4. Wiwynn has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Wiwynn believes that, as of December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Wiwynn's annual report and prospectus and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entrail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors in their meeting held on February 22, 2023, with none of the nine attending directors expressing dissenting opinions. All attending directors have affirmed the content of this Statement.

Wiwynn Corporation

Chairman: Simon Lin (signature)

Vice Chairman & CEO: Emily Hong (signature)

President: Sunlai Chang (signature)

2. If a CPA has been commissioned to carry out a special audit of the internal control system, a CPA audit report should be disclosed: None.

(12) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:

None.

(13) Resolutions of the General Shareholders' Meeting and the Board of Directors' Meeting in the most recent fiscal year and during the current fiscal year up to the publication of the annual report:

1. Important resolution of General Shareholders' Meeting

Date	Major resolutions	Implementation status
2022.5.31	1. Ratification of 2021 Business Report and Financial Statements.	It was approved as proposed.
	2. Ratification of the proposal for distribution of the Company's 2021 profits.	It was approved as proposed. According to the resolution of the Board of Directors' meeting on April 18, 2022, the Chairman was authorized to set up June 17, 2022 as the ex-dividend date. The cash dividend per share of NT$25 should be issued fully before July 15, 2022.
	3. Ratification of the discussion on dealing with ordinary share issuance via capital increase in cash participating in issuing global depository receipts and/ or ordinary share issuance via capital increase in cash and/ or ordinary share issuance via capital increase in cash through private placement and/ or new share issuance via private placement participating in issuing global depository receipts.	It was approved as proposed. Due to the change of operating funds of the Company, we proposed to Financial Supervisory Commission to withdraw the ordinary share issuance via capital increase in cash participating in issuing global depository receipts in 2022. It has been approved and filed with official letter, No. 1110367268, by Financial Supervisory Commission on December 22, 2022.
	4. Ratification of amendments on the "Article of Incorporation" of the Company.	It was approved as proposed. The revised provisions have been published on the Company's website and would be implemented according to the revised provisions.
	5. Ratification of amendments on the Company's "Handling Procedures of Acquisition or Disposal of Assets".	It was approved as proposed. The revised provisions have been published on the Company's website and would be implemented according to the revised provisions.

	6. Ratification of amendments to the "Rules and Procedures of Shareholders' Meeting."	It was approved as proposed. The revised provisions have been published on the Company's website and would be implemented according to the revised procedures.
	7. Ratification of the removal of the non-compete restrictions on directors of the Company and their corporate representatives.	It was approved as proposed.

3. Major resolutions of the Board Meeting

Name of meeting	Date	Major resolution	Compensation Committee		Audit Committee		Nominating Committee	
			Motion	Resolution	Compliance with Article 14-5 of the Securities and Exchange Act	Resolution	Motion	Resolution
1st Board Meeting in 2022	2022.01.18	1. Approved the preliminary proposal of annual business performance bonus in the second half of 2021 for managers except CEO of the Company.	V	Approved as proposed				
		2. Approved the preliminary proposal of annual business performance bonus in the second half of 2021 for CEO of the Company.	V	Approved as proposed				
		3. Approved the proposal of the Company's business plan for 2022.			V	Approved as proposed		
		4. Approved the preliminary proposal of amendments on the Company's "Codes of Ethical Conduct".						
		5. Approved the preliminary proposal of amendments on the Company's "Code of Practice for Corporate Governance".						
		6. Approved the proposal of amendments on the Company's "Code of Practice for Corporate Social Responsibility" and revised the name to "Code of Practice for Sustainable Development".						
		7. Approved the report of equipment acquisition for business purpose between the Company and subsidiaries submitted afterwards.						
		8. Approved the proposal of credit application to banks.						

2nd Board Meeting in 2022	2022.02.25	1. Approved the proposal of distributing employee compensation and director remuneration in 2021.	V	Approved as proposed				
		2. Approved the proposal of employee compensation ratio and suggested amount for managers except CEO of the Company in 2021.	V	Approved as proposed				
		3. Approved the preliminary proposal of salary adjustment for managers except CEO of the Company in 2022.	V	Approved as proposed				
		4. Approved the preliminary proposal of annual performance bonus for managers except CEO of the Company in 2022.	V	Approved as proposed				
		5. Approved the proposal of employee compensation ratio and suggested amount for CEO of the Company in 2021.	V	Approved as proposed				
		6. Approved the proposal of annual salary adjustment for CEO of the Company in 2022.	V	Approved as proposed				
		7. Approved the preliminary proposal of annual performance bonus for CEO of the Company in 2022.	V	Approved as proposed				
		8. Approved the proposal of the Company's Business Report for 2021.			V	Approved as proposed		
		9. Approved the Company's parent only and the consolidated financial reports for 2021.			V	Approved as proposed		

		10. Approved the proposal of ordinary share issuance via capital increase in cash participating in issuing global depository receipts and/ or ordinary share issuance via capital increase in cash and/ or ordinary share issuance via capital increase in cash through private placement and/ or new share issuance via private placement participating in issuing global depository receipts.			V	Approved as proposed		
		11. Approved the amendments on the Company's "Articles of Incorporation".			V	Approved as proposed		
		12. Approved the amendments on the Company's "Handling Procedures for acquisition or Disposal of Assets".						
		13. Approved the proposal of the removal of the non-compete restrictions on directors of the Company and their corporate representatives.						
		14. Approved the proposal of schedule for 2022 Shareholder's Meeting, including date, location, and purpose.						
		15. Approved the proposal of commissioning KPMG as the certified accountants for auditing financial statements of the Company in 2022.			V	Approved as proposed		
		16. Approved the proposal of the Company's "Statement of Internal Control" for 2021.			V	Approved as proposed		
		17. Approved the proposal of capital increase in US$400,000 thousand to the subsidiary, Wiwynn International Corporation (WYUS in short).			V	Approved as proposed		

		18. Approved the proposal of capital increase in US$28,000 thousand to the subsidiary, Wiwynn Technology Service Malaysia SDN.BHD (WYMY in short).			V	Approved as proposed		
		19. Approved the report of equipment acquisition for business purpose between the Company and subsidiaries submitted afterwards.						
		20. Approved the proposal of providing endorsement and guarantees to the subsidiary, Wiwynn Mexico S.A. de C.V. (WYMX in short).			V	Approved as proposed		
		21. Approved the proposal of credit application to banks.						
3rd Board Meeting in 2022	2022.04.18	1. Approved the proposal of the Company's earnings distribution for 2021.			V	Approved as proposed		
		2. Approved the proposal of amendments on the Company's "Rules and Procedures of Shareholders' Meeting".						
		3. Approved the proposal of credit application to banks.						
4th Board Meeting in 2022	2022.05.03	1. Approved the proposal of the Company's consolidated financial statements for Q1, 2022.			V	Approved as proposed		
		2. Approved the proposal of applying changes and extensions on advance factoring to ING Bank N.V., Taipei Branch.						
		3. Approved the application to banks for increasing credit limit.						
5th Board Meeting in 2022	2022.05. 31	1. Approved the proposal of Company's new share issuance through capital increase in cash participating in issuing global depository receipts.			V	Approved as proposed		

		2. Approved the regulation of employees' subscription in the Company's first capital increase in cash for new share issuance participating in global depository receipts (hereinafter referred to as employee subscription method).						
		3. Approved the application to banks for increasing credit limit.						
6th Board Meeting in 2022	2022.05.31	1. Approved the proposal of subscription amount of the Company's capital increase in cash for new share issuance participating in global depository receipts distributed to managers except CEO of the Company.	V	Approved as proposed				
		2. Approved the proposal of subscription amount of the Company's capital increase in cash for new share issuance participating in global depository receipts distributed to CEO of the Company.	V	Approved as proposed				
7th Board Meeting in 2022	2022.08.02	1. Approved the preliminary proposal of annual business performance bonus in the first half of 2022 for managers except CEO of the Company.	V	Approved as proposed				
		2. Approved the preliminary proposal of annual business performance bonus in the first half of 2022 for CEO of the Company.	V	Approved as proposed				
		3. Approved the proposal of remuneration paid to directors in 2021.	V	Approved as proposed				
		4. Approved the proposal of the Company's consolidated financial statements for Q2, 2022.			V	Approved as proposed		

		5. Approved the proposal of capital increase in US$26,000 thousand to the subsidiary, Wiwynn Mexico, S.A. de C.V. (WYMX in short).			V	Approved as proposed		
		6. Approved the proposal of capital increase in US$34,000 thousand to the subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. (WYMY in short).			V	Approved as proposed		
		7. Approved the report of equipment acquisition for business purpose between the Company and the parent company submitted afterwards.						
		8. Approved the proposal of credit application to banks.						
8th Board Meeting in 2022	2022.11.01	1. Approved the proposal of the Company's consolidated statements for Q3, 2022.			V	Approved as proposed		
		2. Approved the proposal of the Company's audit plan for 2023.			V	Approved as proposed		
		3. Approved the proposal of adjusting rent and contract renewal with stakeholder, Wistron NeWeb Corporation, according to the Property Rental Contract signed.			V	Approved as proposed		
		4. Approved the proposal of providing endorsement and guarantees to the subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. (WYMY in short).			V	Approved as proposed		
		5. Approved the proposal of "Organizational Rules for Nominating Committee" and appointment of its members.						
		6. Approved the proposal of amendments of the Company's "Rules of Procedures for Board of Directors' Meetings".						

		7. Approved the proposal of amendments of the Company's "Rules for Performance Evaluation of Board of Directors" and changed the name to "Rules for Performance Evaluation of Board of Directors and Functional Committees".						
		8. Approved the proposal of amendments of the Company's "Regulations Governing the Prevention of Insider Trading".						
		9. Approved the proposal of amendments of the Company's "Procedures for Handling Material Inside Information".						
		10. Approved the proposal of amendments of the Company's "Table of Authority for Approval".			V	Approved as proposed		
		11. Approved the proposal of general principles for pre-approval of non-assurance services.			V	Approved as proposed		
		12. Approved the report of equipment acquisition for business purpose between the Company and the parent company or between the Company and subsidiaries submitted afterwards.						
		13. Approved the proposal of applying sustainability-linked loan issued by MUFG Bank.						
		14. Approved the proposal of credit application to banks.						

1st Board Meeting in 2023	2023.01.09	1. Approved the preliminary proposal of annual business performance bonus in the second half of 2022 for managers except CEO of the Company.	V	Approved as proposed				
		2. Approved the preliminary proposal of annual business performance bonus in the second half of 2022 for CEO of the Company.	V	Approved as proposed				
		3. Approved the proposal of amendments of the Company's "Renumeration to Directors and Functional Committees".	V	Approved as proposed				
		4. Approved the proposal of the Company's business plan for 2023.			V	Approved as proposed		
		5. Approved the report of equipment acquisition for business purpose between the Company and the parent company or between the Company and subsidiaries submitted afterwards.						
		6. Approved the proposal of credit application to banks.						
2nd Board Meeting in 2023	2023.02.22	1. Approved the proposal of the Company's employee compensation and director renumeration distribution.	V	Approved as proposed				
		2. Approved the proposal of employee compensation ratio and suggested amount for managers except CEO of the Company in 2022.	V	Approved as proposed				
		3. Approved the preliminary proposal of salary adjustment for managers except CEO of the Company in 2023.	V	Approved as proposed				
		4. Approved the preliminary proposal of annual performance bonus for manager except CEO of the Company in 2023.	V	Approved as proposed				

		5. Approved the proposal of employee compensation ratio and suggested amount for CEO of the Company in 2022.	V	Approved as proposed				
		6. Approved the proposal of annual salary adjustment for CEO of the Company in 2023.	V	Approved as proposed				
		7. Approved the preliminary proposal of annual performance bonus for CEO of the Company in 2023.	V	Approved as proposed				
		8. Approved the Company's business plan and financial statement for 2022.			V	Approved as proposed		
		9. Approved the proposal of Company's earnings distribution for 2022.			V	Approved as proposed		
		10.Approved the proposal of agenda for the Company's general shareholders' meeting in 2023.						
		11. Approved the proposal of capital increase in US$50,000 thousand to the subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. (WYMY in short).			V	Approved as proposed		
		12.Approved the proposal of capital increase in US$400,000 thousand to the subsidiary, Wiwynn International Corporation (WYUS in short).			V	Approved as proposed		
		13. Approved the proposal of establishment of an chief information security officer.						
		14. Approved the proposal of commissioning KPMG as the certified accountants for auditing financial statements of the Company in 2023 and the proposal of audit fee for 2023.			V	Approved as proposed		
		15. Approved the proposal of the Company's "Statement of Internal Control" for 2022.			V	Approved as proposed		

		16.Approved the proposal of amendments on the Company's "Regulations Governing Cycle of Operation for Internal Control".			V	Approved as proposed		
		17. Approved the preliminary proposal of amendments on the Company's "Code of Practice for Corporate Governance".						
		18. Approved the proposal of establishing the Company's "Taxation Policy".						
		19. Approved the proposal of the Company's "Codes of Conduct".						
		20. Approved the proposal of amendments on the Company's "Budget Management Method".						
		21. Approved the proposal of amendments on the Company's "Regulations Governing Real Estate, Plant, and Equipment Management.						
		22. Approved the proposal of amendments on the Company's "Management of Procedures for Preparation of Financial Statements".						
		23. Approved the proposal of amendments on the Company's "Regulations Governing Subsidiary Supervision and Management".						
		24. Approved the proposal of amendments of the Company's "Table of Authority for Approval".			V	Approved as proposed		
		25. Approved the proposal of credit application to banks.						

3rd Board Meeting in 2023	2023.04.17	1. Approved the re-election of the Company’s Fifth Board of Directors (including independent directors).						
		2. Approved the nomination of candidates for the Fifth Board of Directors (including independent directors) proposed by the Board.					V	Approved as proposed
		3. Approved the lifting of limitation on non-competition in business for the directors and their legal representatives of the Company.						
		4. Approved the proposal of the Company obtaining property use-of-right asset with the stakeholder, Wistron NeWeb Corporation to sign a new lease contract and adjust original rent.			V	Approved as proposed		
		5. Approved the proposal of revising some articles of the Company’s “Procedures for Lending Funds to Other Parties”.			V	Approved as proposed		
		6. Approved the additional motions for the Company’s 2023 General Shareholders’ Meeting.						

(14) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a important resolution passed by the board of directors and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(15) Summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

3.5 Information Regarding the Company’s Audit Fee

Unit: NT$ Thousand

Accounting Firm	Name of CPA	Period Covered by CPA’s Audit	Audit Fee	Non-audit Fee	Total	Remark
KPMG	TANG, CHIA-CHIEN	2022/01~ 2022/12	6,940	13,718	20,658	Non-audit fee is mainly for the services of taxation audit, verification, and the service of handling global depository receipts.
	HUANG, MING-HUNG					

(1) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

3.6 Information on the replacement of certified public accountant

Because of the internal position adjustment in KPMG, the original CPAs, Tang Chia-Chien and Huang Ming-Hung, was replaced by CPA Chen Ya-Lin and Huang Ming-Hung from the first quarter in 2023.

3.7 The Company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

3.8 Transfer of equity interests and change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year and during the current fiscal year up to March 30, 2023:

(1) Changes in shareholding of directors, managers, and major shareholders

Title	Name	2022		2023 (up to March 30)	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Wistron Corporation Representative : Simon Lin	0	0	(89,000)	0
Vice Chairman	Emily Hong	(40,000)	0	(109,000)	0
Director	Wistron Corporation Representative : Frank Lin	0	0	(5,000)	0
Director	Sunlai Chang	(10,000)	0	(38,000)	0
Director	Steven Lu	0	0	0	0
Independent Director	Charles Kao	0	0	0	0
Independent Director	Simon Zeng	0	0	0	0
Independent Director	Cathy Han	0	0	0	0
Independent Director	Victor Cheng	0	0	0	0
Vice President	Robin Wang	0	0	(27,000)	0
Vice President	Joe Chiao	0	0	(32,000)	0
Chief Financial Officer	Harry Chen	(280,000)	0	(80,000)	0
Accounting Supervisor	Wenifred Wen	0	0	(41,000)	0
Major Shareholder	Wistron Corporation	(8,000,000)	0	0	0

(2) Equity transfer information:

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT$)
Emily Hong	Gift	2023/10/12	Chingkai Zeng	Child	40,000	N/A

(3) Equity pledge information: None.

3.9 Information on top ten shareholders and the relationship among them

March 30, 2023

Name	Shareholding in person		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	Ratio	Shares	Ratio	Shares	Ratio	Name	Relationship	
Wistron Corporation Representative: Simon Lin	65,895,129	37.68%	0	0%	0	0%	Simon Lin	Chairman of Wistron Corporation	None
Liben Investment Co. Ltd. Representative: Frank Lin	5,738,927	3.28%	0	0%	0	0%	Wise Cap Limited Company	Reinvestment of Wise Cap	None
Simon Lin	5,005,111	2.86%	0	0%	0	0%	Wistron Corporation	Chairman	None
Wise Cap Limited Representative: Frank Lin	4,320,513	2.47%	0	0%	0	0%	Wistron Corporation	Reinvestment of Wistron	None
Emily Hong	2,944,624	1.68%	307,968	0.18%	0	0%	None	None	None
2021 the New Labor Retirement Reserve Fund First Discretionary Investment Special Account Entrusted to First Financial Holding Co. Ltd.	2,891,100	1.65%	0	0%	0	0%	None	None	None
Fubon Life Insurance Co., Ltd.	2,351,000	1.34%	0	0%	0	0%	None	None	None
Norges Bank-External Manager BlackRock Investment Management (Taiwan) Co. Ltd. Investment Account entrusted to Citi (Taiwan) Bank	1,882,000	1.08%	0	0%	0	0%	None	None	None
Chunghwa Post Co., Ltd.	1,791,000	1.02%	0	0%	0	0%	None	None	None
Federated Hermes Global Emerging Market Equity Fund by Federated Hermes Inc. Entrusted to HSBC	1,634,473	0.93%	0	0%	0	0%	None	None	None

3.10 The total number of shares held in any single enterprise by the Company, its directors, supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company as well as the consolidated shareholding ratio

December 31, 2022
Unit: Thousand shares, %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Ratio	Shares	Ratio	Shares	Ratio
Wiwynn Technology Service Japan, Inc. (WYJP)	-	100.00%	0	0%	-	100.00%
Wiwynn International Corporation (WYUS)	569,010	100.00%	0	0%	569,010	100.00%
Wiwynn Technology Service Hong Kong Limited (WYHK)	400	100.00%	0	0%	400	100.00%
Wiwynn Korea Ltd. (WYKR)	20	100.00%	0	0%	20	100.00%
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	336,764	100.00%	0	0%	336,764	100.00%
Wiwynn Mexico S.A. de C.V.(WYMX)	769,675	100.00%	0	0%	769,675	100.00%
Wiwynn Technology Service Mexico SA De CV (WYSMX)	40,444	100.00%	0	0%	40,444	100.00%
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	-	100.00%	0	0%	-	100.00%
LiquidStack Holding B.V. (LiquidStack)	1,000	20.00%	0	0%	1,000	20.00%

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

4. STATE OF FUND RAISING

4.1 Capital and shares

(1) Source of capital stock

a. Capital formation:

Unit: Except the issued price uses NTD as the unit.
The rest is NT$ Thousand and thousand shares

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Approval Date and Reference No.
2012.03	10	30,000	300,000	9,500	95,000	Established with registered capital of NT$95,000 thousand	0	Date: 2012.03.03 Ref. No.1015012100 with registration approved by New Taipei City Government Economic Development Department
2012.11	10	30,000	300,000	10,000	100,000	Capital increase by cash in NT$5,000 thousand	0	Date: 2012.11.05 Ref. No.1015069070 with registration approved by New Taipei City Government Economic Development Department
2014.07	18.1	150,000	1,500,000	30,000	300,000	Capital increase by cash in NT$200,000 thousand	0	Date: 2014.07.15 Ref. No.1035164614 with registration approved by New Taipei City Government Economic Development Department
2014.09	10	150,000	1,500,000	36,000	360,000	Capital increase by retained earnings in NT$60,000 thousand	0	Date: 2014.09.25 Ref. No.1035182248 with registration approved by New Taipei City Government Economic Development Department
2015.08	10 17.4	150,000	1,500,000	42,025	420,245	Capital increase by retained earnings in NT$54,000 thousand Capital increase by employee bonus in NT$6,245 thousand	0	Date: 2015.08.18 Ref. No.1045173275 with registration approved by New Taipei City Government Economic Development Department
2016.07	10	150,000	1,500,000	58,834	588,343	Capital increase by retained earnings in NT$168,098 thousand	0	Date: 2016.07.11 Ref. No.10501159110 with registration approved by MOEA
2016.10	20	150,000	1,500,000	88,834	888,343	Capital increase by cash in NT$300,000 thousand	0	Date: 2016.10.20 Ref. No.10501244580 with registration approved by MOEA
2017.04	10.6	150,000	1,500,000	88,970	889,703	Capital increase by employee stock option in NT$1,360 thousand	0	Date: 2017.04.24 Ref. No.10601049520 with registration approved by MOEA
2017.07	10 10.6	150,000	1,500,000	102,317	1,023,174	Capital increase by retained earnings in NT$133,251 thousand Capital increase by employee stock option in NT$220 thousand	0	Date: 2017.07.21 Ref. No.1060109988 with registration approved by MOEA
2017.09	10 21.7	150,000	1,500,000	105,449	1,054,494	Capital increase by employee stock option in NT$570 thousand Capital increase by employee stock option in NT$30,750 thousand	0	Date: 2017.09.13 Ref. No.10601131740 with registration approved by MOEA
2017.12	10 21.7	150,000	1,500,000	106,077	1,060,774	Capital increase by employee stock option in NT$340 thousand Capital increase by employee stock option in NT$5,940 thousand	0	Date: 2017.12.26 Ref. No.10601175320 with registration approved by MOEA
2018.03	120 10 21.7	150,000	1,500,000	126,330	1,263,304	Capital increase by cash in NT$200,000 thousand Capital increase by employee stock option in NT$1,130 thousand Capital increase by employee stock option in NT$1,400 thousand	0	Date: 2018.03.31 Ref. No.10701030510 with registration approved by MOEA
2018.05	10 21.7	150,000	1,500,000	126,440	1,264,404	Capital increase by employee stock option of NT$720 thousand Capital increase by employee stock option of NT$380 thousand	0	Date: 2018.05.14 Ref. No.10701052230 with registration approved by MOEA
2018.07	10	150,000	1,500,000	126,465	1,264,654	Capital increase by employee stock option in NT$250 thousand	0	Date: 2018.07.27 Ref. No.10701087750 with registration approved by MOEA
2018.08	10	250,000	2,500,000,	151,985	1,519,847	Capital increase by retained earnings in NT$255,193 thousand	0	Date: 2018.08.21 Ref. No.10701099220 with registration approved by MOEA
2019.01	10 18.1	250,000	2,500,000,	152,029	1,520,287	Capital increase by employee stock option in NT$230 thousand Capital increase by employee stock option in NT$210 thousand	0	Date: 2019.01.15 Ref. No.10701165000 with registration approved by MOEA
2019.04	248 10 18.1	250,000	2,500,000,	174,511	1,745,107	Capital increase by cash in NT$188,100 thousand Capital increase by employee stock option in NT$2,470 thousand Capital increase by employee stock option in NT$34,250 thousand	0	Date: 2019.04.16 Ref. No.10801037160 with registration approved by MOEA
2019.05	10 18.1	250,000	2,500,000,	174,543	1,745,427	Capital increase by employee stock option in NT$20 thousand Capital increase by employee stock option in NT$300 thousand	0	Date: 2019.05.17 Ref. No.10801053940 with registration approved by MOEA

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Approval Date and Reference No.
2019.12	10	250,000	2,500,000,	174,614	1,746,137	Capital increase by employee stock option in NT$130 thousand	0	Date: 2019.12.09 Ref. No.10801165460 with registration approved by MOEA
	17.3					Capital increase by employee stock option in NT$580 thousand		
2020.01	17.3	250,000	2,500,000,	174,637	1,746,367	Capital increase by employee stock option in NT$230 thousand	0	Date: 2020.01.15 Ref. No.10901003070 with registration approved by MOEA
2020.04	10	250,000	2,500,000,	174,832	1,748,317	Capital increase by employee stock option in NT$400 thousand	0	Date: 2020.04.13 Ref. No.10901055270 with registration approved by MOEA
	17.3					Capital increase by employee stock option in NT$1,550 thousand		
2020.06	17.3	250,000	2,500,000,	174,841	1,748,407	Capital increase by employee stock option in NT$90 thousand	0	Date: 2020.06.01 Ref. No.10901081840 with registration approved by MOEA

b. Type of stock:

Type of Stock	Authorized Capital			Remark
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	174,840,791(Listed)	75,159,209	250,000,000	None

c. Information of self-registration: None.

(2) Shareholder composition:

March 30, 2022

Composition / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	5	15	140	6,932	913	8,005
Shares held	3,817,816	4,998,409	81,927,276	24,499,954	59,597,336	174,840,791
Percentage	2.18%	2.86%	46.86%	14.01%	34.09%	100.00%

(3) Equity distribution

a. Common shares:

March 30, 2022

Interval of Shareholding	Number of Shareholders	Shares Held	Percentage
1 ~ 999	4,542	347,087	0.20%
1,000 ~ 5,000	2,446	4,076,410	2.33%
5,001 ~ 10,000	268	2,019,291	1.15%
10,001 ~ 15,000	138	1,769,711	1.01%
15,001 ~ 20,000	88	1,582,211	0.90%
20,001 ~ 30,000	88	2,218,086	1.27%
30,001 ~ 40,000	60	2,087,935	1.19%
40,001 ~ 50,000	56	2,529,838	1.45%
50,001 ~ 100,000	126	8,874,892	5.08%
100,001 ~ 200,000	93	13,382,921	7.65%
200,001 ~ 400,000	46	12,741,868	7.29%
400,001 ~ 600,000	28	13,710,928	7.84%
600,001 ~ 800,000	8	5,437,947	3.11%
800,001 ~ 1,000,000	1	995,000	0.57%
1,000,001 or over	17	103,066,666	58.95%
Total	8,005	174,840,791	100.00%

b. Preferred shares: None.

(4) List of major shareholders:

March 30, 2022

Stock Shareholder's Name	Shares held	Shareholding ratio
Wistron Corporation	65,895,129	37.68%
Liben Investment Co., Ltd.	5,738,927	3.28%
Simon Lin	5,005,111	2.86%
Wise Cap Limited	4,320,513	2.47%
Emily Hong	2,944,624	1.68%
2021 the New Labor Retirement Reserve Fund First Discretionary Investment Special Account Entrusted to First Financial Holding Co. Ltd.	2,891,100	1.65%
Fubon Life Insurance Co., Ltd.	2,351,000	1.34%
Norges Bank- External Manager BlackRock Investment Management (Taiwan) Co. Ltd. Investment Account entrusted to Citi (Taiwan) Bank	1,882,000	1.08%
Chunghwa Post Co., Ltd.	1,791,000	1.02%
Federated Hermes Global Emerging Market Equity Fund by Federated Hermes Inc. Entrusted to HSBC	1,634,473	0.93%

(5) Market price, net value, earnings, and dividends per share in the most recent two fiscal years:

Unit: NT$

Fiscal year Item			2021	2022	2023 (up to March 30)
Market price per share	Highest		1,150.00	1,135.00	1,165.00
	Lowest		682.00	610.00	718.00
	Average		909.29	860.60	919.96
Net value per share	Before distribution		156.54	221.84	(Note 2)
	After distribution (Note 1)		131.54	171.84	-
Earnings per share	Weighted average shares (thousand shares)		174,841	174,841	-
	Earnings per share		49.46	81.07	(Note 2)
Dividends per share	Cash dividends		25	50	-
	Stock dividends	-	-	-	-
		-	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment	Price-to-earnings ratio		18.38	10.62	-
	Price-to-dividends ratio		36.37	17.21	-
	Cash dividends yield rate		2.75%	5.81%	-

Note 1: The proposal for distribution of 2022 profits was approved by the Board of Directors on February 22, 2023 but has not yet been approved by the shareholders' meeting.

Note 2: Up to the printing date of the company annual report, the quarterly report for Q1, 2023 has not been reviewed by CPAs.

(6) Company’s dividend policy and its state of implementation

1. Dividend policy specified in the Articles of Incorporation

a. If the Company has net profit as a result of the yearly accounting closing, the Company shall pay all taxes and duties and offset its losses in precious years, then set aside a legal capital reserve at ten percent (10%) of the net profit, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge before appropriating not less than ten percent (10%) of the remaining balance plus undistributed earnings in begin of period are available for distribution as dividends to shareholders. The Board of Directors is responsible for proposing the distribution for approval in the shareholders’ meeting.

b. In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company’s expansion and for its continual and steady growth, a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by cash shall not be less than ten percent (10%) of the total dividends.

2. Proposed distribution of dividends to the shareholders’ meeting

a. The distributable surplus in 2022 was NT$22,527,254,934, and it was planned to issue cash dividends of 8,742,039,550 to shareholders. The undistributed surplus by the end of the period was NT$13,785,215,384.

b. The proposal of 2022 annual surplus distribution has been approved by the board of directors on February 22, 2023. The chairman will determine the ex-dividend date after it is approved through the resolution of general shareholder’s meeting on May 29, 2023.

3. If a material change in dividend policy is expected, provide an explanation:

None.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

It is not applicable because the Company only issued cash dividends for 2022, and the financial forecast for 2023 is not published.

(8) Remuneration to employees and directors

1. Percentage or scope of remuneration to employees and directors specified in the Articles of Incorporation:

If the Company has net profit as a result of the yearly accounting closing, (profit means the profit before tax, excluding the amounts of employees’ and directors’ compensation) such profit will be distributed in accordance with the following, but the Company’s accumulated losses shall have been covered first.

a. No less than five percent (5%) of profit as employees’ compensation. The employees’ compensation may be distributed in the form of shares or in cash. The qualification requirements of employees, including the employees from the Company’s controlling companies or subsidiaries, who are entitled to receive compensation, shall be determined by the Board of Directors.

b. No more than one percent (1%) of profits for directors and should be issued in cash.

2.The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

If there is any difference between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, it shall be accounted for as a change in accounting estimate and recognized as profits or losses in 2023.

3. Information on approval of remuneration by the Board of Directors:

a. The amount of employee compensation distributed in cash was NT$935,000,000 and the amount of director compensation was NT$36,000,000. It has no difference with the expense recognized in 2022 financial statements.

b. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

4.The actual distribution of employee and director compensation for the previous fiscal year, and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause, and how it is treated:

Amount: NT$

Item	Board Resolution Amount	Actual Distribution Amount
Employees' Compensation in Cash	574,000,000	574,000,000
Directors' Compensation in Cash	27,450,000	27,450,000
Total	601,450,000	601,450,000

Note: There is no difference between the BOD's proposed amount of compensation to be distributed to employees and directors and the amount listed in the financial statements.

(9) State of repurchasing the Company's stock: None.

4.2 Issuance of corporate bonds

(1) Information on corporate bonds

<table>
<tr><td colspan="2">Type of Corporate Bond</td><td>1st Unsecured Corporate Bond issued in 2020</td><td>1st Unsecured Corporate Bond issue in 2021</td></tr>
<tr><td colspan="2">Issue date</td><td>2020.10.20</td><td>2021.08.06</td></tr>
<tr><td colspan="2">Denomination</td><td>NT$1,000,000</td><td>NT$1,000,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td>TPEx (OTC)</td><td>TPEx (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td>By denomination</td><td>By denomination</td></tr>
<tr><td colspan="2">Total price</td><td>NT$5,000,000,000</td><td>NT$ 4,450,000,000</td></tr>
<tr><td colspan="2">Coupon rate</td><td>0.83%</td><td>0.63%</td></tr>
<tr><td colspan="2">Duration</td><td>5 years
Maturity: 2025.10.20</td><td>5 years
Maturity: 2026.08.06</td></tr>
<tr><td colspan="2">Guarantee agency</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Consignee</td><td>Bank SinoPac</td><td>Bank SinoPac</td></tr>
<tr><td colspan="2">Underwriting institution</td><td>Taishin International Bank</td><td>Yuanta Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certified lawyer</td><td>Handsome Attomeys-at-Law
Lawyer: Mr. PENG, YI-CHENG</td><td>Handsome Attomeys-at-Law
Lawyer: Mr. PENG, YI-CHENG</td></tr>
<tr><td colspan="2">CPA</td><td>KPMG
CPA: Mr. TANG, CHIA-CHIEN</td><td>KPMG
CPA: Mr. TANG, CHIA-CHIEN
Mr. HUANG, MING-HUNG</td></tr>
<tr><td colspan="2">Repayment method</td><td>50% respectively for the 4th and 5th year.</td><td>50% respectively for the 4th and 5th year.</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$5,000,000,000</td><td>NT$4,450,000,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating agency, rating date, rating of corporate bonds</td><td>Name of credit rating agency: Taiwan Ratings
Rating date: 2020.09.01
Rating of Corporate Bonds: twA</td><td>Name of credit rating agency: Taiwan Ratings
Rating date: 2020.09.01
Rating of Corporate Bonds: twA</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’ equity</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Transfer agent</td><td>None</td><td>None</td></tr>
</table>

(2) Information on convertible bonds: None.

(3) Information on exchangeable bonds: None.

(4) Status of shelf registration system: None.

(5) Information on corporate bonds with warrants: None.

(6) Information on corporate bonds with warrants: None.

4.3 Issuance of preferred shares: None.

4.4 Issuance of global depository receipts: None.

4.5 Issuance of employee stock options: None.

4.6 Issuance of restricted stock awards: None.

4.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

4.8 Implementation of the Company’s capital allocation plans: None.

5. OVERVIEW OF BUSINESS OPERATIONS

5.1. Description of the business

(1) Scope of the business

1. Main content of the Company's business

The main business items of the Company include the research, development, design, manufacturing, testing, and sales of the following products, semi-products & the peripheral equipment, and components:

(1) Computers and Computing Peripheral Equipment
(2) Electronic Components
(3) Data Storage Media
(4) Electric Appliance and Audiovisual Electric Products
(5) Computer Software
(6) Concurrent operation of importing and exporting trade related to the business in the Company.
(7) Management Consulting Services
(8) Information Software Services
(9) Data Processing Services

2. Percentage of business revenue

Unit: NT$ Thousand, %

Year / Type of Product	2021		2022	
	Revenue	Ratio (%)	Revenue	Ratio (%)
Hyperscale data center	192,625,942	100%	292,876,040	100%

3. Current product (service) items

The Company is a supplier of cloud computing infrastructure solution and provides hyperscale data centers, high-quality computing and storage equipment as well as system integration solutions. Currently, our main products and service items are as listed below:

(1) 21" Product Series
  A. Multi-node Sever: SV7220G3, SV7221G2
  B. Storage Sever: SV7000G2
  C. All-flash NVMe Storage: ST7200
  D. Storage: ST7000G2
(2) 19" Product Series
  A. Multi-node Sever: SV302A, SV302G3
  B. Multi-purpose Sever: SV310G4, SV305A, SV300G3
  C. Edge Computing Platform: EP100, ES200
  C. All-flash NVMe Storage: ST5100
(3) Server Accessory
  A. OCP Mezzanine Network Card: NM10GR, NM1GR
  B. PCIe 3.0 Storage and Expansion Card: P08M2, P16M4, P16RC
(4) Software & Services
  A. System Software: Cluster Manager

4. Scheduled new products (services) development

(1) Cloud computing server development
(2) Application technology related to cloud

(3) Solutions related to artificial intelligence
(4) Solutions related to rack
(5) Solutions related to system integration

(2) Overview of the industry

1. Current status and development

Along with the enhancement of hardware & software technology and the development of the internet, enterprises have increasing demands on virtual platforms, cloud storage, and cloud computing. Services of cloud computing have been widely accepted. Cloud services provided to consumers in all sorts of dimensions urge the transformation of lifestyle, such as social media and streaming services which are always putting forth new ideas through the old one.

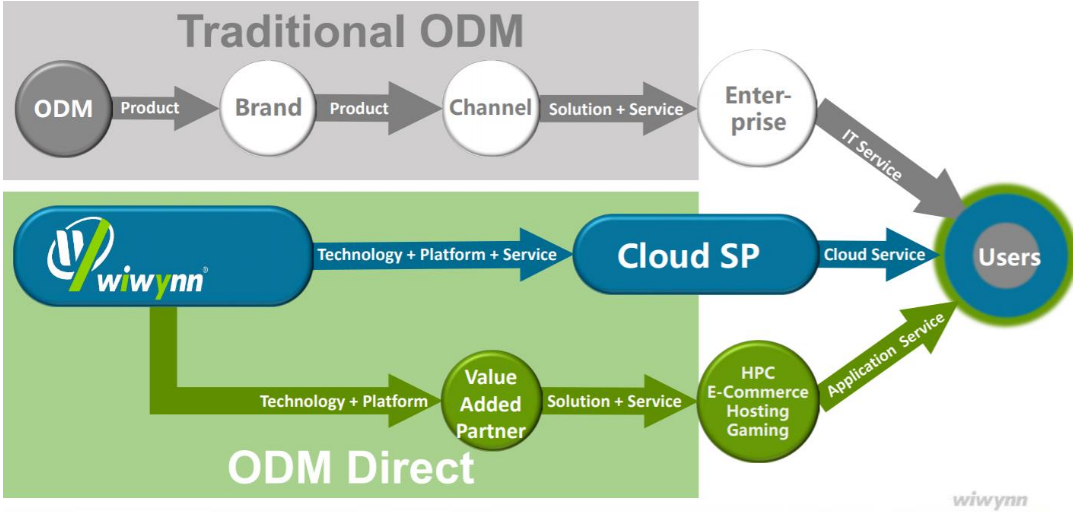
During the past three years under the impact of COVID-19, people's work pattern and lifestyle have changed a lot. In the era of post epidemic, the increasing demands on digital transformation by enterprises push the adaptation of cloud services. Consumers' demands on cloud, remote video conference, and digital video are also increasing steadily. This urges cloud service providers to enhance capital expenditure and establish data centers; it also pushes forward the purchase of servers. Although global macroeconomy suffers from wars and inflation since the second half of 2022 and is full of uncertainty, the trend of cloud services remains unchanged in the long term. Besides, AI applications are closer to the public now. It is expected the demand on IT equipment for data centers in the long term will continue growing.

The replacement rate of cloud servers is not as frequent as that in general personal computer products. Instead, they have a longer life cycle; around 5 years. The main demands are from cloud service providers' investment in establishing data centers and expansion and upgrading of relevant IT equipment as well as enhance the computing capacity of a single cabinet through introducing new computing platforms to expand service demands.

International hyperscale data centers possess the demand of IT equipment for data center and the capability of carrying out development and design. They have developed a business model of ODM-Direct Sales with server manufacturers. ODM-Direct Sales can enter the market in the shortest time with high flexibility and agility to changes. It offers better scalability and provides excellent performance for workload optimization and is able to hugely reduce the total cost of ownership (TCO) on IT equipment for data centers. Benefited from the expansion of hyperscale data center promoted by the increasing demand on cloud services, the ratio of shipment on the model of "ODM-Direct Sales" in global markets is enhancing every year. According to IDC Worldwide Quarterly Server Tracker, servers of ODM-Direct Sales in Q4, 2022, accounted for 37% of the total shipment of servers in 2022.

Our Company provides IT equipment and system solutions to hyperscale data centers. With abundant experience accumulated from working with the industry and the excellent R&D team, we provide services to world-leading cloud service operators in an innovative business model of ODM-Direct Sales.

Illustration of ODM and ODM Direct business models is as below:

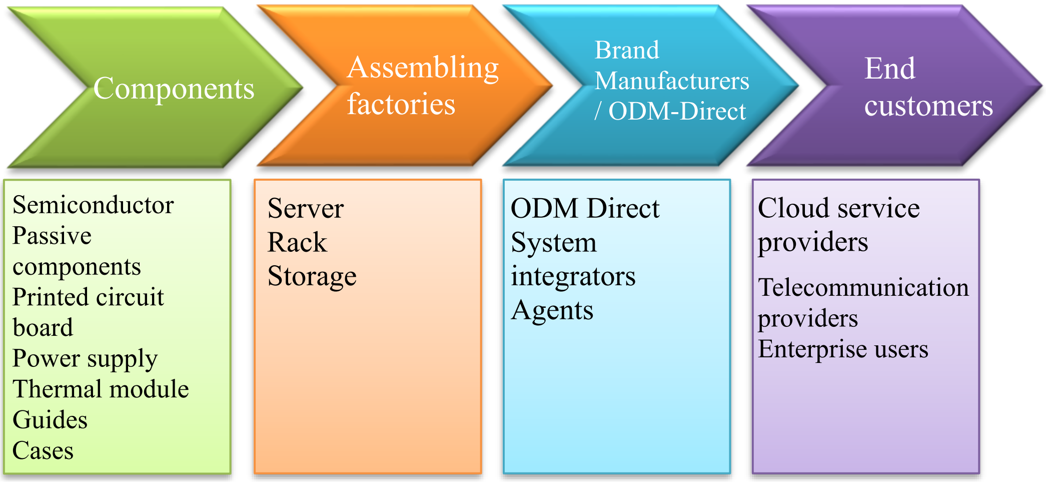


Looking into 2023, the global economy continues facing the risk of geopolitics and the challenges of high inflation. It is estimated the growth momentum of global economy will slow down and be full of uncertainty. It will affect enterprises' capabilities and willingness in purchasing and capital expenditure. Although the four key cloud service providers in North America continue investing the construction of data centers and developing the layout of AI-related technology, the capital expenditure (CAPEX) from could service providers in 2023 will be more conservative in consideration of continuous economic slowdown and sluggish demands. It will further suppress overall shipment growth momentum and affect the status of purchase orders for servers. In a whole, the server industry will continue growing but in a slow speed.

After the development over many years in AI, the breakthrough of application in ChatGPT and DALL-E in 2023 brings demands of AI training and AI inference. It is expected to further push the momentum of demands in the industry and bring the increasing demand on servers.

2. The links between the upstream, midstream, and downstream segments of the industry supply chain.

Analysis of the industrial chain structure for cloud servers- upstream: components; midstream: assembling factories; downstream: brand manufacturers and ODM. The structure of the industrial chain is shown below:



Components	Assembling factories	Brand Manufacturers / ODM-Direct	End customers
Semiconductor Passive components Printed circuit board Power supply Thermal module Guides Cases	Server Rack Storage	ODM Direct System integrators Agents	Cloud service providers Telecommunication providers Enterprise users

3. Development trends and competition for products

With excellent virtual services and high scalability of the cloud computing structure to support more workload than the support from traditional data centers, more and more enterprises swift their core business to cloud data centers. It promotes rapid growth in cloud usage. To significantly enhance management flexibility, international cloud data centers develop towards the trend of “software-defined” technologies, allowing software to control the the infrastructure of cloud data centers. The resources management of computing, storage, network connection, security setup, and availability setup are integrated to provide cloud application services in the most efficient way. On the other hand, under the concept of open-source sharing, “the Open Group”, such as Open Compute Project, OpenStack and Open Network Foundation, speeds up the efficiency of cloud industry technology development and hugely reduces the cost for project development. Meanwhile, it considers both compatibility and replaceability so that the product target can be expanded globally. It has become the important strategic development direction for marketing cloud computing all over the world.

Along with the increasing maturity of cloud services, cloud computing has gradually extended to fields closer to users, prompting the spring-up of edge computing. Edge computing is a distributed computing structure close to terminal and able to process data distributed in the terminal in the near-end device to significantly enhance the feedback speed of the system. Under the trend of IoT combining with 5G and AI application in the future, application services must be established in peripheral devices which are closer to end users or in network communication equipment to be able to grasp future cloud application opportunities in the neighborhood.

Our main products are cloud servers with high-efficiency and high-quality computing and storage as well as integrated rack solutions. We offer cloud service providers a variety of customized products and services of system integration. With optimal solutions, we provide data centers with the best workload and total cost of ownership (TCO) to assist them using IT resources more efficiently and flexibly.

The Company actively invests in new technology to satisfy the demands of data centers of the next generation. In terms of product strategy, the Company invites partners of key technology to work closely with global famous software manufacturers to speed up the commercialization of platforms for CPU and GPU products and respond to customers’ demands in cloud computing and large scale of AI training and application. In terms of technical R&D, power supply and cool technology have always been essential for data center customers to reduce their overall application cost. Other than investing R&D resources on innovative design of technical products to develop energy-saving and modular products, we also enhance the added value to our products through high system integration and testing capability to provide our customers comprehensive solutions. As a platinum member of COP (Open Compute Project) and solution supplier, the Company also actively implements OCP design concept to the whole series of products. We assist data centers possessing the advantages of high-power efficiency, simplification, and easy to maintain and satisfy their demands in computing efficiency, energy saving, and easy to maintain.

As for the development of edge computing products, our Company develops edge computing platforms and servers. They can be flexibly arranged and are applicable to diverse edge computing. On the one hand, we assist telecommunications operators to construct new-generation Open RAN and central offices with a flexible and high-efficiency structure. On the other hand, we help cloud service suppliers to expand their services, moving from cloud to edge computing in order to satisfy different edge computing demands towards low latency and big data processing in the age of 5G. Through virtual network and new deconstruction technology, it will bring better scalability, flexibility, reliability, and agility to 5G network as well as speed up the development of product interoperability between businesses in the same trade within the industrial ecological chain.

(3) Overview of technology and R&D

1. The expense of R&D invested by the Company in the most recent fiscal year and during the current year up to the publication date of the annual report:

Unit: NT$ Thousand; %

Item	2021	2022
R&D expenses	2,459,313	3,528,532
Net operating revenue	192,625,942	292,876,040
Ratio to net operating revenue	1.28%	1.20%

2. Number of R&D personnel in the Company and their educational background:

Unit: person(s)

Educational background	2021	2022
PhD	10	10
Master	448	558
College/ University	477	628
Below senior high school (included)	48	59
Total	983	1,255

3. Technology or products developed (in the most recent fiscal year and up to the publication date of the annual report):

Year	R&D results	Description
2021	SV302A Dual-node high-density computing server	SV302A is a 1U dual-node high-density computer server. Each node server carries a 64-core AMD EPYC 7003 series processor. Therefore, when the two nodes on SV302A are inserted into 1 64-core CPU, the total number of cores in the processor is up to 128, making it a 1U x 86 server that has the highest core density. In addition, compared to the most servers with dual CPU slot design, the design of single slot CPU benefits more in cooling and power efficiency and further reduces the total cost of ownership. It makes SV302A suitable for both high-density computing in data centers and also meet the demand of edge computing.

Year	R&D results	Description
	SV7100G4 Modular high-density computing server	SV7100G4 follows the specification of OCP (open compute project) Yosemite V3 server. The specification is exclusively constructed for Open Rack V2 infrastructure. It is a highly modular system and can be used to install server motherboard, expander board, substrate, power modules, and cooling fan in a 4OU Cubby Rack. Each Cubby carries 3 drawers, each drawer accommodates a maximum of 4 server motherboards, and the 4OU system contains maximum 12 servers in total. Therefore, SV7100G4 can provide a most optimized and expandable system based on the increase of computing demands.
	SV310G4 Cloud server with streamlined design	To ensure cloud service providers adopt hardware that is more cost effective on specific workload, the optimal system infrastructure plays the most important role. The hardware specification of SV310G4 is designed based on such demand to reduce unnecessary components and waste as much as possible. Its design is very neat by only keeping necessary specification and reducing the source of heat generation to save the cooling cost. Due to the streamlined design, the power efficiency is maintained at the best state. It is an IT server that meets the requirements of green energy.
2022 &2023 (up to the publication date of the annual report)	SV7100G5 Modular high-density computing server	SV7100G5 meets the server specification of OCP (Open Compute Project) Yosemite Series. The specification is specifically established for Open Rack V3 infrastructure. Its DC power supply is modified from 12V to 48V to make power transmission more efficient and achieve the demand of green energy. SV7100G5 is a highly modular system which adopts the server processor of the fourth-generation Intel® Xeon called Sapphire Rapids. It has a PCIe Gen5 interface that is two times faster than the previous generation while DIMM is enhanced from DDR4 to DDR5. The server's motherboard, expander board, base plate, power module, and cooling fan can be installed into the cabinet of 4OU Cubby in the best combination. Each cubby carries 3 drawers, each drawer accommodates 4 server motherboards the maximum, and the 4OU system can be installed 12 servers in total. Therefore, SV7100G5 can provide an optimal expandable system based on the increase of computing demands.
	SV7000G4 /ST7000G4 4OU OCP storage server	SV7000G4/ST7000G4 follows the specification of OCP (Open Compute Project) Grand Canyon. The specification is specifically established for Open Rack V2 infrastructure. The new generation of 4OU 2 Compute Node storage server considers both cooling/ thermal storage architecture and contains 72 pieces of 3.5" HDD in the 4OU case. Each server operates independently. In terms of the whole rack (42OU), it can install 8 units of 4OU storage server to provide high storage density of 576 pieces of high disk drive. The core design concept is a highly modular system. Each component, including motherboard, fan, and expansion cards, can be upgraded independently. The

Year	R&D results	Description
		hot plugging design and the mode of front I/O plug allow users to assemble, dismantle, and maintain all the components without any tool. It makes the maintenance of the computer room in data centers easier. Through the integrated development of hardware and software implemented by the Company, it enhances higher efficiency of use on hard drive. With the chip controlled by the new Broadcom hard drive, the efficiency of the hard drive can be enhanced. It also provides sufficient power design to cope with the demand of higher hard drive efficiency in the future.
	SV5100A2 Modular high-density computing server	SV5100A2 adopts Olympus Rack Infrastructure published in OCP (Open Compute Project). SV5100A2 is a highly modular system and adopts the server processor of the fourth-generation AMD EPYC called Genoa. It supports the PCIe Gen5 interface for up to 96 cores and 128 channels while DIMM is enhanced from DDR4 to DDR5 with 12 channels. The product has the characteristic of high performance and high scalability. Its 1U case accommodates 10 x E1.S SSD, 2 x M.2 SSD, 1 PCIe 5.0 x16 slut, and 2 PCIe 4.0 x16 sluts to provide for different storage devices and hugely enhance I/O performance. The design of the highly modular system allows users to switch between different generations and different manufacturers for installation and maintenance. It is a system that users can deal with replacement and maintenance easier.
	SV302A-T Dual-node high-density computing server	SV302A-T is an updated version of SV302A. It is still a server with 1U dual-mode high-density computing. Each node server carries a 64-core processor of AMD EPYC 7003 series to respond to the trend of central application of power demanded by modern data centers. Different from the design of in-chassis power supply in traditional servers, SV302A-T adopts centralized power supply management and power supply system for a good regulation of power supply in the whole data center. It also significantly reduces the potential issue of single point of failure on the power management design for single devices. It not only provides high-density computing for customers' applications but also reduces the service interruption caused by potential power supply during the actual operation of cloud services.
	SV328R Refresh Single-node ARM dual CPU high core/ low power consumption server	For cloud service providers to ensure specific workload adopting more cost-effective hardware, the optimal virtual system infrastructure plays an important role. In the age of emerging cloud services, all cloud computing requires CPU as the core of computation. SV328R can provide a computing resource of a maximum of 256 cores in a single-node space. With ARM's powerful and low-consumption design, the source of heat is reduced to the minimum under the specification required by customers to save cooling costs and provide a server design that meets ESG requirements the most. Besides, the high-efficiency power design maintains the power efficiency in the best condition. It is a server that meets the requirements of green energy the most.

Year	R&D results	Description
	EP100G2 Multi-node edge server	EP100G2 is a new multi-node edge server designed specifically for telecommunication providers. It offers multi-node and flexible layout to fit in telecommunication providers' public 5G or dedicated network infrastructure. EP100G2 adopts the fourth-generation Intel® Xeon processor with built-in Intel® vRAN Boost to speed up full integration. Within the same range of power consumption, it provides two-time capacity. Through built-in boost, it saves additional 20% power consumption rapidly to satisfy demands in key efficiency, expansion, and power efficiency.
	SV600G2 Comprehensive AI training server	SV600G2 is a processor that integrates dual Intel Generation III Intel® Xeon® Scalable (code: Ice Lake) and OAM (OCP Acceleration Module) accelerator. It has the highest density and the most flexible large AI training system. The Generation III Intel® Xeon® processor provides 40% performance enhancement and has the built-in Intel Deep Learning Boost. It is suitable for complex AI workloads. In addition, the integration of AI accelerator further strengthens the computing density and makes it a comprehensive AI training solution. Through 8 Habana (Intel) Gaudi-2 AI accelerators, SV600G2 pushes deep learning training to go beyond the current boundary. As one of deep learning training (DL) processors, Gaudi-2 integrates RDMA over Converged Ethernet (RoCE v2) engine on the chip and makes the exchange of the training data easier on the AI training system that highly relies on the intercommunication of AI accelerator. Meanwhile, SV600G2 designs 6 400GbE QSFP-DDs ports to connect with more SV600G2 hyper large clusters directly in order to link up with more Gaudi-2 AI accelerators and carry out synchronous computing and speed up the development of AI training models. The total height of SV600G2 is 6U, and it consists of UBB (Universal base board) layer, CPU layer, and PSU layer. With the abundant experience in data centers, Wiwynn introduced a design concept of easy to maintain to the product to ensure simple and fast maintenance. It is essential to the AI training system that races against time; for example, both UBB and CPU layers are designed with a tray with a thumbscrew locking handle. The handle is equipped with an energy-saving device so that system maintenance personnel can take out the tray easily to conduct the maintenance of internal components. In addition, the I/O interface is installed in the front end of the system. It can significantly reduce the complexity and difficulty of maintenance.

(4) Long-term and short-term business development plans

1. Short-term business development plans

The Company will continue developing in the cloud industry and focus on strengthening customer relationships and product optimization as the focus of the Company's short-term business development.

(1) Customer relationship: Strengthening existing customer relationship and continuing providing customers the best total cost of ownership (TCO) & solutions that optimize workload to deliver defect-free and competitive products and services to customers on time for the maintenance of the long-term stable relationship.

(2) Product optimization and strategy:

A. High-performance computing: Assisting data centers to expand computing capability flexibly and rapidly and achieve high-performance cloud computing.

- Defining design rules and selecting the best solutions for future high-speed signal products, such as implementing new materials to optimize the quality of transmission signals.
- In response to the mature of CXL specification and relevant suppliers' products, we develop series products of resource pool based on CXL technology to flexibly install RAM, SSD, SSD, network card, artificial intelligence, and high-performance computing chips (GPU) for the host computer to call freely. It not only enhances the efficiency of use of IT resources but also achieves the purpose of energy saving and carbon reduction.

B. Power supply and high-efficiency thermal solution: In order to enhance the efficiency of energy consumption and further reduce electricity expense and operating cost of cooling system construction in response to the advancing power level of cloud service to support processors and RAM of higher performance, the optimal goal of IT infrastructure is to reduce power conversion frequency and the loss generated.

- Continuing developing power supply solutions that save energy more efficiently, such as implementing new voltage regulating power design to reduce power dissipation, optimize design space of circuit boards, and enhance power efficiency.
- Developing advanced heat dissipation solutions suitable for cloud data centers to satisfy heat dissipation demands of high-power chips, achieve the effect of energy saving, and assist customers' performance in carbon reduction. It includes advanced heat dissipation management solutions, rack liquid cooling plate heat dissipation systems, and immersion liquid cooling system with environment-friendly liquid.

C. "Software-defined" and application performance management: The Company focuses on application systems and customizes the most suitable resource configuration according to different application systems. Dynamic adjustment is carried out with the free-defined functions for the best solution in order to assist IT personnel speed up deployment efficiency and use the limited time for the optimal application.

- Developing data center management solutions based on software-defined and resource pool sharing structure as well as introducing big data and deep learning architecture to help data centers manage intellectual work.

D. Deep learning and artificial intelligence: Developing a series of AI products that satisfy deep learning training and real-time inference. Through distributed and modularized design matching with the latest high-speed transmission network infrastructure, the connection of multiple servers provides massive and flexible graphics processing unit (GPU) configuration to reduce the cost for upgrading and provide many different types of AI server solutions at the same time. With three-in-one design of data, algorithm, and computing power, we treat data as the starting point, algorithm as the base, and computing power as the driving force to assist customers analyzing data and using the result for decision analysis. We offer servers for specific purposes and exclusive purposes to respond to diverse demands in different fields. Different products, no matter whether they are integrated or independent, are provided to process the non-image demands, such as automatic image analysis and comparison, generative pre-trained transformer, natural speech processing of language, 3D space, and recommendation analysis. Moreover, we offer multiple heat dissipation solutions on AI servers for customers to choose based on their demands to support diverse applications and process chips with higher efficiency of artificial intelligence to achieve highly efficient AI servers.

E. Development related to edge computing and 5G products: The Company devotes actively to the cooperation and development related to network function virtualization infrastructure (NFVI) and hopes to extend server products to a wider application field. Other than continuing the OpenEDGE (based on the contribution of Nokia) specification from the OCP (Open Compute Project) community and developing 5G and edge computing platforms, we will strengthen the collaboration with the open organizations related to 5G, like O-RAN and TIP. Other than implementing relevant systems and product integration, we continue focusing on certification systems for our product lines to advance product compliance and integration of the interactive system. The Company focuses on servers and works with chip suppliers intensively to develop different types of server products. For the development of edge servers, we use the next-generation chip to develop a series of telecom-level computing products with universal functions to help cloud service providers to easily deploy edge servers that have telecommunication cloud computing function and provide different customers a variety of choices in different fields. Besides, edge servers with different types of chips are developed based on the diverse demands in the market. The diversified platform design satisfies the application at each point between the cell to the central office (CO), the multiple NFV, and the application demand of multi-access edge computing. We also work with system integrators to provide comprehensive Private 5G solutions.

F. While the server is extended to edge computing, the Company builds the components with AI computing on edge servers so that the edge servers are able to implement the processing of applications related to AI. Moreover, the service of cloud centers is pushed further advanced to edge computing to reduce the latency so that the cloud service can be closer to the end users. Meanwhile, the Company will also strengthen the cooperation with relevant telecommunication operators, assist them to speed up the implementation of our products, and optimize its business services to achieve the win-win situation and speed up the promotion of customers' business. At the same time, the Company will invest resources to work with international leading academic units. Other than making progress on academic studies, we will also advance technology development to achieve industry-academia collaboration and the beautiful vision of advancing and flourishing together.

G. The Company works with open community groups more closely and continues developing multiple hardware design orientation in OCP community. Through the continuous strengthening and maturing in the open architecture, we expect ourselves to help telecommunication operators jump out of the vendor lock-in model in the past and make the system even more open in order to promote the advanced application fields on 5G infrastructure provided by the Company. Meanwhile, the Company also actively participates in the development of 5G international open organization, including O-RAN and TIP, and actively invests in resources and works with communities to lead the whole industry forwards.

H. The Company will continue cooperating with network communities, telecommunication operators, equipment providers, and third-party service developers to provide open and optimal solutions to our working partners and customers in order to speed up the time required for developing, deploying, or upgrading network. Meanwhile, the Company will get ready for the 6G field in the future, invest manpower to participate in domestic and overseas organizations related to 6G, understand the development direction of the 6G industry, and carry out early deployment of our presence in the field of advanced technology to continue leading the domestic industries enter the pilot market of 6G in early stage and obtain a leading position in the beginning of 6G development.

I. The Company has successfully obtained OCP Accepted certification in OCP Yosemite V3 Server. Other than open-source hardware, we adopted OpenBMC for firmware and open source of open system firmware OSF for users to use more freely and to develop open-source hardware and firmware. The Company continues working with Intel, partners in the industry, and open-source communities to develop the support to the fourth-generation Intel, Xeon-SP CPU Sapphire Rapids, in the open system firmware OSF and shares the performance of open source with open-source communities.

J. Besides, in the development of Linux Foundation OpenBMC, the Company also launched Intel Icelake and AMD EPYC Milan servers based on LF OpenBMC and successfully deployed them to customers' data centers. We will continue our development in the servers of new-generation CPU.

Modular design: The Company standardized the transmission interfaces for signal power source and fixed structure of components in servers and further designed corresponding modules to achieve product modular design. The advantage of the modular design is to ensure products of the same series support different system configurations more flexibly and provide data centers more flexible choices. In addition, the high interoperability of modules saves time in designing new modules and the development of new molds. It further reduces product development costs, and the original system cases and modules can be recycled and reused when the product is replaced.

2. Mid-term and Long -term business development plans

(1) Marketing strategy

A. Continuing strengthening logistics and operating capability in product delivery to every corner of the world providing complete after-sales service.

B. Other than the target customers of global cloud service providers, we continue developing potential customers to expand our market share.

C. Cooperating with production and marketing strategies to strengthen the integration ability of global supply chain and ensure sustainable competitiveness.

(2) Product strategy
   - A. Based on the experience accumulated in the past and solid technology, we continue strengthening product development ability and speed, production quality, and controlling ability in delivery.
   - B. Continuing developing customized and diverse service items required by customers.
   - C. Continuing innovation and developing R&D technology. We expand existing cloud products and the competitiveness of the technology with forward-looking technology and R&D of innovative application, implementation of product design, mass production investigation, and systematic management in order to satisfy the growing high-performance computing demand from data centers and ensure the competitive capability of our core technology and our customers' business.
   - D. Implementing the execution of the Company's quality policies; that is, "deliver defect-free and competitive products and services to customers on time" to provide customers high quality products and excellent technology and services in order to maintain market competitiveness.
   - E. Performing corporate social responsibility and friendly environment fully as well as collaborating with suppliers to refuse using hazardous substances to the environment and to produce products with low energy consumption.

(3) Operating and financial strategies
   - A. In cooperation of the growth of the Company's operating scale, the financial structure and company structure is enhanced through the variety of fund-raising channels in the capital market, and the Company is moving towards the development of a large-scale enterprise steadily.
   - B. Strengthening educational training and cultivating excellent talents to respond to the human resources required for the growth of the Company.
   - C. Creating the effect of multiplication through the work allocation, sales, and services in the re-invested companies.
   - D. Creating an excellent enterprise that meets corporate governance and implements integrity management.

5.2 Overview of the market as well as the production and marketing situation

(1) Market analysis

1. The geographic areas where the main products (services) are provided (supplied)

The Company’s revenue by regions in the most recent two years and the state of ratio:

Unit: NT$ Thousand

Year Region		2021		2022	
		Amount	Ratio	Amount	Ratio
Domestic		159,445	0.08%	458,608	0.16%
Overseas	America	145,456,042	75.51%	233,994,036	79.89%
	Europe	31,064,576	16.13%	36,285,287	12.39%
	Asia	13,996,864	7.27%	18,997,450	6.49%
	Other	1,949,015	1.01%	3,140,659	1.07%
	Sub-total	192,466,497	99.92%	292,417,432	99.84%
Total		192,625,942	100.00%	292,876,040	100.00%

2. Market Share

Up to Q4 in 2022, the Company’s products have been shipped to more than 460 hyperscale data centers in the world. We continue standing firmly in the supply chain for primary data centers through the business model of ODM Direct Sales. Along with the increasing investment in global data centers, the Company satisfies the demand of multiple workloads by large-scale cloud service providers with products of high performance and scalability. We will further grasp the business opportunity in edge computing.

According to the statistics done by Worldwide quarterly Server Tracker, International Data Corporation (IDC) for Q4, 2022, the shipping volume of global servers in 2022 was around 14.95 million servers. Among them, the shipment volume of ODM-Direct servers was around 5.56 million servers. In terms of the self-declaration on the shipment volume of servers in 2022 assessed by the Company, it accounted for 10% of shipment volume in the global server market in 2022 and accounted for nearly 30% of shipment volume for global ODM-Direct.

The Company has devoted itself to the development in the industry for many years and has won favor among international large-scale cloud data centers. We are competitive in the market and will continue developing products and the depth and width of our customer groups based on this foundation.

3. Demand and supply conditions for the market in the future, and the market’s growth potential

With the flourishing development in the application related to network and IoT, International Data Corporation (IDC) predicts the global data output volume will reach 182 billion TB by 2025. It brings continuous growth on the demand and scale of global network and cloud data processing.

In response to the rapid growth of cloud application demands, cloud service providers also continue investing in the construction of data centers as well as expanding and upgrading relevant IT equipment. According to Worldwide Quarterly Cloud IT Infrastructure Tracker at International Data Corporation (IDC), it predicts in Q3 2022 that the expenditure of global cloud IT infrastructure will grow from

US$73.7 billion in 2021 to US$135.1 billion in 2026. The compound annual growth rate (CAGR) will be 13％, which accounts for 67% of the total IT infrastructure expenditure.

With the commercial operation of 5G services carried out in different countries, it will fulfill the innovative applications in the demands of high bandwidth and low latency. The breakthrough of generative AI also makes the use of AI more approachable and closer to people. In the future, cloud services will be developed even more diversified under the flourishing development of 5G, internet of things, and AI. Huge amounts of data will need to be processed at the location near the end users, so edge computing is emerging. Large cloud service providers, like Microsoft, Amazon, and telecommunications operators are deploying their services in edge computing. IDC predicts the market scale of edge and AI computing units will grow in the annual compound growth rate of 34.8% between 2021 and 2025. It shows AI and edge computing will become another growth dynamic in addition to cloud and enterprises.

4. Competitive niche

(1) R&D capability that is industry-leading and competitive:

The Company understands market demands well, guides the trend of new product development with innovative technology, provides fully customized products to large-scale data centers, has capabilities in high integration and testing, and offers data centers the best total cost of ownership (TCO) and IT solution that optimizes workload. We are deeply favored and recognized by customers in terms of quality and technology.

(2) Strong and steady customer relationship:

The Company continues developing products that meet high computing performance and efficient use of power supply to satisfy customers’ demands. We maintain good interaction with customers and have become an important working partner for customers in the cloud service business.

(3) Close cooperation with suppliers:

The Company maintains strategic alliance relationships of long-term cooperation with main material suppliers and continues keeping good interaction with suppliers to ensure the latest technology can be implemented rapidly and stable source and quality of supplies in order to respond to fast-growing market demands.

(4) Global logistics service:

The Company has continued developing locally and all over the world in the past few years. Up to now, our products have been shipped to more than 460 hyperscale data centers in the world. We provide a complete service process of solutions from product design, integration, optimization, deployment to after-sales service. The integrated one-stop service effectively enhances overall efficiency and productivity and offers customers precise, rapid, and close-to-demand solutions.

5. Positive and negative factors for future development, and the response to such factors

(1) Positive factors

A. Flourishing development of the cloud industry

Along with the development of technology in AI, internet of things, VR/AR, and 5G, the business opportunities on various cloud applications are unlimited. It will keep driving the flourishing development of cloud industry.

B. Excellent R&D capability:

The Company has always focused on research and development, and the R&D expense in 2021-2022 increased NT$2,459,313 thousand and NT$3,528,532 thousand respectively. Other than continuing budgeting R&D expenses and introducing advanced technology, we also work hard in cultivating and recruiting excellent R&D talents. To enhance R&D capability and grasp essential technology, our Company established a R&D and Experiment Center in Tainan to carry out new product verification and trail (mass) production and strengthen our R&D capabilities in order to attract more business opportunities.

C. Upstream and downstream working partners:

The Company works with upstream and downstream suppliers closely to integrate product application with technology and provide customers with complete solutions.

(2) Negative factors

A. The market is getting more and more competitive, and the industry is changing rapidly.

Coping strategy:

· The Company continues developing the current market for large-scale data centers in depth, expanding business scale, and coordinating our ability in cooperation and integration with the expectation of achieving a win-win situation with customers in terms of business cooperation.

· The Company continues working with technical partners closely to ensure the advantages of our products and product launch schedules.

· The Company actively invests in cooperation and development related to AI and edge computing and extends server products to a wider application field.

B. Excessive concentration of customers

Coping strategies:

· Our customers are all world-leading large enterprises that provide stable demands to wide users in global markets. They maintain a good working relationship with the Company. We have implemented proper control of relevant operating risks.

· We continue cooperating with network communities, cloud computing, telecommunication operators, equipment providers, and third-party service developers to offer open or optimized solutions to our working partners or customers and speed up their time spent in development, deployment or network upgrade. The Company carries a spirit of professionalism and service to provide our customers with comprehensive solutions.

C. The main business is exporting, and the change in the foreign exchange rate affects the Company's revenue and profits.

Coping strategy:

· The Company uses USD as the currency for procurement and sales, and it can offset the impact of changes in the exchange rate on revenue and cost naturally.

· We pay attention to the real-time information on the exchange rate. Through relevant foreign exchange rate hedging measures, we appropriately avoid the risks of the exchange rate.

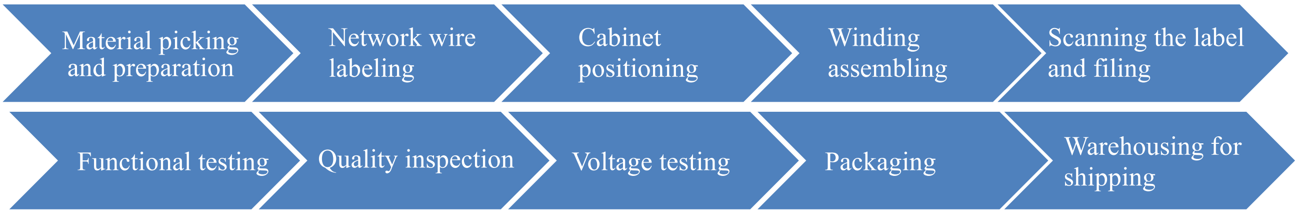
· We adjust the allocation of foreign currency assets and liabilities as well as flexibly adjust the holding position of US dollar. Depending on the fund demand and exchange rate fluctuation, we will decide proper time for settlement of exchange, payment arrangement, and repayment of loans in foreign currency.

(2) Important application of the main product and the manufacturing process

a. Important application of the main product

Main products	Application
Products for hyperscale data centers	IT equipment for commercial data computing, storage, and artificial intelligence

b. Manufacturing processes of main products



(3) Supply situation for major raw materials

Material	Sources	Status of supply
CPU	USA	Good
DRAM	USA, Korea	Good
HDD/SSD	USA	Good
Hyperscale data center products	Taiwan	Good

(4) Suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

a. Information of main suppliers in the most recent two fiscal years

Unit: NT$ Thousand

Item	2021				2022				2023 (up to March 31)			
	Company Name	Amount	Percentage of annual net purchases (%)	Relation with Issuer	Company Name	Amount	Percentage of annual net purchases (%)	Relation with Issuer	Company Name	Amount	Percentage of net purchases up to the preceding quarter of the current fiscal year (%)	Relation with Issuer
1	Wistron Corporation	54,737,558	26.82	Parent Company	Wistron Corporation	69,645,165	27.29	Parent Company	(Note)			
2	Supplier C	36,921,855	18.09	None	Supplier C	39,802,815	15.59	None				
3	Supplier B	29,904,426	14.65	None	Supplier E	36,333,464	14.24	None				
4	Supplier D	11,411,285	5.59	None	Supplier B	25,428,284	9.96	None				
	Others	71,107,817	34.85		Others	84,020,310	32.92					
	Net Total Supplies	204,082,941	100.00		Net Total Supplies	225,230,038	100.00					

Note: Up to the publication date of the Company's annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.

Reasons of the increases or decreases:

The purchase amount from Wistron Corporation increased in 2022, and it was mainly due to the increase of sales volume. The increase in the purchase amount from Supplier C, Supplier E and Supplier B was because they are suppliers appointed by the customers.

b. Information of main customers in the most recent two fiscal years

Unit: NT$ Thousand

Item	2021				2022				2023 (up to March 31)			
	Company Name	Amount	Percentage of annual net sales (%)	Relation with Issuer	Company Name	Amount	Percentage of annual net sales (%)	Relation with Issuer	Company Name	Amount	Percentage of net sales up to the preceding quarter of the current fiscal year (%)	Relation with Issuer
1	Client A	37,899,605	19.68	None	Client L	134,496,608	45.92	None	(Note)			
2	Client K	9,328,619	4.84	None	Client A	54,040,639	18.45	None				
3	Client I	9,220,442	4.79	None	Client M	9,784,358	3.34	None				
4	Client F	8,956,059	4.65	None	Client J	9,731,640	3.32	None				
5	Client J	8,908,231	4.62	None	Client N	9,074,659	3.10	None				
	Others	118,312,986	61.42		Others	75,748,136	25.86					
	Net sales amount	192,625,942	100.00		Net sales amount	292,876,040	100.00					

Note: Up to the publication date of the Company's annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.

Reasons of the increases or decreases:

Driven by the increasing customer demand for the establishment of data centers in 2022, the Company worked hard to expand the market and market to the customers of large-scale data centers. It promoted the continuous growth of cloud server shipment performance, and the Company's revenue increased accordingly.

(5) Table of production volume for the most recent two fiscal years

Unit: PCS; NT$ Thousand

Production Volume / Year / Main product (or Department)	2021			2022		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Hyperscale data center products	1,665,986	2,107,156	68,945,293	1,730,985	2,199,764	233,599,562

(6) Table of the volume of units sold for the most recent two fiscal years

Unit: PCS; NT$ Thousand

Sales Volume / Year / Main product (or Department)	2021				2022			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Hyperscale data center products	0	0	35,045	192,466,497	0	0	47,232	292,417,432
Others	0	159,445	0	0	0	458,608	0	0
Total	0	159,445	35,045	192,466,497	0	458,608	47,232	292,417,432

5.3 Information of employees and staff in the most recent two fiscal years and up to the publication date of the annual report:

Year		2021	2022	2023 (up to the publication date of the annual report)
Type of employees	Sales	76	101	106
	Engineering	983	1255	1282
	Operational support	422	569	593
	Direct personnel	3283	4887	4811
	Total	4764	6812	6792
Average Age		32.26	32.41	32.64
Average Years of Service		2.44	2.26	2.48
Education	PhD	0.25%	0.18%	0.19%
	Masters	12.53%	11.33%	11.65%
	Bachelor's Degree	30.69%	32.18%	30.62%
	Senior High School	31.17%	28.80%	30.92%
	Below Senior High School	25.36%	27.51%	26.62%

5.4 Disbursements for environmental protection

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

5.5 Labor relations

(1) Employee benefit plans, continuing education, training, retirement systems, and the status of the implementation as well as the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit plans

(1) Labor insurance, health insurance, and relevant insurances are handled according to regulations of local laws.

(2) Employee group insurance (life insurance, casualty insurance, and medical insurance for the employee) is paid in full by the Company.

(3) Cash benefits for three traditional festivals and weddings & funerals.

(4) Various social activities.

(5) Subsidy for domestic and overseas travelling.

(6) Employee health care (health promotion activities, maternal care)

Other than establishing reasonable and competitive salary standards according to the situation of local labor market, the Company also includes the insurance based on the local regulations and bonus based on the overall business performance that the Company achieved to encourage employees making long-term efforts and growing with the Company.

2. Continuing education, training, retirement systems, and the status of the implementation

(1) Continuing education and training

The purpose of the training and development carried out by the Company is to continue enhancing manpower quality and work proficiency to create higher corporate value and achieve operating target and future development. In order to realize the goal and respond to the labor demand due to the fast-growing business scale at the same time, the Company establishes a complete educational training structure in cooperation with occupational competence system to plan proper new employee training, professional training, various management trainings, environment-safety-health training, and courses related to corporate culture in order to strengthen complete training and continuing education channels for employees. Through the methods of face-to-face training and e-learning, employees' professional abilities and core competitiveness are enhanced.

In addition to the training of professional competence, the Company also arranges job rotation based on the employee's career plan and encourages employees to engage in studying in different aspects or self-learning. We work hard to enhance the overall quality of our employees and strengthen talent cultivation and development.

(2) Retirement systems

To provide guarantee for employees' life after retirement and enhance their service during the employment, the Company established employee retirement regulations according to Labor Standards Act and Labor Pension Act to specify the condition of retirement, the standard of retirement pension, application, and payment. Other than contributing 6% of salary as retirement pension for applicable employees every month based on the regulations of Labor Pension Act, the Company also establishes Supervisory Committee of Labor Retirement Reserve according to laws to appropriate labor pension reserve every month based on "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds". The reserve funds will be deposited to a legally appointed financial institution under the dedicated name of Supervisory Committee of Labor Retirement Reserve.

3. The status of labor-management agreements and measures for preserving employees' rights and interests

All the regulations related to employee's rights and interests in the Company follow the provisions of Labor Standards Act as the standard. The Company has established a committee of promoting employee relationship and employee welfare committee.

Employees can communicate with the Company about issues on various systems or working environment through the committees. Up to now, the labor-management relationship is good, and there is no dispute between labors and management.

The Company has established complete employee management systems and policies to specify the management regulations, employees' rights, obligation, and welfare. All the content will be reviewed and revised regularly to maintain employees' rights and interests.

(2) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

"2022/10/06 Nan Huan Zi No. 1110030215" A judgement of a penalty of NT$50,000 due to the violation of Article 24-1 of Labor Standards Act, the issue related to the extension of working hours.

The Company has reviewed the management system for working hours and adjusted the time for breaks at work for employees. After assessing the measures taken, it will not happen in the future.

5.6 Cyber security management

(1) Risk management structure, policy, and specific management methods for information security as well as the resources invested

The Company has established information security policies, including "Information Operation Management Procedures", "Confidential Data Management Methods", "Software Management Regulations", "Information Resource Security Management Policy", and "Employee Information Security Code". We also include relevant operating procedures to our internal control system and list them as the auditing items on the annual audit plan every year for further monitoring and control in order to concretely implement the protection of information security and fulfill information security risk supervision and management. To strengthen information security management, our Company continues promoting the following information security mechanism and measures:

a. Organization:

There are six dedicated departments established in the Division of Information Management, including the Information Security Technology Office set up in 2020. The top manager at the Division of Information Management in our Company is responsible for policy making and adjustment. One dedicated information security officer will be assigned to promote cross-department implementation as well as select and establish information security solutions. The organization coordinates with the human resource unit for educational training on information security and executes assessment of information security effectiveness through irregular internal and external audits. Information Management Department established a dedicated Information Security Office to integrate and coordinate the maintenance of information security between the Company and oversea subsidiaries, maintain information security in subsidiaries, manage core business security and disaster exercise, strengthen cloud application service security management, supervise users complying with information security measures, build customized security management system, monitor system platform security, and introduce various information security defending systems.

b. Personnel:

(1) Continue strengthening training rate on information security education (100%).

(2) Promote interactive information security promotional activities.

c. Operation:

(1) Implement backup and recovery exercise as well as phishing email exercise.

(2) Carry out vulnerability scanning every month; we achieved 100% timely recovery rate.

(3) Pass AEO and external information security audit/ certification.

d. System:

(1) Continue working with the third-party information security rating mechanism to detect vulnerable information security exposed externally in time.

(2) Upgrade the overall firewall equipment.

(2) Losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

Up to the annual report publication date, the Company continues promoting various information security protection mechanisms and establishes coping measures for the risks of information security. Therefore, there is no loss caused by signification information security incidents.

5.7 Important contracts

Nature of the contract	Counterparty	Period	Major Contents	Restrictions
Bank loan	Australia and New Zealand Banking Group Limited	2022/07/31~2023/07/31	Short-term loan	Note
Bank loan	Yuanta Commercial Bank	2022/06/02~2023/06/02	Short-term loan	Note
Bank loan	Mega International Commercial Bank	2022/07/04~2023/07/04	Short-term loan	Note
Bank loan	United Overseas Bank	2021/12/31~2022/12/31	Short-term loan	Note
Bank loan	Mizuho Bank	2022/07/25~2023/07/25	Short-term loan	None

Note：Shared quota with Wiwynn International Corporation (WYUS).

6. OVERVIEW OF THE COMPANY’S FINANCIAL STATUS

6.1 Condensed balance sheets and statements of comprehensive income for the past five fiscal years

(1) Condensed balance sheets and statements of comprehensive income

1-1. Condensed balance sheets- International Financial Reporting Standards (consolidated)

Unit: NT$ Thousand

Item / Year		Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		27,583,370	46,413,396	52,767,378	82,025,003	84,051,090	—
Net property, Plant and Equipment		125,543	718,167	951,781	1,038,420	2,156,578	—
Intangible assets		7,242	19,106	64,602	98,732	137,551	—
Other assets		487,887	996,557	940,404	1,575,303	2,492,563	—
Total assets		28,204,042	48,147, 226	54,724,165	84,737,458	88,837,782	—
Current liabilities	Before distribution	11,834,012	27,532,130	24,799,705	47,165,833	38,562,438	—
	After distribution (Note)	14,626,697	31,553,261	30,394,610	51,536,853	47,304,478	—
Non-current liabilities		5,593,243	396,231	5,410,537	10,201,599	11,488,338	—
Total liabilities	Before distribution	17,427,255	27,928,361	30,210,242	57,367,432	50,050,776	—
	After distribution (Note)	20,219,940	31,949,492	35,805,147	61,738,452	58,792,816	—
Equity attributable to owners of the Company		10,776,787	20,218,865	24,513,923	27,370,026	38,787,006	—
Common stock		1,520,288	1,746,368	1,748,408	1,748,408	1,748,408	—
Capital surplus		2,853,756	8,816,183	8,817,380	8,817,380	8,817,380	—
Retained earnings	Before distribution	6,229,893	9,602,400	14,186,029	17,235,258	27,039,558	—
	After distribution (Note)	3,437,208	5,581,269	8,591,124	12,864,238	18,297,518	—
Other equity		172,850	53,914	(237,894)	(431,020)	1,181,660	—
Treasury stock		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Total equity	Before distribution	10,776,787	20,218,865	24,513,923	27,370,026	38,787,006	—
	After distribution (Note)	7,984,102	16,197,734	18,919,018	22,999,006	30,044,966	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the publication date of the annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.

Note: The earnings distribution for 2022 has been approved by the Board of Directors on February 22,2022 but has not been decided by the Shareholder’s Meeting yet.

1-2. Condensed statements of comprehensive income- International Financial Reporting Standards (consolidated)

Unit: Except the unit for earnings per share is NT$, the unit for the rest is NT$ Thousand

Year / Item	Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	181,064,815	163,600,423	186,927,647	192,625,942	292,876,040	—
Gross profit	10,647,156	11,348,552	15,301,129	15,621,181	23,979,277	—
Operations income	7,100,542	8,160,078	11,241,854	11,387,076	17,834,280	—
Non-operating income and expenses	(7,074)	(401,808)	(354,435)	(391,007)	63,003	—
Profit before tax	7,093,468	7,758,270	10,887,419	10,996,069	17,897,283	—
Net income for continuing operations	5,577,577	6,169,254	8,609,657	8,648,012	14,174,709	—
Income from discontinued operations, net of income tax effect	—	—	—	—	—	—
Net income (loss)	5,577,577	6,169,254	8,609,657	8,648,012	14,174,709	—
Other comprehensive income for the year (net value after tax)	180,995	(120,794)	(296,705)	(197,004)	1,613,291	—
Total comprehensive income for the year	5,758,572	6,048,460	8,312,952	8,451,008	15,788,000	—
Profit attributable to owners of the parent company	5,577,577	6,169,254	8,609,657	8,648,012	14,174,709	—
Profit attributable to non-controlling equity interests	—	—	—	—	—	—
Total comprehensive income attributable to owners of the parent company	5,758,572	6,048,460	8,312,952	8,451,008	15,788,000	—
Total comprehensive income attributable to non-controlling equity interests	—	—	—	—	—	—
Earnings per share	38.00	36.42	49.25	49.46	81.07	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the publication date of the annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.

1-3. Condensed balance sheets- International Financial Reporting Standards (parent company only)

Unit: NT$ Thousand

Year Item		Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		20,602,994	32,389,682	43,569,551	51,558,609	48,670,605	—
Net property, Plant and Equipment		102,246	685,791	851,999	771,031	757,957	—
Intangible assets		7,242	19,106	64,602	98,732	125,644	—
Other assets		5,759,604	5,991,638	5,362,739	6,451,311	22,960,073	—
Total assets		26,472,086	39,086,217	49,848,891	58,879,683	72,514,279	—
Current liabilities	Before distribution	10,102,056	18,606,382	20,090,801	21,751,876	23,903,459	—
	After distribution (Note)	12,894,741	22,627,513	25,685,706	26,122,896	32,645,499	—
Non-current liabilities		5,593,243	260,970	5,244,167	9,757,781	9,823,814	—
Total liabilities	Before distribution	15,695,299	18,867,352	25,334,968	31,509,657	33,727,273	—
	After distribution (Note)	18,487,984	22,888,483	30,929,873	35,880,677	42,469,313	—
Equity attributable to owners of the Company		10,776,787	20,218,865	24,513,923	27,370,026	38,787,006	—
Common stock		1,520,288	1,746,368	1,748,408	1,748,408	1,748,408	—
Capital surplus		2,853,756	8,816,183	8,817,380	8,817,380	8,817,380	—
Retained earnings	Before distribution	6,229,893	9,602,400	14,186,029	17,235,258	27,039,558	—
	After distribution (Note)	3,437,208	5,581,269	8,591,124	12,864,238	18,297,518	—
Other equity		172,850	53,914	(237,894)	(431,020)	1,181,660	—
Treasury stock		—	—	—	—	—	—
Non-controlling equity interest		—	—	—	—	—	—
Total equity	Before distribution	10,776,787	20,218,865	24,513,923	27,370,026	38,787,006	—
	After distribution (Note)	7,984,102	16,197,734	18,919,018	22,999,006	30,044,966	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the publication date of the annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.

Note: The earnings distribution for 2022 has been approved by the Board of Directors on February 22, 2023, but has not been decided by the Shareholder’s Meeting yet.

1-4. Condensed statements of comprehensive income- International Financial Reporting Standards (parent company only)

Unit: Except the unit for earnings per share is NT$, the unit for the rest is NT$ Thousand

Year / Item	Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	76,603,354	74,884,945	79,017,070	73,162,110	101,426,047	—
Gross profit	9,983,279	10,551,546	14,483,288	13,801,147	21,808,752	—
Operations income	6,563,966	7,732,151	10,801,869	10,660,016	16,444,795	—
Non-operating income and expenses	405,479	(25,006)	21,617	210,070	1,228,643	—
Profit before tax	6,969,445	7,707,145	10,823,486	10,870,086	17,673,438	—
Net income for continuing operations	5,577,577	6,169,254	8,609,657	8,648,012	14,174,709	—
Income from discontinued operations, net of income tax effect	—	—	—	—	—	—
Net income (loss)	5,577,577	6,169,254	8,609,657	8,648,012	14,174,709	—
Other comprehensive income for the year (net value after tax)	180,995	(120,794)	(296,705)	(197,004)	1,613,291	—
Total comprehensive income for the year	5,758,572	6,048,460	8,312,952	8,451,008	15,788,000	—
Earnings per share	38.00	36.42	49.25	49.46	81.07	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the publication date of the annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.

(2) Names of the CPAs and the auditors' opinions in the most recent five years

Year	Accounting Firm	Names of CPAs	Auditors' Opinion
2018	KPMG	Chen Ya-Ling, Chang Chia-Hsin	No reserved opinion
2019	KPMG	Chen Ya-Ling, Chang Chia-Hsin	No reserved opinion
2020	KPMG	Tang Chai-Chien, Huang Ming-Hung	No reserved opinion
2021	KPMG	Tang Chai-Chien, Huang Ming-Hung	No reserved opinion
2022	KPMG	Tang Chai-Chien, Huang Ming-Hung	No reserved opinion

6.2 Financial analyses for the past five fiscal years

1. Financial analysis- International Financial Reporting Standards (consolidated)

Year Item		Financial analyses for the most recent five fiscal years					Current year up to March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Total liabilities to total assets	61.79	58.01	55.20	67.70	56.34	—
	Long-term capital to net property, plant and equipment	13,039.38	2,870.52	3,144.05	3,618.15	2,331.26	—
Solvency (%)	Current ratio	233.09	168.58	212.77	173.91	217.96	—
	Quick ratio	115.23	104.97	132.39	77.36	124.03	—
	Times interest earned	24.61	24.98	36.78	31.87	21.3	—
Ability to operate	A/R turnover (times)	19.79	13.89	16.81	18.06	17.78	—
	A/R turnover days	18	26	22	20	21	—
	Inventory turnover (times)	14.80	9.73	9.21	5.43	6.61	—
	Accounts payable turnover (times)	16.69	15.87	12.83	11.49	12.02	—
	Average days in sales	25	38	40	67	55	—
	Property, plant and equipment turnover (times)	2,044.65	387.81	223.87	193.57	183.33	—
	Total assets turnover (times)	6.70	4.29	3.63	2.76	3.37	—
Earning ability	Return on assets (%)	21.52	16.84	17.21	12.81	17.15	—
	Return on equity (%)	80.87	39.81	38.49	33.34	42.85	—
	Pre-tax income to paid-in capital (%)	466.59	444.25	622.70	628.92	1,023.63	—
	Profit ratio (%)	3.08	3.77	4.61	4.49	4.84	—
	Earnings per share (NT$)	38.00	36.42	49.25	49.46	81.07	—
Cash flow	Cash flow ratio (%)	(Note 1)	28.71	56.82	(Note 1)	79.55	—
	Cash flow adequacy ratio (%)	(Note 1)	(Note 1)	40.50	3.16	47.42	—
	Cash reinvestment ratio (%)	(Note 1)	24.95	33.52	(Note 1)	52.02	—
Leverage	Operating leverage	1.01	1.03	1.03	1.05	1.04	—
	Financial leverage	1.04	1.04	1.03	1.03	1.05	—

Please explain the reasons of changes of each financial ratio in the most recent two fiscal years:

1. The decrease of long-term capital to net property, plant and equipment: It was because of the acquisition of land and construction of plants in 2022, causing the decrease of ratio of long-term capital to net property, plant, and equipment.
2. The rise of current ratio and quick ratio: It was because of the increase of current assets by the end of 2022, including cash and cash equivalents and accounts receivable. The current liabilities of short-term loans were fully paid off, causing the rise of current ratio and quick ratio.
3. The decrease of times interest earned: It was because of the increase of financial costs, causing the reduction of times interest earned.
4. The rise of the inventory turnover rate: It was because of the good business operation in 2022, causing the increase of operating costs. Besides, the ease of port congestion relieved the impact of material shortage in 2022. There was no demand for increasing inventory to respond to customer demands; therefore, the inventory turnover rate increased.
5. The rise of total asset turnover rate: It was because of the increase of business income was greater than the increase of total assets in 2022, causing the increase of total asset turnover rate.
6. The rise of return on assets and return on equity: It was because of the increase of profits (losses) after tax was greater than the increase in assets and in equity in 2022, causing the increase of return on assets and return on equity.
7. The increase of pre-tax income to paid-in capital and earnings per share: It was because of the significant increase in net profits before and after tax in 2022.
8. The increase of cash flow adequacy ratio: It was because of the significant inflow of net cash from business activities in 2022. It caused an increase of net cash flow from business activities greater than the increase of capital expenditure and cash dividends in the most recent five fiscal years. The decrease of the inventory amount in the most recent five fiscal years caused the increase of cash flow adequacy ratio.

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the publication date of the annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.
Note 1: The net cash flow of operating activities was minus, so it was not included.
Note 2: The formula for calculating the financial ratio is as follows:
1. Financial structure
(1) Total liabilities to Total assets＝Total liabilities／Total assets
(2) Long-term capital to net property, plant and equipment＝(Net equity＋Non-current liabilities)／Net property, plant and equipment
2. Solvency
(1) Current ratio＝Current Assets／Current liability
(2) Quick ratio＝(Current assets－Inventory－Prepaid expenses)／Current liability
(3) Times interest earned＝Net income before income tax and interest expense／Interest expense
3. Ability to operate
(1) Account receivable (including account receivable and notes receivable from operation) turnover＝Net sales／the Average of account receivable (including account receivable and notes receivable from operation) balance
(2) A/R turnover day＝365／account receivable turnover
(3) Inventory turnover＝Cost of Goods Sold／the average of inventory
(4) Account payable (including account payable and notes payable from operation) turnover＝Cost of goods sold／the average of account payable (including account payable and notes payable from operation) balance
(5) Average days in sales＝365／Inventory turnover
(6) Property, plant and equipment turnover＝Net sales／Net Fixed Assets
(7) Total assets turnover＝Net sales／Total assets
4. Earning Ability
(1) Return on assets＝〔PAT＋Interest expense × (1－effective tax rate)〕／the average of total assets
(2) Return on equity＝PAT／the average of net equity
(3) Profit ratio＝PAT／Net sales
(4) EPS ＝(Profit attributable to owners of the Company－ Dividend from prefer stock)／weighted average outstanding shares
5. Cash Flow
(1) Cash flow ratio＝Cash flow from operating activities／Current liability
(2) Cash flow adequacy ratio＝Most recent 5-year Cash flow from operating activities／Most recent 5-year (Capital expenditure＋the increase of inventory＋cash dividend)
(3) Cash investment ratio＝(Cash flow from operating activities－cash dividend) ／(Gross property, plant and equipment＋long-term investment＋other non-current assets＋working capital)
6. Leverage
(1) Operating leverage＝(Nest revenue－variable cost of goods sold and operating expense)／operating income
(2) Financial leverage＝Operating income／(Operating income－interest expenses)

2. Financial analysis- International Financial Reporting Standards (parent company only)

Item	Year	Financial analyses for the most recent five fiscal years					Current year up to March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Total liabilities to total assets	59.29	48.27	50.82	53.52	46.51	–
	Long-term capital to net property, plant and equipment	16,010.44	2,986.31	3,492.74	4,815.35	6,413.40	–
Solvency (%)	Current ratio	203.95	174.08	216.86	237.03	203.61	–
	Quick ratio	192.02	165.39	207.59	207.05	185.34	–
	Times interest earned	73.70	74.26	169.23	110.92	111.38	–
Ability to operate	A/R turnover (times)	7.18	4.65	4.11	3.49	4.07	–
	A/R turnover days	51	78	89	105	90	–
	Inventory turnover (times)	86.51	47.75	38.54	14.46	14.85	–
	Accounts payable turnover (times)	11.44	8.88	6.03	5.66	7.41	–
	Average days in sales	4	8	9	25	25	–
	Property, plant and equipment turnover (times)	1,050.29	190.05	102.77	90.15	132.67	–
	Total assets turnover (times)	3.41	2.28	1.78	1.35	1.54	–
Earning ability	Return on assets (%)	25.17	19.08	19.48	16.05	21.77	–
	Return on equity (%)	80.87	39.81	38.49	33.34	42.85	–
	Pre-tax income to paid-in capital (%)	458.43	441.32	619.05	621.71	1,010.83	–
	Profit ratio (%)	7.28	8.24	10.90	11.82	13.98	–
	Earnings per share (NT$)	38.00	36.42	49.25	49.46	81.07	–
Cash flow	Cash flow ratio (%)	(Note 1)	50.27	72.13	(Note 1)	86.71	–
	Cash flow adequacy ratio (%)	(Note 1)	37.38	119.89	64.91	82.97	–
	Cash reinvestment ratio (%)	(Note 1)	31.97	36.89	(Note 1)	33.08	–
Leverage	Operating leverage	1.05	1.05	1.06	1.00	1.05	–
	Financial leverage	1.01	1.01	1.01	1.01	1.01	–

Please explain the reasons of changes of each financial ratio in the most recent two fiscal years:

1. The increase of long-term capital to net property, plant and equipment: It was because the retained earnings for 2022 was increased from that in 2021, causing the increase of ratio of long-term capital to net property, plant, and equipment.
2. The increase of the accounts payable turnover rate: It was because the increase of business costs in 2022 was greater than the increase of average accounts payable.
3. The increase of property, plant, and equipment turnover rate (times): It was because of the good business operation in 2022, causing significant increase in business income.
4. The rise of return on assets and return on equity: It was because of the increase of profits (losses) after tax was greater than the increase in assets and in equity in 2022, causing the increase of return on assets and return on equity.
5. The increase of pre-tax income to paid-in capital and earnings per share: It was because of the significant increase in net profits before and after tax in 2022.
6. The increase of cash flow adequacy ratio: It was because of the significant inflow of net cash from business activities in 2022. It caused an increase of net cash flow from business activities greater than the increase of capital expenditure and cash dividends in the most recent five fiscal years. The decrease of the inventory amount in the most recent five fiscal years caused the increase of cash flow adequacy ratio.

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the publication date of the annual report, the quarterly report for Q1 in 2023 has not been reviewed by CPAs.

Note 1: The net cash flow of operating activities was minus, so it was not included.

6.3 Audit committee’s report for the financial statement of 2022:

Wiwynn Corporation

Audit Committee’s Report

The Board of Directors has prepared the Company’s 2022 Business Report, Financial Statements, and Proposal for Distribution of Profits. CPAs, Chia-Chien Tang and Ming-Hung Huang, form KPMG performed Wiwynn’s Financial Statements Audit and issued an audit report. The Business Report, Financial Statements, and Proposal of Distribution of Profit have been reviewed and determined to be correct and accurate by the Audit Committee of Wiwynn Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

To

Wiwynn Corporation- 2022 Shareholder’s Meeting

Convener of the Audit Committee: Simon Zeng

February 22, 2023

6.4 Financial statement for 2022 and the auditor’s report: Please refer to Appendix 1.

6.5 Parent company only financial statement for 2022 and the auditor’s report: Please refer to Appendix 2.

6.6 If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, please explain how said difficulties affect the Company’s financial situation: None

7. REVIEW AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE AS WELL AS RISK EVALUATION

7.1 Financial position

The main reasons for any material change in assets, liabilities, or equity during the past two fiscal years, and the effect. If the effect is of material significance, please describe the measures to be taken in response.

Unit: NT$ Thousand

Year / Item	2021	2022	Difference	
			Amount	Amount
Current assets	82,025,003	84,051,090	2,026,087	2.47
Net property, plant and equipment	1,038,420	2,156,578	1,118,158	107.68
Intangible assets	98,732	137,551	38,819	39.32
Other assets	1,575,303	2,492,563	917,260	58.23
Total assets	84,737,458	88,837,782	4,100,324	4.84
Current liabilities	47,165,833	38,562,438	(8,603,395)	(18.24)
Non-current liabilities	10,201,599	11,488,338	1,286,739	12.61
Total liabilities	57,367,432	50,050,776	(7,316,656)	(12.75)
Common stock	1,748,408	1,748,408	0	0.00
Capital surplus	8,817,380	8,817,380	0	0.00
Retained earnings	17,235,258	27,039,558	9,804,300	56.89
Other equity	(431,020)	1,181,660	1,612,680	(374.15)
Total equity	27,370,026	38,787,006	11,416,980	41.71

Explanation:

1. Property, plant, and equipment: It was mainly caused by the acquisition of the land and the construction of the plants in 2022.
2. Intangible assets: It was because of purchasing software for business operation.
3. Other assets: It was because of the increase of right-of-use assets, deferred tax assets, and other non-current assets.
4. Retained earnings: It was because of increased profits from the good business operation in 2022.
5. Other equity: It was because of the fluctuation of the exchange ratel
6. Total equity: It was because of the increase of retained earnings.

7.2 Financial performance

(1) Comparison and analysis of the operating performance in the most recent two fiscal years:

Unit: NT$ Thousand

Item	2021	2022	Difference	
			Amount	Amount
Operating revenues	192,625,942	292,876,040	100,250,098	52.04
Operating costs	177,004,761	268,896,763	91,892,002	51.91
Gross profit	15,621,181	23,979,277	8,358,096	53.50
Operating expenses	4,234,105	6,144,997	1,910,892	45.13
Operating income	11,387,076	17,834,280	6,447,204	56.62
Non-operating income and expenses	(391,007)	63,003	454,010	(116.11)
Profit before tax	10,996,069	17,897,283	6,901,214	62.76
Net profit	8,648,012	14,174,709	5,526,697	63.91

Explanation:

1. Operating revenues, operating costs, gross profit, operating income, profit before tax, and net profit: Mainly because of the good business operation in 2022 and expanded business scale causing the increased operating revenues, operating costs, gross profit, operating income, profit before tax, and net profit compared to those in 2021.

2. Operating expenses: As expanded business scale in 2022, relevant operating expenses were increased. 3. Non-operating income and expenses: It was because of the increased net profit from foreign currency exchange by the fluctuation of the exchange rate in 2022.

(2) Sales volume forecast and its accordance, and the potential effect upon the Company's financial operations as well as measures to be taken in response:

It is not applicable because The Company did not prepare and publish the financial forecast.

7.3 Cash flow

(1) Analysis of cash flow changes during the most recent two fiscal years:

Unit: NT$ Thousand

Year / Item	2021	2022	Change of the increase (decrease)	
	Amount	Amount	Amount	%
Cash flow from operating activities	(14,212,457)	30,677,601	44,890,058	(315.85)
Cash flow from investment activities	(1,039,493)	(1,929,605)	(890,112)	85.63
Cash flow from financing activities	14,854,553	(26,180,630)	(41,035,183)	(276.25)
Net cash inflow (outflow)	(496,339)	3,559,028	4,055,367	(817.06)
Analysis of the changes in cash flow: 1. Operating activities: As the good status of operation in 2022 and stable supply of components, the inventory level of components was not required to increase in advanced, causing an increase in net profits and a significant decrease in inventory. 2. Investment activities: It was because of the acquisition of the land and the payment of construction fees for plants, causing net cash inflow for investment activities. 3. Fund-raising activities: It was because of the repayment of all the short-term loans in 2022, causing the net cash outflow for fund-raising activities.				

(2) Corrective measures to be taken in response to illiquidity: The business in the Company is at the stage of growing, and the demand for funds will be based on self-owned funds and bank borrowings. Up to the publication date of the annual report, there is no situation of shortage of cash.

(3) Analysis of cash liquidity in the coming year:

Unit: NT$ thousand

Cash balance in the beginning of the period	Estimated net cash flow from operating activities in the whole year	Estimated net cash flow from investing activities in the whole year	Estimated net cash flow from financing activities in the whole year	Estimated amount of cash balance	Corrective measure for estimated insufficient cash balance	
					Investment Plans	Financial plans
26,231,920	17,746,375	(5,042,832)	(8,742,040)	30,193,423	－	－
1. Analysis of changes of cash flow in the coming year Operating activities: It was mainly caused by the decrease of net income before tax, income tax and the expected inventory amount. Investments activities: It was mainly caused by equipment acquisition and plants construction. Financing activities: It was mainly caused by dividend issuance. 2. Corrective measures for estimated insufficient cash and liquidity analysis: None.						

7.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

The capital expenditure for property, plant, and equipment in 2021 and 2022 was NT$ 333,376 thousand and NT$ 1,270,869 thousand respectively. In order to spread the risk and advance R&D ability to control key technology, the Company constructed a plant and installed relevant machine and equipment required in Mexico and Malaysia in 2022 to reduce the dependence on external suppliers, enhance our own production capacity, and concentrate on the produce R&D for next generation in order to respond to the global industrial development. The operating capital possessed by the Company and the borrowing credit granted by banks were sufficient to deal with the capital expenditure in the most recent year. Therefore, the material capital expenditure in the most recent fiscal year has no significant impact on financial business.

7.5 The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits or losses, the improvement plans, and investment plans for the coming year:

(1) Reinvestment policy: The Company's reinvestment policy is based on the consideration of sustainable operation and the growth of business operation. We have established "Procedures for Acquisition or Disposal of Assets" based on "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" published by the competent authority as the accordance for the Company to carry out reinvestment business in order to control relevant business and financial conditions. Besides, to enhance the supervision and management of the re-invested company, the Company set up "Methods of Supervising and Managing Subsidiaries" in our internal control system. It is to specify relevant regulations on information disclosure as well as financial and business management to ensure the reinvestment achieves the greatest business performance.

(2) The main reasons for the profits/losses generated by the reinvestment in the most recent fiscal year, and the plan for improvement:

Unit: NT$ Thousand

Name of subsidiary invested	Main business item	Recognized investment gain (loss) in 2022	The main reasons for the profits/losses	Improvement plan
Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of cloud data center products	101,257	It was caused by the growth of revenue.	—
Wiwynn International Corporation (WYUS)	Sales of cloud data center products	196,921	It was caused by the growth of revenue.	—
Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment shareholding and sales of cloud data center products	39,555	It was caused by the growth of revenue.	—
Wiwynn Korea Ltd. (WYKR)	Sales of cloud data center products	38,127	It was caused by the growth of revenue.	—
Wiwynn Technology Service Malaysia SDN. BHD.(WYMY)	Sales of cloud data center products	(40,291)	There was no operating activity yet, and it is mainly caused by operating expense.	—
Wiwynn Mexico S.A. de C.V.(WYMX)	Human resource service provision and sales of cloud data center products	159,177	It was mainly the provision of manpower to manage manufacturing outsourcing services.	—

Name of subsidiary invested	Main business item	Recognized investment gain (loss) in 2022	The main reasons for the profits/losses	Improvement plan
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Sales of cloud data center products	12,696	It was caused by the adjustment of the scale of operating revenue.	—
LiquidStack Holding B.V.(LiquidStack)	R&D of liquid cooling technology	(67,968)	It was mainly the R&D for new cooling technology used in products for data centers. The new technology is still pending on passing the experiment before fully launching it.	R&D technology is yet to mature.
Wiwynn Mexico S.A. de C.V.(WYSMX)	Sales of cloud data center products	(2,131)	There was no operating activity yet, and it is mainly caused by operating expense.	—

(3) Investment plans for the coming year:

The reinvestment activities carried out by the Company are long-term investment using the equity method. In the future, the Company will continue paying attention to global industrial development and carefully evaluating reinvestment plans to strengthen the competitiveness of the Company.

7.6 Risk analysis and evaluation in the most recent years and up to the publication date of the annual report

(1)The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Impact of interest rate fluctuations on the Company's profits (losses) and response measures to be taken in the future

   The Company's interest expenses in 2021 and in 2022 were NT$ 356,154 thousand and NT$ 881,614 thousand respectively. It accounted for 0.18% and 0.30% of the net operating income of the fiscal year respectively and revealed the fluctuation of the exchange rate had no significant impact on the operation of the Company. Other than observing the impact of interest rate changes in the financial market on the capital of the Company at any time to be ready to adopt any responding measures, the Company also keeps a good relationship with banks to obtain better rates. Moreover, we also evaluate the interest rate risk that we might encounter on all the interest liabilities at the right moment to adjust our capital structure accordingly and avoid interest rate risks that might generate from liabilities.

2. Impact of exchange rate fluctuations on the Company's profits (losses) and response measures to be taken in the future:

   The Company's exchange gain (losses) in 2021 and in 2022 was NT$ -111,063 thousand and NT$ 930,598 thousand respectively. It accounted for -0.06% and 0.32% of the net operating income of the fiscal year respectively. The currency the Company used for sales and main material purchase was USD. Considering the wider exchange rate fluctuations in recent years as well as to effectively reduce the impact from the exchange rate fluctuations on revenue and profits, the Company appropriately reserved USD from sales revenue to pay for the purchase in USD to further achieve natural hedging functions. We also paid close attention to the trend of the exchange rate fluctuation and carried out derivatives trading for proper hedging operation.

3. Impact of changes in the inflation rate on the Company's profits (losses) and response measure to be taken in the future:

   Inflation has the effect of offsetting the accounts receivable and payable generated from the sales and the purchase of the Company. It has had no impact on the Company's profits at the moment. In addition, the Company implemented a budgeting system and internal control to effectively control operating costs and expenditure within a reasonable scope. We continue taking reference of research reports and relevant economic data done by domestic and overseas main economic research institutes and professional investment institutions as well as adjusting policies based on the inflation in the future to avoid the material impact on the financial business in the Company caused by inflations.

(2)The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. Engagement with high-risk and highly leveraged investments:

   The Company concentrates on the operation of our primary business and emphasizes the development of the primary technologies and the expansion of business marketing. We focus on steady operations as our principle and put sound financial development in the priority. Therefore, the Company did not engage with high risk and highly leveraged investments in the most recent fiscal year and up to the publication date of the annual report.

2. The policies for capital lending to other parties, endorsements and warrantees, and derivatives transactions, the main reasons for the profits/losses generated from the loans to other parties, endorsements, guarantees, and derivatives transactions, and response measures to be taken in the future:

   The Company's engagement in loans to other parties, endorsements, guarantees, and derivatives transaction is handled according to the content of regulations and response measures specified in "Procedure for Lending Funds to Other Parties", "Management of Endorsement and Guarantees", "Procedures for Financial Derivatives Transactions", and "Table of Degree of Authority Delegated for Derivatives Transactions".

   (1) Loans to other parties: The Company did not get involved with the situation of lending funds to other parties in the most recent year up to the publication date of the annual report.

   (2) Endorsements and guarantees: The amount of external guarantee endorsed by the Company in 2021 and 2022 was NT$ 248,350 thousand and NT$ 1,472,653 thousand respectively.

   (3) Derivatives transactions: The derivatives transactions carried out by the Company were mainly to avoid exchange rate risk generated from operating activities. Our trading parties were financial institutions with good credit records. In order to effectively control risks, the Company pays attention to the transaction and profit (loss) situations at any time as well as adopts necessary measures other than regularly evaluating whether the risk measures are appropriate.

(3) Research and development work to be carried out in the future, and further expenditures expected:

1. Future plans for research and development work:

A. Development of high-efficiency computing: It is to assist data centers to equip with capabilities of flexibility and rapid expansion and achieve high efficiency.

B. Power supply and high-efficiency heat dissipation solutions: Along with the continuous enhancement of power levels for cloud services to support processors and RAM of better performance, the optimal objectives of IT infrastructure is to reduce the frequency of conversion and the losses generated in order to enhance energy efficiency and further reduce electricity fees and operating costs in the establishment of cooling systems.

C. Deep learning and artificial intelligence: Development of a series of AI products that satisfy deep learning and real-time inference. Through the distributed and modular design, the latest high-speed transmission network infrastructure can be adopted. With the connection of several servers, we can provide the massive and flexible configuration of graphics processing unit (GPU) as well as reduce the switching costs for upgrading. Besides, we provide different types of AI server solutions. For the three-in-one of data, algorithm, and computing capacity, we apply data as the starting point, algorithm as the basis, and computing capacity as the driving force to assist customers analyze data and further obtain the results for decision making and analysis. We have servers for exclusive and specific purposes to respond to diverse demands in different fields. Different products are used to process non-image demands no matter whether it is an integrated type or an independent type. Besides, we have several heat dissipation resolutions for AI servers so that customers can choose a configuration according to different demands to support diverse applications and higher-efficiency AI processed chips and achieve AI servers with high performance.

D. The Company is active in the cooperation and development related to network function virtualization infrastructure (NFVI) and expects to extend server products to a wider application field. The Company starts from servers and works with chip suppliers intensively for the development of different server products. For the development of edge servers, we adopt chips of the next generation to develop a series of telecom-level edge computing products with common functions so that cloud service providers can easily deploy edge servers with the function of telecom cloud computing and provide their customers diverse choices in different fields. Moreover, based on the diversity of the market demands, we developed edge servers with different chips. The diverse platform design can satisfy applications at each point between cells and central offices (CO) and demands of diverse NFV and multi-access edge computing applications as well as work with system integrators to provide total solutions of Private 5G.

E. While servers are extended to edge computing, the Company installs components with AI computing functions in edge servers to deal with the applications related to AI. It also pushed cloud services further closer to edge computing to reduce latency and ensure cloud services get closer to the end users. Meanwhile, the Company plans to strengthen the collaboration with relevant telecommunication operators and assist them to speed up the implementation of our products. We also optimize their business services to achieve a win-win situation as well as speed up the promotion of their business. At the same time, the Company also invests resources to work with international top academic units. Other than promoting the advance of academic research, it can also improve the development of relevant technologies carried out in the Company to achieve industry-academia cooperation and the vision of progressing and flourishing together.

F. Modular design: The Company standardized the transmission interface for different signal power supplies and fixed structure of components in the server. We further planned and designed corresponding modules to achieve product modular design. The advantages of the modular design allow the same series of products supporting different system conflagration more flexibly and provide more flexible choices for data centers. Due to the high interoperability of the modules, it saves the time for designing new modules and the development for new molds and further reduces the costs of product development. When the product is replaced, the original case and modules can be recycled and reused.

2. Further expenditures expected for research and development work:
   The Company plans to invest a R&D expense of NT$3.7 billion in this fiscal year. Innovative R&D technology has always been the important cornerstone for the growth of the Company. In order to support the development of R&D plans, we will consider enhancing R&D expense step by step. Other than purchasing relevant materials and equipment for research and development, we will also continue recruiting R&D talents with abundant experiences and creativity to advance our R&D capability and enhance our market competitiveness.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The operation in the Company follows relevant laws and regulations at home and abroad. We also pay attention on the domestic and overseas policy development and the changes of regulations at any time and adopt proper response measures to establish relevant risk management procedure in order to fully control the change of market environment. In the most recent year and up to the publication date of the annual report, the changes in important policies and laws at home and abroad have had no significant impact on the financial business in the Company.

(5) Effect on the Company's financial operations of developments in science and technology (including the risk of information security) as well as industrial change, and measures to be taken in response:

The Company values the cultivation of R&D talents and the development of product technology. We continue paying attention on market changes and relevant trends of technology development to control the movement in the industry to establish relevant strategies. We implement product design, mass production research, and systematic management with forward-looking technology and the development of innovative applications in order to meet market demand and launch innovative products advance along with the time.

Due to the frequent ransomware again information security encountered by domestic and oversea technology manufacturers, we understand even though information security management and information security are important, they are not able to complete block out the possibility of information security incidents. Therefore, we must strengthen our responding and handling mechanism towards information security incidents. Based on this, our Company adopts the following two measures to cope the risk of information security:

1. Join in the high-tech information security alliance organized by Taiwan Computer Emergency Response Team/ Coordination Center (TWCERT/CC) to access to information security warning information, information security threat, and vulnerability information to strengthen join defending capability.
2. Establish the Information Security Committee to be in charge of the task of responding and handling information security incidents in order to enhance our responding and handling mechanism against information security incidents. We also set up a handling and reporting procedure for information security incidents, including judgement and determination of incidents, evaluation of impact and damage, and internal and external reporting procedure for fast stabilization and recovery after incidents and avoid significant financial impact.

In the most recent year and up to the publication date of the annual report, the changes in science and technology (including risk of information security) and the industrial changes have had no significant impact on the financial operation of the Company.

(6) Effect on the Company's crisis management by the changes of the Company's corporate image, and measures to be taken in response:

Since the establishment, the Company has focused on the operation of our primary sector, followed relevant legal regulations, actively strengthened internal management, maintained good labor-management relationship, and carried on implementing corporate governance and perform our corporate social responsibility in order to maintain excellent corporate image and achieve the goal of sustainable operation. In the most recent fiscal year and up to the publication date of the annual report, the Company has not been involved with any situation that affects corporate image and put us into crisis.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

In the most recent year and up to the publication date of the annual report, the Company has not been involved with any mergers and acquisitions.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

To get close to the regional markets and spread risk of production capacity, our Company constructed the plant and equipment needed in our subsidiary in Mexico and in Malaysia to get closer to the real-time demands on products and services for our customers in America and in Asia. The capital expenditure at the plants in Mexico and in Malaysia have been carefully evaluated. It has been reported to the level of authority. All the investment benefits and potential risks have been fully considered.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

1. Purchasing:
   Part of the production capacity in the Company is entrusted to our parent company, Wistron Corporation, for OEM. Therefore, the ratio of purchasing

from Wistron Corporation was 27.29%. In addition, the Company deployed a factory and relevant equipment in Malaysia in 2022 to spread risk in production capacity and transferred part of the production back as autonomous production. The ratio of purchasing from the supplier C was 15.59%, the ratio of purchasing from the supplier E was 14.24% while the rest suppliers were all less than 10%. Wistron Corporation, supplier C, and supplier E all are globally well-known manufacturers and work with the Company closely. Up to now, there has been no supply shortage or interruption that affects the business in the Company. The risk of consolidation of purchasing is limited.

2. Sales:
   The Company provides products and system solutions to hyperscale data centers, and the main customers at the moment are globally well-known cloud application service providers. In 2022, the main sales were to two group customers with a ratio of 52.45% and 33.93% respectively. The ratio of the revenue from the rest of the customers was less than 10%, so there was a risk of consolidation of sales. However, the two group customers are world-leading big enterprises that provide for stable demand to wide users in the markets all over the world. In order to serve customers of world-leading data centers, the Company provides products that are customized and with high system integration ability to satisfy customers' demand. We also establish a complete service system and process to increase added value and enlarge differentiation in order to enhance the threshold of entering to the market from competitors.

   Besides, the Company's R&D ability, product quality, and after-sales service are highly recognized by customers in the world. The good reputation established is helpful for the continuous development of customers of cloud data center in different types and further reduces the risk of consolidation of sales. The Company has concrete consideration and plans for future business development and demands of potential customers. Therefore, the risk of consolidation of sales is limited.

(10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(11) Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company and that have been concluded by means of a final and unappealable judgment or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

1. Major litigations, non-contentious cases or administrative disputes pending as of the publication date of the Company's most recent annual report are as below:
    (1) 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 has appointed an attorney to deal with the matter. Due to the involvement of patent rights, it has been reviewed by the Patent Trial and Appeal Board. The court has decided to resume the procedure. The case is still under investigation by the court.

    (2) 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 has appointed an attorney to deal with the matter, and the case is still pending for the court investigation.

    The above are estimated to not have a material impact on the Company's operations, shareholders' equity rights or securities prices.

2. Major litigations, non-contentious cases or administrative disputes of Wistron Corporation, a corporate director and shareholder of 10% or more of the Company's shares, pending as of the publication date of the Company's most recent annual report are as below:

    In June of 2016, Alacritech Inc. filed an action against Wistron Corporation in the United States District Court for the Eastern District of Texas. The accused products are servers and network interface devices. The Court ordered a stay of the case in 2017, but has reopened it in October 2022. Wistron Corporation still cannot assess the possible impact on its financial losses.

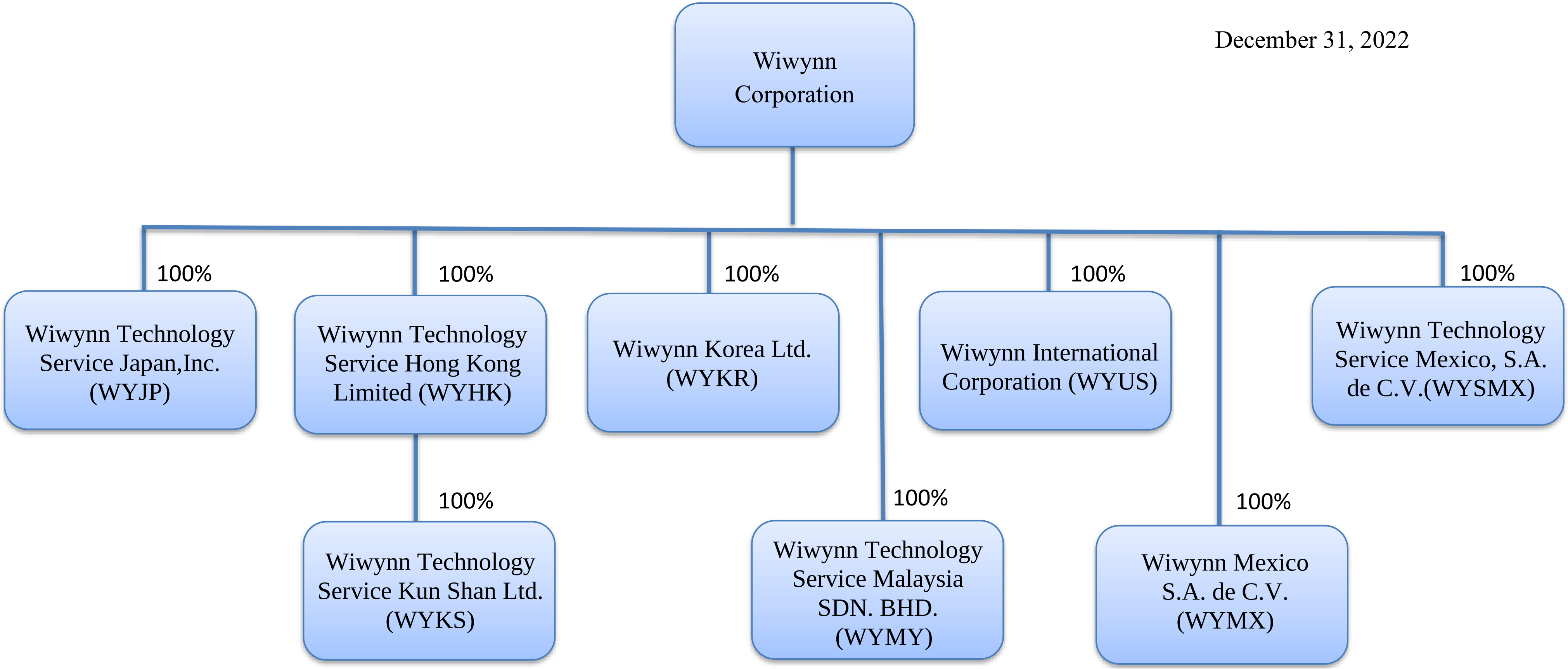
(13) Other important risks, and mitigation measures being or to be taken: None.

7.7 Other important matters: None.

8. SPECIAL ITEMS TO BE INCLUDED

8.1 Information related to the Company's affiliates

(1) Organizational chart of the affiliates



(2) Basic information of the affiliates:

December 31, 2022 (Unit: NT$ Thousand)

Name of the affiliate	Incorporation date	Address	paid-in capital	Main business items
Wiwynn Technology Service Japan, Inc (WYJP)	March 1, 2013	Japan	6,620	Sales of cloud data center equipment
Wiwynn International Corporation (WYUS)	February 11, 2013	U.S.A.	16,453,581	Sales of cloud data center equipment
Wiwynn Technology Service Hong Kong Limited (WYHK)	September11, 2013	Hong Kong.	12,181	Investment, shareholding, and Sales of cloud data center equipment
Wiwynn Korea Ltd.(WYKR)	May 3, 2016	Korea	2,903	Sales of cloud data center equipment
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	July 13, 2017	Malaysia	2,300,724	Sales of cloud data center equipment
Wiwynn Mexico S.A. de C.V. (WYMX)	February 14, 2019	Mexico	1,126,671	Human resource service provision and sales and manufacturing of cloud data center equipment
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	February 12, 2014	China	10,659	Sales of cloud data center equipment
Wiwynn Technology Service Mexico SA De CV (WYSMX)	May 6, 2022	Mexico	58,025	Sales of cloud data center equipment

(3) For companies presumed to have a relationship of control and subordination, the information of the same shareholders: None.

(4) The industries covered by the business operated by the affiliates overall:

Businesses operated by the Company and in the whole affiliates include the following products, semi-products and peripheral equipment as well as the research, development, design, testing, and sales of components. In the whole, affiliates create the greatest results through the job allocation and support of sales and services provided among affiliates.

1. Computer and peripheral Equipment.
2. Electronic components.
3. Data storage media.
4. Electrical appliances and audiovisual electronic products.
5. Information software.
6. Concurrent operation of business related to the importing and exporting transaction run by the Company.
7. Management consulting.
8. Data processing service.
9. Data backup media.

(5) The names of the directors, supervisors, and general managers of each affiliate and the details of their shareholding:

December 31, 2022; Unit: Shares

Name of the affiliate	Title	Name/ Representative	Shares held	
			Shares	%
Wiwynn Technology Service Japan, Inc. (WYJP)	Director	Sunlai Chang	0	0.00%
	Director	Steven Lu	0	0.00%
Wiwynn International Corporation (WYUS)	Director	Sunlai Chang	0	0.00%
	Director	Robin Wang	0	0.00%
	Director	Joseph Hsu	0	0.00%
Wiwynn Technology Service Hong Kong Limited (WYHK)	Director	Sunlai Chang	0	0.00%
	Director	Steven Lu	0	0.00%
Wiwynn Korea Ltd. (WYKR)	Director	Sunlai Chang	0	0.00%
	Director	Steven Lu	0	0.00%
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Director	Joe Chiao	0	0.00%
	Director	Robin Wang	0	0.00%
	Director	Yung-Hsing Liu	0	0.00%
	Director	LIM YEE TENG	0	0.00%
Wiwynn Mexico S.A. de C.V. (WYMX)	Director	Emily Hong	0	0.00%
	Director	Robin Wang	0	0.00%
	Director	Joseph Hsu	0	0.00%
Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Director	Sunlai Chang	0	0.00%
	Director	Robin Wang	0	0.00%
	Director	Joseph Hsu	0	0.00%
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Director	Steven Lu	0	0.00%
	Supervisor	Harry Chen	0	0.00%

(6) Financial condition and performance of the affiliates:

December 31, 2022 (Unit: NT$ Thousand)

Name of the affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Net profit (after-tax)	Earnings Per Share ($NT dollars)
Wiwynn Technology Service Japan, Inc. (WYJP)	6,620	1,254,041	968,876	285,165	3,571,425	134,776	101,257	253,142.50
Wiwynn International Corporation (WYUS)	16,453,581	55,806,413	37,670,179	18,136,234	236,144,663	879,146	196,921	0.35
Wiwynn Technology Service Hong Kong Limited (WYHK)	12,181	583,201	319,413	263,788	1,081,529	32,329	39,555	98.89
Wiwynn Korea Ltd. (WYKR)	2,903	348,107	169,369	178,738	1,652,112	48,191	38,127	1,906.35
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	2,300,724	2,313,405	8,903	2,304,502	0	(40,528)	(40,291)	(0.12)
Wiwynn Mexico S.A. de C.V.(WYMX)	1,126,671	2,177,554	767,042	1,410,512	2,234,618	319,517	159,177	0.21
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	10,659	267,007	160,313	106,694	471,225	16,070	12,696	36.27
Wiwynn Technology Service Mexico SA De CV (WYSMX)	58,025	61,438	0	61,438	0	(14)	(2,131)	(0.05)

(7) Consolidated financial statement of the affiliates:

Declaration

The entities that are required to be included in the combined financial statements of Wiwynn Corporation as of and for the year of 2022 (from January 1st, 2022 to December 31st, 2022) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wiwynn Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declared.

Company name: Wiwynn Corporation

Chairman: Simon Lin

Date: February 22, 2023

(8) Affiliation Report:

DeclarationWe hereby declare that our company's 2022 relationship report (from January 1st, 2022 to December 31st, 2022) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. The disclosed information is not materially different from that disclosed in the notes of our financial statements from the aforementioned period.

Hereby Declared.

Company name: Wiwynn Corporation

Chairman: Simon Lin

Date: February 22, 2023

Conclusion of audit review on the affiliation report from the CPAs

To Wiwynn Corporation,

The affiliation report for 2022 fiscal year prepared by Wiwynn Corporation according to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (hereinafter referred to as the preparation criteria) has been audited and reviewed by the certified public accountants in the Company on the relevant information between the financial information specified in the report and the information disclosed in the financial statement footnotes during above period. The conclusion of audit review is issued according to the preparation criteria.

According to the opinion from the certified public accountant, there is no major inconsistence between the information disclosed in the affiliation report for 2022 fiscal year prepared by Wiwynn Corporation and the information disclosed in the financial statement footnotes during above period. There is no violation of preparation criteria found.

Sincerely

To

Wiwynn Corporation

KPMG Taiwan

Certified Public Accountant:

February 22, 2023

Affiliation Report

1. Information of the relationship between the subordinate company and the controlling company

December 31, 2022

Name of the controlling company	Reasons of control	State of shareholding and pledge by the controlling company			Director, supervisor, or manager assigned by the controlling company	
		Share held (shares)	Shareholding ratio (%)	Shares Pledged (shares)	Job title	Name
Wistron Corporation	Possession of the Company's 37.68% outstanding ordinary shares by December 31st, 2022	65,895,129	37.68%	0	Chairman	Simon Lin
					Director	Frank Lin

2. Transaction of purchase and sales

December 31, 2022; NT$ Thousand; %

Transaction between the controlling company				Payment terms with the controlling company		General payment terms		Cause of discrepancy	Accounts and notes receivable (payable)		Overdue accounts receivable			Remark
Purchase (Sales)	Amount	Ratio of total purchases (sales)	Gross profit on sales	Unit (dollar)	Credit period	Unit (dollar)	Credit period		Ending balance	Ratio of total accounts and notes receivable (payable)	Amount	Handling method	Allowance for bad debts	
Sales	47,508	0.05	67-791	-	OA90	-	-	(Note 1)	15,306	0.06	-	-	-	-
Purchase	69,270,472	87.77	-	-	OA45	-	-	(Note 2)	(9,795,920)	(87.07)	-	-	-	-

Note 1: Sales price and payment terms are determined by the economic environment and market competition in each area for sales; the sales price, payment terms and collection terms do not have significant difference with general sales.

Note 2: Purchase price is unable to be compared with general transaction price due to the different product specification.

3. State of property transaction: None.

4. State of financing: None.

5. State of asset lease: None.

6. State of other transactions:

(1) The operating expense generated from the testing service purchased for R&D and counselling service provided to the Company in 2022 by the Company and Wistron Corporation was NT$181,312 thousand.

(2) The outstanding balance by the end of the period generated from other accounts receivable due to the purchase of raw material and disbursement in 2022 by the Company and Wistron Corporation was NT$11,629 thousand.

(3) The outstanding balance by the end of the period generated from other accounts payable due to the purchase of raw material, advance payment on business trip, and testing service provided to the Company in 2022 by the Company and Wistron Corporation was NT$10,172 thousand.

(4) The expense of purchasing office equipment, other necessary devices, and software in 2022 by the Company and Wistron Corporation was NT$33,584 thousand.

7. State of guarantees and endorsements: None.

8.2 Implementation of private placement of securities: None**.**

8.3 Holding or disposal of shares in the Company by the Company's subsidiaries in the most recent fiscal year and up to the publication date of the annual report: None.

8.4 Other matters that require additional description: None.

8.5 The situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Stock Code:6669

WIWYNN CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors’ Report for the Years Ended December 31, 2022 and 2021

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

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Wiwynn Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wiwynn Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wiwynn Corporation
Chairman: Simon Lin
Date: February 22, 2023

KPMG
安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Wiwynn Corporation:

Opinion

We have audited the consolidated financial statements of Wiwynn Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter

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

How the matter was addressed in our audit

Our principal audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluate if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the related changes or differences; assessing and testing if the management obtained sufficient external evidence showing that the control of the products have been transferred to the customers to support the timing of revenue recognition; evaluating the adequacy of revenues recognition by testing the sale transactions during the period before and after the balance sheets date.

2. Inventory valuation

Refer to note 4(h) "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and note 6(d) to the consolidated financial statements for the disclosure of valuation of inventory.

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as one of the key Judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included analyze the change of inventory aging by assessing and testing the inventory aging report, understanding the sales price which is used to evaluate the inventory valuation by management and the subsequent market price information as well as selecting the original transition documentation in order to test the appropriateness of the net realize values reviewing if the estimation and assumption used for inventory valuation and other disclosure for inventories made by management were appropriateness.

Other Matter

Wiwynn Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2023

Notes to Readers

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

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

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

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 26,231,920	30	22,672,892	27
1170	Accounts receivable, net (notes 6(b) and (q))	18,690,495	21	12,722,591	15
1180	Accounts receivable-related parties, net (notes 6(b), (q) and 7)	1,090,375	1	443,538	1
1200	Other receivables (note 6(c))	2,493	-	3,819	-
1210	Other receivables-related parties (notes 6(c) and 7)	1,307,048	1	381,301	-
130X	Inventories (notes 6(d) and 8)	36,011,736	41	45,383,451	54
1479	Other current assets (note 6(i))	717,023	1	417,411	-
	Total current assets	84,051,090	95	82,025,003	97
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(e))	198,890	-	250,091	-
1600	Property, plant and equipment (notes 6(f), 7 and 9)	2,156,578	2	1,038,420	2
1755	Right-of-use assets (notes 6(g) and 7)	995,434	1	671,526	1
1780	Intangible assets (notes 6(h) and 7)	137,551	-	98,732	-
1840	Deferred tax assets (note 6(n))	639,799	1	304,534	-
1990	Other non-current assets (notes 6(i) and 8)	658,440	1	349,152	-
	Total non-current assets	4,786,692	5	2,712,455	3
	Total assets	**$ 88,837,782**	**100**	**84,737,458**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ -	-	21,265,920	25
2130	Contract liabilities-current (note 6(q))	5,296,970	6	3,360,972	4
2170	Notes payable and accounts payable	15,083,798	17	8,972,367	11
2180	Accounts payable-related parties (note 7)	11,381,122	13	9,306,964	11
2200	Other payables (note 6(r))	3,104,403	3	2,374,998	3
2220	Other payables-related parties (note 7)	45,770	-	79,652	-
2230	Current tax liabilities	2,912,316	3	999,370	1
2280	Lease liabilities-current (notes 6(l) and 7)	211,343	-	138,700	-
2399	Other current liabilities	526,716	1	666,890	1
	Total current liabilities	38,562,438	43	47,165,833	56
	Non-current liabilities:				
2530	Bonds payable (note 6(k))	9,439,683	11	9,436,448	11
2570	Deferred tax liabilities (note 6(n))	286,411	-	219,246	-
2580	Lease liabilities-non-current (notes 6(l) and 7)	801,865	1	532,315	1
2640	Net defined benefit liabilities-non-current (note 6(m))	8,431	-	13,590	-
2645	Guarantee deposits received	951,948	1	-	-
	Total non-current liabilities	11,488,338	13	10,201,599	12
	Total liabilities	50,050,776	56	57,367,432	68
	Equity (notes 6(e), (m), (n) and (o)):				
3110	Common shares	1,748,408	2	1,748,408	2
3200	Capital surplus	8,817,380	10	8,817,380	10
3300	Retained earnings	27,039,558	31	17,235,258	20
3400	Other equity	1,181,660	1	(431,020)	-
	Total equity	38,787,006	44	27,370,026	32
	Total liabilities and equity	**$ 88,837,782**	**100**	**84,737,458**	**100**

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (notes 6(q) and 7)**	$ 292,876,040	100	192,625,942	100
5000	**Operating costs (notes 6(d), (f), (g), (h), (l), (m), (r), 7 and 12)**	268,896,763	92	177,004,761	92
	Gross profit from operations	23,979,277	8	15,621,181	8
	Operating expenses (notes 6(b), (f), (g), (h), (l), (m), (r), 7 and 12):				
6100	Selling expenses	1,305,756	-	936,512	1
6200	Administrative expenses	1,307,577	1	835,779	-
6300	Research and development expenses	3,528,532	1	2,459,313	1
6450	Expected credit loss	3,132	-	2,501	-
	Total operating expenses	6,144,997	2	4,234,105	2
	Net operating income	17,834,280	6	11,387,076	6
	Non-operating income and expenses (notes 6(e), (f), (g), (k), (l), (s) and 7):				
7100	Interest income	155,871	-	61,593	-
7010	Other income	809	-	48	-
7020	Other gains and losses	855,905	-	(64,374)	-
7050	Finance costs	(881,614)	-	(356,154)	-
7370	Share of associates and joint ventures accounted for using equity method	(67,968)	-	(32,120)	-
	Total non-operating income and expenses	63,003	-	(391,007)	-
7900	**Income before tax**	17,897,283	6	10,996,069	6
7950	**Income tax expense (note 6(n))**	3,722,574	1	2,348,057	1
	Net income	14,174,709	5	8,648,012	5
8300	**Other comprehensive income (loss) (notes 6(e), (m), (n) and (o)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefits plans	764	-	(4,848)	-
8349	Income tax related to items that may not be reclassified to profit or loss	(153)	-	970	-
	Total items that may not be reclassified subsequently to profit or loss	611	-	(3,878)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	1,612,680	-	(193,126)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	1,612,680	-	(193,126)	-
8300	**Other comprehensive income (net of tax)**	1,613,291	-	(197,004)	-
8500	**Total comprehensive income**	**15,788,000**	**5**	**8,451,008**	**5**
	Profit attributable to:				
8610	Owners of parent	**$ 14,174,709**	**5**	**8,648,012**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent	**$ 15,788,000**	**5**	**8,451,008**	**5**
	Earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	**Basic earnings per share**	**$ 81.07**		**49.46**	
9850	**Diluted earnings per share**	**$ 80.49**		**49.28**	

See accompanying notes to financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars)

			Retained earnings				Other equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2021	$ 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	-	-	-	-	8,648,012	8,648,012	-	8,648,012
Other comprehensive income	-	-	-	-	(3,878)	(3,878)	(193,126)	(197,004)
Total comprehensive income	-	-	-	-	8,644,134	8,644,134	(193,126)	8,451,008
Balance on December 31, 2021	1,748,408	8,817,380	2,230,357	237,894	14,767,007	17,235,258	(431,020)	27,370,026
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	864,413	-	(864,413)	-	-	-
Special reserve	-	-	-	193,126	(193,126)	-	-	-
Cash dividends	-	-	-	-	(4,371,020)	(4,371,020)	-	(4,371,020)
Net income	-	-	-	-	14,174,709	14,174,709	-	14,174,709
Other comprehensive income	-	-	-	-	611	611	1,612,680	1,613,291
Total comprehensive income	-	-	-	-	14,175,320	14,175,320	1,612,680	15,788,000
Balance on December 31, 2022	**$ 1,748,408**	**8,817,380**	**3,094,770**	**431,020**	**23,513,768**	**27,039,558**	**1,181,660**	**38,787,006**

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	$ 17,897,283	10,996,069
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	676,513	505,835
Amortization expense	85,072	41,946
Expected credit loss	3,132	2,501
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	100,986	(35,697)
Interest expense	881,614	356,154
Interest income	(155,871)	(61,593)
Share of loss of associates and joint ventures accounted for using equity method	67,968	32,120
Losses (gains) on disposal of property, plant and equipment	711	(503)
Prepayments for equipment reclassified as expenses	66	2,181
Lease modification gains	(395)	(3,119)
Total adjustments to reconcile profit	1,659,796	839,825
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	(100,986)	35,697
Increase in accounts receivable, net	(5,297,511)	(5,053,598)
Increase in accounts receivable-related parties, net	(646,837)	(103,320)
Decrease (increase) in other receivable	1,169	(653)
Decrease (increase) in other receivable-related parties	(1,094,203)	186,630
Decrease (increase) in inventories	13,408,726	(26,689,003)
Decrease (increase) in other current assets	(58,998)	596,814
Total changes in operating assets	6,211,360	(31,027,433)
Changes in operating liabilities:		
Increase in contract liabilities-current	1,935,998	1,063,555
Increase in notes and accounts payable	5,164,163	6,320,769
Increase (decrease) in accounts payable-related parties	369,381	(21,824)
Increase in other payable	742,375	333,116
Decrease in other payable-related parties	(33,882)	(69,014)
Increase (decrease) in other current liabilities	(183,926)	334,872
Decrease in net defined benefit liabilities	(4,395)	(165)
Total changes in operating liabilities	7,989,714	7,961,309
Total changes in operating assets and liabilities	14,201,074	(23,066,124)
Total adjustments	15,860,870	(22,226,299)
Cash inflow (outflow) generated from operations	33,758,153	(11,230,230)
Interest received	150,636	60,808
Interest paid	(886,260)	(334,181)
Income taxes paid	(2,344,928)	(2,708,854)
Net cash flows from (used in) operating activities	30,677,601	(14,212,457)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(276,609)
Acquisition of property, plant and equipment	(1,270,869)	(333,376)
Proceeds from disposal of property, plant and equipment	109	4,562
Acquisition of intangible assets	(123,220)	(76,076)
Increase in other non-current assets	(340,843)	(180,716)
Increase in prepayments for equipment	(194,782)	(177,278)
Net cash used in investing activities	(1,929,605)	(1,039,493)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	114,696,533	125,641,712
Decrease in short-term borrowings	(137,257,215)	(109,510,172)
Proceeds from issuing bonds	-	4,442,325
Increase in guarantee deposits received	924,953	-
Cash dividends paid	(4,371,020)	(5,594,905)
Payment of lease liabilities	(173,881)	(124,407)
Net cash flows from (used in) financing activities	(26,180,630)	14,854,553
Effect of exchange rate changes on cash and cash equivalents	991,662	(98,942)
Net increase (decrease) in cash and cash equivalents	3,559,028	(496,339)
Cash and cash equivalents at beginning of period	22,672,892	23,169,231
Cash and cash equivalents at end of period	**$ 26,231,920**	**22,672,892**

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan dollars, Unless Otherwise Specified)

(1) Company history

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

(i) Computer and peripheral equipments

(ii) Data storage media

(iii) Electric appliances and media products

(iv) Information software

(v) Export business relating to the business of the Company

(vi) Management consult services

(vii) Information software services

(viii) Data processing services

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

The consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

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

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

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

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

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent. An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivable’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, refundable deposits and other financial assets), debt investments measured at FVOCI .

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group holds time deposits for domestic financial institutions, and it is considered to be low credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses financial assets carried at amortized cost credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) 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.

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 proportionate share.

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.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Research and developments equipment: 4 years

2) Machinery and equipment: 4~10 years

3) Office equipment: 4 years

4) Lease improvements: 3~10 years

5) Other equipment: 4~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including substantively fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Intangible assets is software. Amortization is recognized in profit or loss on a straight-line basis 1~3 years for the estimated useful lives of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells data storage equipment to customer. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    1) the same taxable entity; or

    2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(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 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies do not have significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

The Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 325	580
Demand and checking deposits	17,178,555	14,672,312
Time deposits	9,053,040	8,000,000
	$ 26,231,920	22,672,892

Please refer to note 6(t) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable－measured at amortized cost	$ 18,463,307	12,447,844
Accounts receivable－related parties－measured at amortized cost	1,090,375	443,538
Accounts receivable－measured at fair value through other comprehensive income	235,006	279,433
Less: loss allowance	(7,818)	(4,686)
	$ 19,780,870	13,166,129

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. The loss allowance were determined as follows:

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

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

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

	2022	2021
Balance on January 1	$ 4,686	2,185
Impairment losses recognized	12,431	41,686
Impairment losses reversed	(9,299)	(39,185)
Balance on December 31	**$ 7,818**	**4,686**

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

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

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 December 31, 2022 and 2021, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

December 31, 2022						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	**$ 841,848**	**202,080** (Note)	**841,848**	**-**	4.87%~5.37%	None

December 31, 2021

Purchaser		Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	$	**908,329**	**44** (Note)	**908,329**	**-**	0.50%~0.98%	None

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

(c) Other receivables

		December 31, 2022	December 31, 2021
Other receivables	$	2,493	3,819
Other receivables - related parties		1,307,048	381,301
Less: loss allowance		-	-
	$	**1,309,541**	**385,120**

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

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

(d) Inventories

		December 31, 2022	December 31, 2021
Raw materials	$	12,131,458	31,420,396
Finished goods		19,540,141	12,450,813
Inventory in transit		4,340,137	1,512,242
	$	**36,011,736**	**45,383,451**

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

		2022	2021
Losses on valuation of inventories	$	1,197,700	144,052
Royalty		47,541	33,901
Others		(6,901)	(8,656)
	$	**1,238,340**	**169,297**

As of December 31, 2022, the inventories of the Company had pledged, please refer to note 8. There were no such transaction for the year ended December 31, 2021.

(e) Investments accounted for using equity method

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

	December 31, 2022	December 31, 2021
Associates	$ 198,890	250,091

(i) Associates

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

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

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

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

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	$ 198,890	250,091

	2022	2021
Attributable to the Group:		
Net loss from continuing operations	$ (67,968)	(32,120)
Other comprehensive income	16,767	5,602
Comprehensive income	$ (51,201)	(26,518)

(ii) Pledge

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

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Land	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost or deemed cost:								
Balance on January 1, 2022	$ -	185,806	784,754	168,602	275,357	510,047	40,056	1,964,622
Additions	159,233	40,645	25,537	50,230	17,333	130,145	847,746	1,270,869
Disposals	-	(3,056)	-	(4,743)	-	(2,150)	-	(9,949)
Reclassification (Note)	-	2,059	24,237	6,319	134,039	157,565	(74,264)	249,955
Effect of changes in foreign exchange rates	9,696	-	5,126	11,504	2,433	38,663	37,485	104,907
Balance on December 31, 2022	**$ 168,929**	**225,454**	**839,654**	**231,912**	**429,162**	**834,270**	**851,023**	**3,580,404**
Balance on January 1, 2021	$ -	143,104	739,973	107,132	226,819	282,361	13,968	1,513,357
Additions	-	23,542	29,767	58,013	52,030	119,802	50,222	333,376
Disposals	-	(244)	(815)	(3,026)	(8,803)	(5,584)	-	(18,472)
Reclassification (Note)	-	19,404	17,101	8,338	5,311	118,341	(23,062)	145,433
Effect of changes in foreign exchange rates	-	-	(1,272)	(1,855)	-	(4,873)	(1,072)	(9,072)
Balance on December 31, 2021	**$ -**	**185,806**	**784,754**	**168,602**	**275,357**	**510,047**	**40,056**	**1,964,622**
Accumulated depreciation:								
Balance on January 1, 2022	$ -	118,683	256,576	68,784	173,911	308,248	-	926,202
Depreciation	-	29,313	139,849	43,175	99,149	173,693	-	485,179
Disposals	-	(3,054)	-	(4,543)	-	(1,532)	-	(9,129)
Effect of changes in foreign exchange rates	-	-	3,056	3,677	82	14,759	-	21,574
Balance on December 31, 2022	**$ -**	**144,942**	**399,481**	**111,093**	**273,142**	**495,168**	**-**	**1,423,826**
Balance on January 1, 2021	$ -	99,573	124,079	42,538	102,635	192,751	-	561,576
Depreciation	-	19,353	133,534	29,661	80,079	119,363	-	381,990
Disposals	-	(243)	(475)	(2,917)	(8,803)	(1,975)	-	(14,413)
Effect of changes in foreign exchange rates	-	-	(562)	(498)	-	(1,891)	-	(2,951)
Balance on December 31, 2021	**$ -**	**118,683**	**256,576**	**68,784**	**173,911**	**308,248**	**-**	**926,202**
Carrying value:								
Balance on December 31, 2022	**$ 168,929**	**80,512**	**440,173**	**120,819**	**156,020**	**339,102**	**851,023**	**2,156,578**
Balance on December 31, 2021	**$ -**	**67,123**	**528,178**	**99,818**	**101,446**	**201,799**	**40,056**	**1,038,420**
Balance on January 1, 2021	**$ -**	**43,531**	**615,894**	**64,594**	**124,184**	**89,610**	**13,968**	**951,781**

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

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

(g) Right-of-use assets

The cost and accumulated depreciation of the Group leases buildings and other equipment for the years ended December 31, 2022 and 2021, were as follows:

	Buildings	Other equipment	Total
Cost:			
Balance on January 1, 2022	$ 916,328	5,309	921,637
Acquisitions	424,054	430	424,484
Disposals	(21,437)	(3,042)	(24,479)
Effect of changes in foreign exchange rates	108,555	50	108,605
Balance on December 31, 2022	**$ 1,427,500**	**2,747**	**1,430,247**
Balance on January 1, 2021	$ 528,712	5,620	534,332
Acquisitions	444,965	-	444,965
Disposals	(36,114)	(292)	(36,406)
Effect of changes in foreign exchange rates	(21,235)	(19)	(21,254)
Balance on December 31, 2021	**$ 916,328**	**5,309**	**921,637**
Accumulated depreciation:			
Balance on January 1, 2022	$ 247,566	2,545	250,111
Depreciation	189,323	2,011	191,334
Disposals	(21,437)	(3,042)	(24,479)
Effect of changes in foreign exchange rates	17,814	33	17,847
Balance on December 31, 2022	**$ 433,266**	**1,547**	**434,813**
Balance on January 1, 2021	$ 155,469	1,636	157,105
Depreciation	122,650	1,195	123,845
Disposals	(27,978)	(273)	(28,251)
Effect of changes in foreign exchange rates	(2,575)	(13)	(2,588)
Balance on December 31, 2021	**$ 247,566**	**2,545**	**250,111**
Carrying amount:			
Balance on December 31, 2022	**$ 994,234**	**1,200**	**995,434**
Balance on December 31, 2021	**$ 668,762**	**2,764**	**671,526**
Balance on January 1, 2021	**$ 373,243**	**3,984**	**377,227**

(h) Intangible assets

The cost and accumulated amortization of the intangible assets for the years ended December 31, 2022 and 2021, were as follows:

		Software	**Other**	**Total**
Costs:				
Balance on January 1, 2022	$	158,004	1,040	159,044
Additions		123,220	-	123,220
Effect of changes in foreign exchange rates		1,616	-	1,616
Balance on December 31, 2022	**$**	**282,840**	**1,040**	**283,880**
Balance on January 1, 2021	$	112,685	1,040	113,725
Additions		76,076	-	76,076
Disposals		(30,750)	-	(30,750)
Effect of changes in foreign exchange rates		(7)	-	(7)
Balance on December 31, 2021	**$**	**158,004**	**1,040**	**159,044**
Accumulated amortization:				
Balance on January 1, 2022	$	60,312	-	60,312
Amortization		85,072	-	85,072
Effect of changes in foreign exchange rates		945	-	945
Balance on December 31, 2022	**$**	**146,329**	**-**	**146,329**
Balance on January 1, 2021	$	49,123	-	49,123
Amortization		41,946	-	41,946
Disposals		(30,750)	-	(30,750)
Effect of changes in foreign exchange rates		(7)	-	(7)
Balance on December 31, 2021	**$**	**60,312**	**-**	**60,312**
Carrying value:				
Balance on December 31, 2022	**$**	**136,511**	**1,040**	**137,551**
Balance on December 31, 2021	**$**	**97,692**	**1,040**	**98,732**
Balance on January 1, 2021	**$**	**63,562**	**1,040**	**64,602**

(i) Amortization

For the years ended December 31, 2022 and 2021, the amortization of intangible assets is included in the statement of comprehensive income:

		2022	**2021**
Operating costs	$	33,093	12,812
Operating expense		51,979	29,134
	$	**85,072**	**41,946**

(ii) Pledge

As of December 31, 2022 and 2021, the intangible assets were not pledged.

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

		December 31, 2022	December 31, 2021
Other current assets:			
Tax refundable	$	236,445	234,473
Other prepayments		210,875	151,869
Others		269,703	31,069
	$	**717,023**	**417,411**
Other non-current assets:			
Refundable deposits	$	334,990	41,319
Restricted deposits		29,582	26,675
Prepayments for equipment		55,700	107,191
Prepayments for land		238,168	113,710
Others		-	60,257
	$	**658,440**	**349,152**

(j) Short-term borrowings

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

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

	December 31, 2021			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	USD	0.58%~1.01%	2022/1/3~2022/3/4	$ **21,265,920**
Unused credit line				$ **17,953,409**

(k) Bonds payable

The details of unsecured ordinary bonds were as follows:

		December 31, 2022	December 31, 2021
Total ordinary corporate bonds issued	$	9,450,000	9,450,000
Unamortized discounted bonds payable		(10,317)	(13,552)
Bonds payable balance at period-end	$	**9,439,683**	**9,436,448**

		2022	2021
Interest expense	$	**72,770**	**55,130**

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

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

(l) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 211,343	138,700
Non-current	$ 801,865	532,315

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expenses on lease liabilities	$ 60,491	30,285
Expenses relating to short-term leases	$ 161,081	78,887

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

	2022	2021
Total cash outflow for leases	$ 395,453	233,579

(i) Real estate leases

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

(ii) Other leases

The Group leases other equipment, with lease terms of 2 to 3 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 67,182	67,270
Fair value of plan assets	(58,751)	(53,680)
Net defined benefit liabilities	**$ 8,431**	**13,590**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Taipei Fubon commercial bank that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’s Bank of Taiwan and Taipei Fubon commercial bank labor pension reserve account balance amounted to $58,751 thousand and $53,680 thousand, respectively, as of December 31, 2022 and 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 67,270	63,480
Current service cost	401	286
Interest expenses	370	389
Net remeasurements of defined benefit liability	(859)	4,921
Benefit paid by the plan	-	(1,806)
Defined benefit obligations at December 31	**$ 67,182**	**67,270**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2022	2021
Fair value of plan assets at January 1	$	53,680	54,573
Interest income		288	8
Net remeasurements of defined benefit assets		(95)	73
Amounts contributed to plan		4,878	832
Benefit paid by the plan		-	(1,806)
Fair value of plan assets at December 31	$	**58,751**	**53,680**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follow:

		2022	2021
Current service cost	$	401	286
Net interest of net liabilities for defined benefit obligations		82	381
	$	**483**	**667**
Operating expense	$	**483**	**667**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The Group' s remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

		2022	2021
Accumulated amount at January 1	$	13,281	8,433
Recognized during the period		(764)	4,848
Accumulated amount at December 31	$	**12,517**	**13,281**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary increases	4.000 %	4.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $1,293 thousand.

The weighted-average lifetime of the defined benefits plans is 14.88 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2022:		
Discount rate (change in 0.25%)	$ (1,437)	1,497
Future salary increases (change in 0.25%)	1,441	(1,386)
December 31, 2021:		
Discount rate (change in 0.25%)	(1,633)	1,700
Future salary increases (change in 0.25%)	1,617	(1,565)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above.

The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The subsidiaries of the Group are under defined contribution plan in accordance with local regulations, and they recognized pension cost and were made to local government.

The Group's pension costs under the defined contribution plan were $216,759 thousand and $119,507 thousand for the years 2022 and 2021, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

(n) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	2022	2021
Current tax expense		
Current period	$ 4,018,745	2,147,817
Adjustments for prior periods	(27,918)	117
	3,990,827	2,147,934
Deferred tax expense (profit)		
Origination and reversal of temporary different	(268,253)	200,123
Income tax expense	**$ 3,722,574**	**2,348,057**

(ii) The amount of income tax recognized in other comprehensive income (loss) for 2022 and 2021 were as follows:

	2022	2021
Items that may not be reclassified subsequently profit or loss:		
Gains (loss) on remeasurements of defined benefit plans	**$ (153)**	**970**

(iii) Reconciliation of income tax and profit before tax for 2022 and 2021 are as follows:

	2022	2021
Income before tax	$ 17,897,283	10,996,069
Income tax using the Company's domestic tax rate	3,579,457	2,199,214
Effect of tax rates in foreign jurisdiction	167,178	100,223
Additional tax on undistributed earnings	57,511	90,374
Tax incentives	(67,525)	(42,434)
Prior-period tax adjustments	(27,918)	117
Others	13,871	563
Income tax expense	**$ 3,722,574**	**2,348,057**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax asset and liability

As of December 31, 2022 and 2021, the details of unrecognized deferred tax assets were as follows:

	December 31, 2022	December 31, 2021
Unrecognized deferred tax asset:		
Tax effect of deductible temporary difference	$ **20,449**	**18,439**

There was no significant unrecognized deferred tax liabilities as of December 31, 2022 and 2021.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Unrealized exchange loss	Unrealized inter-company profits	Accrued expense	Other	Total
Deferred tax assets:					
Balance at January 1, 2022	$ 27,422	99,257	140,645	37,210	304,534
Recognized in profit or loss	19,868	51,568	225,341	38,641	335,418
Recognized in other comprehensive income	-	-	-	(153)	(153)
Balance at December 31, 2022	$ **47,290**	**150,825**	**365,986**	**75,698**	**639,799**
Balance at January 1, 2021	47,883	167,702	185,293	18,205	419,083
Recognized in profit or loss	$ (20,461)	(68,445)	(44,648)	18,035	(115,519)
Recognized in other comprehensive income	-	-	-	970	970
Balance at December 31, 2021	$ **27,422**	**99,257**	**140,645**	**37,210**	**304,534**

	Recognized share of gain of subsidiaries and associates accounted for equity method	Other	Total
Deferred tax liabilities:			
Balance at January 1, 2022	$ 199,143	20,103	219,246
Recognized in profit or loss	84,930	(17,765)	67,165
Balance at December 31, 2022	$ **284,073**	**2,338**	**286,411**
Balance at January 1, 2021	$ 134,642	-	134,642
Recognized in profit or loss	64,501	20,103	84,604
Balance at December 31, 2021	$ **199,143**	**20,103**	**219,246**

(v) Assessment of tax

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

(o) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized common shares consisted of 250,000 thousand shares with a par value of $10 per share, amounted to $2,500,000 thousands, of which 174,841 thousand shares, were issued and outstanding.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
A premium issuance of common shares for cash	$ 8,436,510	8,436,510
Employee stock options	364,685	364,685
Others	16,185	16,185
	$ 8,817,380	**8,817,380**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

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

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

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

	2021	**2020**
Dividends distributed to ordinary shareholders		
Cash	$ **4,371,020**	**5,594,905**

The amount of cash dividends for 2022 has been approved during the board meeting held on February 22, 2023. The relevant dividend distributions to shareholder was as follow:

	2022
Dividends distributed to ordinary shareholders	
Cash	$ **8,742,040**

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2022	$ (431,020)
Exchange differences on translation of foreign financial statements	1,612,680
Balance on December 31, 2022	$ **1,181,660**
Balance on January 1, 2021	$ (237,894)
Exchange differences on translation of foreign financial statements	(193,126)
Balance on December 31, 2021	$ **(431,020)**

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(p) Earnings per share

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

	2022	2021
Basic earnings per share:		
Profit attributable to common shareholders of the Company	$ **14,174,709**	**8,648,012**
Weighted-average common stock outstanding (in thousands)	**174,841**	**174,841**
	$ **81.07**	**49.46**
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	$ **14,174,709**	**8,648,012**
Weighted-average common stock outstanding (in thousands)	174,841	174,841
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	1,263	641
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	**176,104**	**175,482**
	$ **80.49**	**49.28**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Primary geographical markets		
America	$ 233,994,036	145,456,042
Europe	36,285,287	31,064,576
Asia	19,456,058	14,156,309
Other	3,140,659	1,949,015
	$ **292,876,040**	**192,625,942**
Major products		
Hyperscale data center	$ **292,876,040**	**192,625,942**

(Continued)

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$ 18,698,313	12,727,277	7,829,267
Accounts receivable – related parties	1,090,375	443,538	340,218
Less: loss allowance	(7,818)	(4,686)	(2,185)
	$ 19,780,870	**13,166,129**	**8,167,300**

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities – provisions for warranty	**$ 5,296,970**	**3,360,972**	**2,297,417**

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

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.

(iii) Transaction price allocated to the remaining performance obligations

The Group recognizes revenue related to warranty service in the amount to which the Group has a right to invoice, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(r) 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:

	For the years ended December 31, 2022	2021
Employees' compensation	$ 935,000	574,000
Directors' compensation	36,000	27,450
	$ 971,000	**601,450**

The amount of employees' and directors' compensation were estimated based on profit before tax, net of the amount of compensation, and multiplied by the rule of Company' s Article of Incorporation. The amounts were accounted for under cost of sales and operating expenses. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of Interest income were as follows:

	2022	2021
Interest income from bank deposits	**$ 155,871**	**61,593**

(ii) Other income

The details of other income were as follows:

	2022	2021
Others	**$ 809**	**48**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2022	2021
Foreign exchange gains (losses), net	$ 930,598	(111,063)
Gains (losses) on valuation of financial assets and liabilities at fair value	(100,986)	35,697
Others	26,293	10,992
Total	**$ 855,905**	**(64,374)**

(iv) Finance costs

The details of finance costs were as follows:

		2022	2021
Interest expenses			
Bank loans	$	(748,353)	(270,739)
Bonds payable		(72,770)	(55,130)
Others		(60,491)	(30,285)
Total	**$**	**(881,614)**	**(356,154)**

(t) Financial instruments

(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

The Group's majority customers are in Cloud Infrastructure and Hyperscale Data Center industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, impairment losses has always been under management's expectation. As of December 31, 2022 and 2021, 92.18% and 84.27% of the Group' s accounts receivable were concentrated on 5 and 3 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(b). 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 (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)).

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

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2022						
Non-derivative financial liabilities						
Bonds payable	$ 9,439,683	9,632,396	69,535	2,565,442	6,997,419	-
Notes and accounts payable (including related parties)	26,464,920	26,464,920	26,464,920	-	-	-
Other payables (including related parties)	3,132,145	3,132,145	3,132,145	-	-	-
Lease liabilities (including current and non-current)	1,013,208	1,223,825	261,489	245,769	344,374	372,193
Guarantee deposits received	951,948	951,948	951,948	-	-	-
Total	$ **41,001,904**	**41,405,234**	**30,880,037**	**2,811,211**	**7,341,793**	**372,193**
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 21,265,920	21,282,809	21,282,809	-	-	-
Bonds payable	9,436,448	9,701,930	69,535	69,535	9,562,860	-
Notes and accounts payable (including related parties)	18,279,331	18,279,331	18,279,331	-	-	-
Other payables (including related parties)	2,443,127	2,443,127	2,443,127	-	-	-
Lease liabilities (including current and non-current)	671,015	866,517	176,293	171,708	259,460	259,056
Total	$ **52,095,841**	**52,573,714**	**42,251,095**	**241,243**	**9,822,320**	**259,056**

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:

	December 31, 2022			**December 31, 2021**		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	1,054,486	30.708	32,381,171	902,027	27.690	24,977,131
Financial liabilities						
Monetary items						
USD	435,066	30.708	13,360,014	575,314	27.690	15,930,456

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 years ended December 31, 2022 and 2021, the net income would be changed by $760,846 thousand and $361,867 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 years ended December 31, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $930,598 thousand and $(111,063) 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 $6,845 thousand and $11,309 thousand, respectively, for the years ended December 31, 2022 and 2021, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

(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.

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	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	235,006	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 26,231,920	-	-	-	-
Accounts receivable (including related parties)	19,545,864	-	-	-	-
Other receivable (including related parties)	1,309,541	-	-	-	-
Other non-current assets	364,572	-	-	-	-
Subtotal	$ 47,451,897	-	-	-	-
Financial liabilities measured at amortized cost					
Bonds payable	$ 9,439,683	-	-	-	-
Notes and accounts payable (including related parties)	26,464,920	-	-	-	-
Other payables (including related parties)	3,132,145	-	-	-	-
Lease liabilities (including current and non-current)	1,013,208	-	-	-	-
Guarantee deposits received	951,948	-	-	-	-
Subtotal	$ 41,001,904	-	-	-	-

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	$ 279,433	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	22,672,892	-	-	-	-
Accounts receivable (including related parties)	12,886,696	-	-	-	-
Other receivable (including related parties)	385,120	-	-	-	-
Other non-current assets	67,994	-	-	-	-
Subtotal	$ 36,012,702	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 21,265,920	-	-	-	-
Bonds payable	9,436,448	-	-	-	-
Notes and accounts payable (including related parties)	18,279,331	-	-	-	-
Other payables (including related parties)	2,443,127	-	-	-	-
Lease liabilities (including current and non-current)	671,015	-	-	-	-
Subtotal	$ 52,095,841	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value: none.

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.

December 31, 2022

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 169,444	169,444	-	-	-	-

December 31, 2022

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Note payable and accounts payable	$ 9,965,364	169,444	9,795,920	-	-	9,795,920

December 31, 2021

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 224,932	224,932	-	-	-	-

December 31, 2021

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Note payable and accounts payable	$ 8,501,168	224,932	8,276,236	-	-	8,276,236

(u) Financial risk management

(i) Overview

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group' s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group' s Audit Committee oversees how management monitors compliance with the Group' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group' s accounts receivable and investment.

1) Accounts and other receivable

The Group' s credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group' s finance department. Since the Group' s transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, with good credit ratings, there are no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Group's policy, the Group can only provide guarantee to which is listed under the regulation. The Group did not provide guarantees to any other company as of December 31, 2022 and 2021.

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group' s management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2022 and 2021, the Group has unused credit lines for bank loans of $57,658,356 thousand and $17,953,409 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are denominated in USD.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group' s future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group's current and future demand for foreign currency.

The contract periods are decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Group's short-term borrowings, bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group's future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Group monitors the risk arising from its FVOCI security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(v) Capital management

The Group' s meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optional capital structure to reduce the cost of capital. Capital includes common share, capital surplus and retained earnings. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

For the year ended December 31, 2022, the Group's capital management strategy is consistent with 2021. The Group's debt to asset ratio and debt to capital ratio at the end of the reporting period as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	**December 31, 2021**
Debt to asset ratio	**56%**	**68%**
Debt to capital ratio	**129%**	**210%**

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

For the years ended December 31, 2022 and 2021, reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes				
	January 1, 2022	**Cash flows**	**Change in lease payments**	**Addition**	**Interest expenses**	**Foreign exchange movement**	**December 31, 2022**
Short-term borrowings	$ 21,265,920	(22,560,682)	-	-	-	1,294,762	-
Bonds payable	9,436,448	-	-	-	3,235	-	9,439,683
Lease liabilities	671,015	(173,881)	(395)	424,484	-	91,985	1,013,208
Guarantee deposits received	-	924,953	-	-	-	26,995	951,948
Total liabilities from financing activities	**$ 31,373,383**	**(21,809,610)**	**(395)**	**424,484**	**3,235**	**1,413,742**	**11,404,839**

			Non-cash changes				
	January 1, 2021	Cash flows	Change in lease payments	Addition	Interest expense	Foreign exchange movement	December 31, 2021
Short-term borrowings	$ 5,359,504	16,131,540	-	-	-	(225,124)	21,265,920
Bonds payable	4,991,783	4,442,325	-	-	2,340	-	9,436,448
Lease liabilities	380,337	(124,407)	(11,274)	444,965	-	(18,606)	671,015
Total liabilities from financing activities	**$ 10,731,624**	**20,449,458**	**(11,274)**	**444,965**	**2,340**	**(243,730)**	**31,373,383**

(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 December 31, 2022 and 2021, it owns 37.68% and 42.26%, respectively, of all shares outstanding of the Company.

(b) Names and relationship with related parties

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

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

(Continued)

(c) Significant transactions with related parties

(i) Sales

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

	Sales		**Receivables from related parties**	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
WHQ	$ 47,874	45,728	15,683	41,598
Other related parties	2,326,369	908,104	1,074,692	401,940
	$ 2,374,243	**953,832**	**1,090,375**	**443,538**

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

(ii) Purchases

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

	Purchases		**Payables to related parties**	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
WHQ	$ 69,645,165	54,737,558	9,838,681	8,480,074
Other related parties	4,506,107	1,088,860	1,483,242	826,890
	$ 74,151,272	**55,826,418**	**11,321,923**	**9,306,964**

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 fee and outstanding balance between the Group and related parties were as follows:

	Processing Fee		**Payables to related parties**	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
WMX	**$ 545,497**	**645,955**	**59,199**	**-**

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

(iv) Operating Expense

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

	2022	2021
WHQ	$ 181,312	393,802
Other related parties	305,588	155,981
	$ 486,900	**549,783**

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

(v) Acquisitions of assets

The acquisitions of assets from related parties were as follows:

	2022	2021
WHQ	$ 37,502	-
Other related parties:		
AGI	18,520	19,449
WMX	291	55,416
Other related parties	1,107	89
	$ 57,420	**74,954**

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

(vi) Other receivables

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

	Other receivables from related parties	
	December 31, 2022	December 31, 2021
WHQ	$ 1,200,174	138,747
Other related parties:		
WZS	59,868	218,106
Other related parties	47,006	24,448
Total	**$ 1,307,048**	**381,301**

(vii) Other payables

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

	Other payables to related parties	
	December 31, 2022	**December 31, 2021**
WHQ	$ 10,172	54,179
Other related parties	35,598	25,473
Total	**$ 45,770**	**79,652**

(viii) Leases

The Group signed a lease contract for its factory and warehouse with WIMX and WNC, and the total value of the contract was amount to $703,232 thousand and $226,502 thousand, respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	Lease liabilities (including current and non-current)	
	December 31, 2022	**December 31, 2021**
WIMX	$ 502,283	376,724
WNC	80,037	70,835
	$ 582,320	**447,559**

	Interest expense	
	2022	**2021**
WIMX	$ 46,486	16,618
WNC	1,672	1,808
	$ 48,158	**18,426**

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2022	**2021**
Short-term employee benefits	$ 163,288	107,427
Post-employment benefits	960	935
	$ 164,248	**108,362**

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

Pledged assets	Object	December 31, 2022	December 31, 2021
Inventory	Inventory guarantee	$ 951,948	-
Other non-current assets	Guarantee	29,582	26,675
		$ 981,530	**26,675**

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

The Group’s unrecognized contractual commitments are as follows:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	**$ 2,415,953**	**338,032**

(b) Contingencies

(i) Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court - East District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The US Patent trial and Appeal Board had finish reviewed, the court ruled to reopen the litigation, both parties will discuss the schedule after reopening the litigation.

(ii) Acqis LLC. filed a patent infringement complaint against the Company in the United States District Court - West District of Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court.

(10) Losses due to major disasters: None.

(11) Subsequent events:

(a) The Company resolved to cash subscribe the new share contributed by its subsidiary, Wiwynn International Corporation with USD400,000 thousand in cash, proposed in the Board of Director’s meeting held on February 22, 2023.

(b) The Company resolved to cash subscribe the new share contributed by its subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. with USD50,000 thousand in cash, proposed in the Board of Director’s meeting held on February 22, 2023.

(12) Other:

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

By function	2022			2021		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,940,134	2,159,502	4,099,636	989,775	1,545,097	2,534,872
Labor and health insurance	282,792	121,608	404,400	128,639	98,577	227,216
Pension	166,839	50,403	217,242	79,442	40,732	120,174
Remuneration of directors	-	36,650	36,650	-	25,570	25,570
Others	123,222	33,512	156,734	55,806	27,135	82,941
Depreciation	473,460	203,053	676,513	347,388	158,447	505,835
Amortization	33,093	51,979	85,072	12,812	29,134	41,946

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group for the year ended December 31, 2022:

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

(ii) Guarantees and endorsements for other parties: Table 2 attached.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: : Table 3 attached.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Table 4 attached.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 5 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 6 attached.

(ix) Trading in derivative instruments: None.

(x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 7 attached.

(b) Information on investments:

The following are the information on investments for the year ended December 31, 2022 (excluding information on investments in mainland China): Table 8 attached.

(c) Information on investment in mainland China: Table 9 attached.

(d) Major shareholders:

Unit: Share

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

(14) Segment information:

(a) General information

The Group has one reportable segment. This segment is mainly involved in manufacturing and sale of servers and storage in cloud infrastructure and hyperscale data center.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The information relating to profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment are the same as those described in the consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(c) Products and services information:

The Group is a single operation segment; therefore, the Group' s revenue was not disclosed by categories of products or services.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Revenue from external customers:

Geography	**2022**	**2021**
America	$ 233,994,036	145,456,042
Europe	36,285,287	31,064,576
Asia	19,456,058	14,156,309
Others	3,140,659	1,949,015
	$ 292,876,040	**192,625,942**

Non-current assets:

Geography	**December 31, 2022**	**December 31, 2021**
Asia	$ 1,831,733	1,273,167
America	1,751,698	816,669
	$ 3,583,431	**2,089,836**

Non-current assets include the property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, aside from deferred tax assets, investments accounted for using equity method and financial instruments.

(e) Major customers

The amounts of sales to external customers representing greater than 10% of net revenue were as follows:

Customer	**2022**	**2021**
Customer A	$ 153,624,651	96,202,158
Customer B	99,362,386	75,389,889
	$ 252,987,037	**171,592,047**

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Table 1 Financing to other parties
(December 31, 2022)

No.	Creditor	Borrower	Financial statement account	Related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest Rate	Nature of financing (Note 2)	Amount of transaction	Reasons for short-term financing	Allowance for doubtful accounts	Collateral		Limit on financing granted to each borrower (Note 3 and Note 4)	Ceiling on total financing granted (Note 1)	Notes
													Item	Value			
0	The Company	WYUS	Other receivables	Yes	2,241,680	-	-	0.75%	2	-	Working capital	-	-	-	3,878,700	19,393,503	(Note1、Note3、Note4 and Note5)

(Note 1) The total amount available for financing purposes shall not exceed 50% of the Company’s net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% Company’s net worth.

(Note 2) Nature of financing:
1 For entities that the Company has business transactions with.
2 For entities with short-term financing needs.

(Note 3) The limit on financing granted of the entities that the Company has business transactions with:
(1) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of the Company.
(2) For entities in which the Company, directly or indirectly, owned below 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and the Company, respectively.
(3) For other borrowers, the amount available for financing shall not exceed 25% of net worth of the borrower and 5% of net worth of the Company.

(Note 4) For entities with short-term financing needs, the amount available for financing shall not exceed 10% of net worth of the Company.

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

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
(December 31, 2022)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China	Notes
		Name	Relationship with the company (Note 3)											
0	The Company	WYMX	2	11,636,101	1,458,658	1,390,639	1,390,639	-	3.59%	19,393,503	Y	N	N	Note 4
0	The Company	WYUS	2	11,636,101	111,542	81,875	81,875	-	0.21%	19,393,503	Y	N	N	Note 4
0	The Company	WYMY	2	11,636,101	139	139	139	-	0.00%	19,393,503	Y	N	N	Note 4

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

(Note 3) Relationship with the Company:

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

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

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of share capital

(December 31, 2022)

Name of company	Category and name of security		Account name	Name of counter - party	Relationship with the company	Beginning balance		Purchases		Sales				Ending balance		Notes
						Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
The Company	WYUS	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	169,010	5,095,045	400,000	11,432,000	-	-	-	-	569,010	18,136,234	(Note)
The Company	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	35,214	232,596	301,550	2,064,385	-	-	-	-	336,764	2,304,502	(Note)
The Company	WYMX	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	180,297	267,790	589,378	869,546	-	-	-	-	769,675	1,410,512	(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 4 Acquisition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital
(December 31, 2022)

Company name	Type of property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Name of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquistion	Other Terms
							Owner	Relationships	Tranfer Date	Amount			
WYMY	Property,plant and equipment-Land	2021/9	278,306	payment: 50%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property,plant and equipment-Land	2021/9	170,060	payment: 50%	SENAI AIRPORT CITY SDN. BHD.	non-related party	-	-	-	-	Refer to appraisal report issued by professional appraiser	For the Company's future operations	-
WYMY	Property,plant and equipment-Building	2022/3	628,723	payment: 56%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-
WYMY	Property,plant and equipment-Building	2022/8	1,935,677	payment: 6%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(December 31, 2022)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	43,730,667	43.12%	OA150	-	-	18,506,683	71.04%	(Note)
"	WYJP	The Company's subsidiary	Sale	3,078,534	3.04%	OA90	-	-	738,647	2.84%	(Note)
"	WYKR	The Company's subsidiary	Sale	1,408,518	1.39%	OA90	-	-	92,743	0.36%	(Note)
"	WYHK	The Company's subsidiary	Sale	1,020,728	1.01%	OA90	-	-	307,258	1.18%	(Note)
"	WBR	The Company's other related company	Sale	856,557	0.84%	OA90	-	-	468,216	1.80%	-
"	WYKS	The Company's subsidiary	Sale	452,776	0.45%	OA90	-	-	145,474	0.56%	(Note)
"	WIN	The Company's other related company	Sale	433,505	0.43%	OA90	-	-	107,148	0.41%	-
"	WHQ	The Company's parent company	Purchase	69,270,472	87.77%	OA45	-	-	(9,795,920)	(87.07%)	-
"	WYUS	The Company's subsidiary	Purchase	1,462,484	1.85%	OA90	-	-	(422,290)	(3.75%)	(Note)
"	WSSG	The Company's other related company	Purchase	162,799	0.21%	OA60	-	-	(10,351)	(0.09%)	-
WYUS	The Company	WYUS's parent company	Sale	1,462,484	0.75%	OA90	-	-	422,290	3.42%	(Note)
"	WBR	WYUS's other related company	Sale	1,020,882	0.43%	OA90	-	-	499,328	4.00%	-
"	The Company	WYUS's parent company	Purchase and Service cost	43,730,667	21.00%	OA150	-	-	(18,506,683)	(53.80%)	(Note)
"	WITX	WYUS's other related company	Purchase	4,270,030	1.87%	OA90	-	-	(1,472,759)	(4.28%)	-
"	WYMX	WYUS's affiliate company	Processing fee	2,244,616	0.98%	OA60	-	-	(260,832)	(0.76%)	(Note)
"	WMX	WYUS's other related company	Processing fee	545,497	0.24%	OA90	-	-	(59,199)	(0.17%)	-
"	WHQ	WYUS's parent company	Purchase	374,431	0.16%	OA90	-	-	(42,491)	(0.12%)	-
WYJP	The Company	WYJP's parent company	Purchase	3,078,534	100.00%	OA90	-	-	(738,647)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	1,408,518	100.00%	OA90	-	-	(92,743)	(100.00%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	1,020,728	99.97%	OA90	-	-	(307,258)	(99.90%)	(Note)
WYKS	The Company	WYKS's parent company	Purchase	452,776	100.00%	OA90	-	-	(145,474)	(100.00%)	(Note)
WYMX	WYUS	WYMX's affiliate company	Processing income	2,244,616	100.00%	OA60	-	-	260,832	100.00%	(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 6 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock
(December 31, 2022)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
Account Receivables									
The Company	WYUS	The Company's subsidiary	18,506,683	259.59%	10,397	Collecting	-	-	(Note)
"	WYJP	The Company's subsidiary	738,647	524.27%	-	-	-	-	(Note)
"	WBR	The Company's other related company	468,216	282.43%	-	-	28,644	-	-
"	WYHK	The Company's subsidiary	307,258	663.50%	-	-	-	-	(Note)
"	WIN	The Company's other related company	107,148	251.80%	-	-	14,105	-	-
"	WYKS	The Company's subsidiary	145,474	216.51%	-	-	-	-	(Note)
WYUS	WBR	WYUS's other related company	499,328	397.74%	-	-	48,726	-	-
"	The Company	WYUS's parent company	422,290	830.01%	-	-	-	-	(Note)
WYMX	WYUS	WYMX's affiliate company	260,832	1059.16%	-	-	260,832	-	(Note)
Other Receivables									
The Company	WYUS	The Company's subsidiary	1,348,896	-	-	-	-	-	(Note)
"	WYJP	The Company's subsidiary	163,841	-	-	-	-	-	(Note)
WYUS	WHQ	WYUS's parent company	1,188,545	-	2,163	Collecting	52,478	-	-
"	The Company	WYUS's parent company	366,774	-	1,687	Collecting	-	-	(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 7 Significant intercompany transactions and business relationships between parent company and its subsidiaries
(December 31, 2022)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUS	1	Sale	43,730,667	OA150	14.93%
0	The Company	WYJP	1	Sale	3,078,534	OA90	1.05%
0	The Company	WYKR	1	Sale	1,408,518	OA90	0.48%
0	The Company	WYHK	1	Sale	1,020,728	OA90	0.35%
0	The Company	WYKS	1	Sale	452,776	OA90	0.15%
1	WYUS	The Company	2	Sale	1,462,484	OA90	0.50%
2	WYMX	WYUS	3	Processing income	2,244,616	OA60	0.77%
0	The Company	WYUS	1	Account receivable	18,506,683	OA150	20.83%
0	The Company	WYJP	1	Account receivable	738,647	OA90	0.83%
0	The Company	WYKR	1	Account receivable	92,743	OA90	0.10%
0	The Company	WYHK	1	Account receivable	307,258	OA90	0.35%
0	The Company	WYKS	1	Account receivable	145,474	OA90	0.16%
1	WYUS	The Company	2	Account receivable	422,290	OA90	0.48%
2	WYMX	WYUS	3	Account receivable	260,832	OA60	0.29%

Note 1: relationship:

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

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

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

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The following are the information on investees for January 1 to December 31, 2022 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2022			The highest percentage of the periods	Net income (losses) of the investee	Share of profits/losses of investee	Notes
				December 31, 2022	December 31, 2021	Shares(In thousands)	Percentage of ownership	Carrying value				
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	285,165	100.00%	101,257	101,257	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	16,453,581	5,021,581	569,010	100.00%	18,136,234	100.00%	196,921	196,921	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	263,788	100.00%	39,555	39,555	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	178,738	100.00%	38,127	38,127	(Note)
"	WYMY	Malaysia	Sales of cloud data center equipment	2,300,724	236,340	336,764	100.00%	2,304,502	100.00%	(40,291)	(40,291)	(Note)
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	1,126,671	257,125	769,675	100.00%	1,410,512	100.00%	159,177	159,177	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	-	40,444	100.00%	61,438	100.00%	(2,131)	(2,131)	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	20.00%	198,890	20.00%	(339,839)	(67,968)	-

(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 9 Information on investment in mainland China

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of the investee	The highest percentage of the periods	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow								
WYKS	Sales of cloud data center equipment	10,659	2	10,659 (Note 1)	-	-	10,659	12,696	100.00%	100.00%	12,696	106,694	-	-

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	10,748(USD 350,000)	23,272,203

(Note 1) Wiwynn 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 December 31, 2022.

(iii) Significant transactions

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

Stock Code:6669

WIWYNN CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

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

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安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

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

Independent Auditors' Report

To the Board of Directors of Wiwynn Corporation:

Opinion

We have audited the financial statements of Wiwynn Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

   Description of key audit matter

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

How the matter was addressed in our audit

Our principal audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluate if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the related changes or differences; assessing and testing if the management obtained sufficient external evidence showing that the control of the products have been transferred to the customers to support the timing of revenue recognition; evaluating the adequacy of revenues recognition by testing the sale transactions during the period before and after the balance sheets date.

2. Inventory valuation

Refer to note 4(g) "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and note 6(d) to the financial statements for the disclosure of valuation of inventory.

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as one of the key Judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included analyze the change of inventory aging by assessing and testing the inventory aging report, understanding the sales price which is used to evaluate the inventory valuation by management and the subsequent market price information as well as selecting the original transition documentation in order to test the appropriateness of the net realize values reviewing if the estimation and assumption used for inventory valuation and other disclosure for inventories made by management were appropriateness.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2023

Notes to Readers

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

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

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

Wiwynn Corporation

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 16,483,111	23	19,331,337	33
1170	Accounts receivable, net (notes 6(b) and (q))	5,668,368	8	7,014,568	12
1180	Accounts receivable - related parties, net (notes 6(b), (q) and 7)	20,381,475	28	16,761,928	29
1200	Other receivables (note 6(c))	1,571	-	3,549	-
1210	Other receivables-related parties (notes 6(c) and 7)	1,694,155	2	1,739,719	3
130X	Inventories (note 6(d))	4,305,270	6	6,420,044	11
1470	Other current assets (note 6(i))	136,655	-	287,464	-
	Total current assets	48,670,605	67	51,558,609	88
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(e))	22,085,144	31	5,881,703	10
1600	Property, plant and equipment (notes 6(f) and 7)	757,957	1	771,031	2
1755	Right-of-use assets (notes 6(g) and 7)	174,811	-	151,778	-
1780	Intangible assets (notes 6(h) and 7)	125,644	-	98,732	-
1840	Deferred tax assets (note 6(n))	599,852	1	281,251	-
1990	Other non-current assets (notes 6(i) and 8)	100,266	-	136,579	-
	Total non-current assets	23,843,674	33	7,321,074	12
	Total assets	$ 72,514,279	100	58,879,683	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ -	-	4,568,850	8
2130	Contract liabilities-current (note 6(q))	5,296,970	7	3,360,972	6
2170	Notes payable and accounts payable	1,022,101	2	1,901,772	3
2180	Accounts payable - related parties (note 7)	10,228,693	14	8,344,226	14
2200	Other payables (note 6(r))	3,815,618	5	2,141,105	4
2220	Other payables-related parties (note 7)	414,053	1	251,883	-
2230	Current tax liabilities	2,790,452	4	919,938	2
2280	Lease liabilities-current (notes 6(l) and 7)	84,044	-	64,554	-
2300	Other current liabilities	251,528	-	198,576	-
	Total Current liabilities	23,903,459	33	21,751,876	37
	Non-current liabilities:				
2530	Bonds payable (note 6(k))	9,439,683	14	9,436,448	17
2570	Deferred tax liabilities (note 6(n))	286,411	-	219,246	-
2580	Lease liabilities-non-current (notes 6(l) and 7)	89,289	-	88,497	-
2640	Net defined benefit liabilities (note 6(m))	8,431	-	13,590	-
	Total Non-current liabilities	9,823,814	14	9,757,781	17
	Total liabilities	33,727,273	47	31,509,657	54
	Equity (notes 6(e), (m), (n) and (o)):				
3110	Common shares	1,748,408	2	1,748,408	3
3200	Capital surplus	8,817,380	12	8,817,380	15
3300	Retained earnings	27,039,558	37	17,235,258	29
3400	Other equity	1,181,660	2	(431,020)	(1)
	Total equity	38,787,006	53	27,370,026	46
	Total liabilities and equity	$ 72,514,279	100	58,879,683	100

See accompanying notes to financial statements.

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

Wiwynn Corporation

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (notes 6(q) and 7)**	$ 101,426,047	100	73,162,110	100
5000	**Operating costs (notes 6(d), (f), (g), (h), (l), (m), (r), 7 and 12)**	79,617,295	79	59,360,963	81
	Gross profit	21,808,752	21	13,801,147	19
5910	Unrealized profit (loss) from sales	(257,842)	-	342,227	-
	Net gross profit	21,550,910	21	14,143,374	19
	Operating expenses (notes 6(b), (f), (g), (h), (l), (m), (r), 7 and 12):				
6100	Selling expenses	464,717	1	366,386	1
6200	Administrative expenses	1,140,661	1	703,257	1
6300	Research and development expenses	3,497,605	3	2,411,214	3
6450	Expected credit loss	3,132	-	2,501	-
	Total operating expenses	5,106,115	5	3,483,358	5
	Net operating income	16,444,795	16	10,660,016	14
	Non-operating income and expenses (notes 6(e), (f), (k), (l), (s) and 7):				
7100	Interest income	89,243	-	60,032	-
7010	Other income	-	-	48	-
7020	Other gains and losses	874,865	1	(73,622)	-
7050	Finance costs	(160,112)	-	(98,893)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	424,647	-	322,505	1
	Total non-operating income and expenses	1,228,643	1	210,070	1
7900	**Income before tax**	17,673,438	17	10,870,086	15
7950	**Income tax expense (note 6(n))**	3,498,729	3	2,222,074	3
	Net income	14,174,709	14	8,648,012	12
8300	**Other comprehensive income (notes 6(e), (m), (n) and (o)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	764	-	(4,848)	-
8349	Income tax related to items that may not be reclassified subsequently to profit or loss	(153)	-	970	-
	Total items that may be reclassified subsequently to profit or loss	611	-	(3,878)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	1,612,680	2	(193,126)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	1,612,680	2	(193,126)	-
8300	**Other comprehensive income**	1,613,291	2	(197,004)	-
8500	**Total comprehensive income**	**$ 15,788,000**	**16**	**8,451,008**	**12**
	Earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	**Basic earnings per share**	**$ 81.07**		**49.46**	
9850	**Diluted earnings per share**	**$ 80.49**		**49.28**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Wiwynn Corporation

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2021	$ 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	-	-	-	-	8,648,012	8,648,012	-	8,648,012
Other comprehensive income	-	-	-	-	(3,878)	(3,878)	(193,126)	(197,004)
Total comprehensive income	-	-	-	-	8,644,134	8,644,134	(193,126)	8,451,008
Balance on December 31, 2021	1,748,408	8,817,380	2,230,357	237,894	14,767,007	17,235,258	(431,020)	27,370,026
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	864,413	-	(864,413)	-	-	-
Special reserve	-	-	-	193,126	(193,126)	-	-	-
Cash dividends	-	-	-	-	(4,371,020)	(4,371,020)	-	(4,371,020)
Net income	-	-	-	-	14,174,709	14,174,709	-	14,174,709
Other comprehensive income	-	-	-	-	611	611	1,612,680	1,613,291
Total comprehensive income	-	-	-	-	14,175,320	14,175,320	1,612,680	15,788,000
Balance on December 31, 2022	**$ 1,748,408**	**8,817,380**	**3,094,770**	**431,020**	**23,513,768**	**27,039,558**	**1,181,660**	**38,787,006**

See accompanying notes to financial statements.

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

Wiwynn Corporation

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	$ 17,673,438	10,870,086
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	438,851	349,965
Amortization expense	69,810	41,946
Expected credit loss	3,132	2,501
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	100,986	(35,697)
Interest expense	160,112	98,893
Interest income	(89,243)	(60,032)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(424,647)	(322,505)
Losses on disposal of property, plant and equipment	27	4
Unrealized losses (profit) from sales	257,842	(342,227)
Prepayments for equipment reclassified as expenses	66	-
Total adjustments to reconcile profit	516,936	(267,152)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	(100,986)	35,697
Decrease (increase) in accounts receivable, net	1,343,068	(1,136,310)
Increase in accounts receivable-related parties, net	(3,619,547)	(4,501,462)
Decrease (increase) in other receivable	1,978	(622)
Increase in other receivable-related parties	(231,336)	(934,604)
Decrease (increase) in inventories	2,114,774	(4,629,876)
Decrease in other current assets	155,843	619,752
Total changes in operating assets	(336,206)	(10,547,425)
Changes in operating liabilities:		
Increase in contract liabilities-current	1,935,998	1,063,555
Increase (decrease) in notes and accounts payable	(879,671)	891,588
Increase (decrease) in accounts payable-related parties	1,884,467	(1,380,814)
Increase in other payable	1,741,748	88,039
Increase (decrease) in other payable-related parties	162,170	(21,559)
Increase in other current liabilities	52,952	147,053
Decrease in net defined benefit liabilities	(4,395)	(165)
Total changes in operating liabilities	4,893,269	787,697
Total changes in operating assets and liabilities	4,557,063	(9,759,728)
Total adjustments	5,073,999	(10,026,880)
Cash inflow generated from operations	22,747,437	843,206
Interest received	84,209	59,248
Interest paid	(157,782)	(86,420)
Income taxes paid	(1,946,134)	(2,618,436)
Net cash flows from (used in) operating activities	20,727,730	(1,802,402)
Cash flows from (used in) investing activities:		
Decrease (increase) in other receivables－related parties	276,900	(276,900)
Acquisition of investments accounted for using equity method	(14,423,956)	(705,680)
Acquisition of property, plant and equipment	(154,843)	(120,826)
Proceeds from disposal of property, plant and equipment	107	27
Acquisition of intangible assets	(96,722)	(76,076)
Decrease (increase) in other financial assets	(5,951)	62
Increase in prepayments for equipment	(154,558)	(132,656)
Net cash used in investing activities	(14,559,023)	(1,312,049)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	82,979,590	87,062,810
Decrease in short-term borrowings	(87,548,440)	(85,601,332)
Proceeds from issuing bonds	-	4,442,325
Payment of lease liabilities	(77,063)	(63,695)
Cash dividends paid	(4,371,020)	(5,594,905)
Net cash flows from (used in) financing activities	(9,016,933)	245,203
Net increase in cash and cash equivalents	(2,848,226)	(2,869,248)
Cash and cash equivalents at beginning of period	19,331,337	22,200,585
Cash and cash equivalents at end of period	**$ 16,483,111**	**19,331,337**

See accompanying notes to financial statements.

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

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Wiwynn Corporation (the "Company") was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation was 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 financial statements:

The financial statements were authorized for issuance by the Board of Directors on February 22, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars, which is the Company' s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent. An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company; therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivable’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’ s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, refundable deposits and other financial assets), debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’ s historical experience and informed credit assessment as well as forward-looking information.

The Company holds time deposits for domestic financial institutions, and it is considered to be low credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses financial assets carried at amortized cost credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(h) Investment in associates

Associates are those entities in which the Company 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.

The financial statements include the Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company 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 proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Research and developments equipment: 4 years

2) Machinery and equipment: 4~6 years

3) Office equipment: 4 years

4) Lease improvements: 3 years

5) Other equipment: 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including substantively fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Intangible assets is software. Amortization is recognized in profit or loss on a straight-line basis 3 years for the estimated useful lives of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells data storage equipment to customer. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Company would sell the product and the extended warranty separately in similar circumstances and to similar customers.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(r) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statement.

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

The preparation of the financial statements in conformity with the Regulations 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies do not have significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

The Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 280	280
Demand and checking deposits	7,482,831	11,331,057
Time deposits	9,000,000	8,000,000
	$ 16,483,111	**19,331,337**

Please refer to note 6(t) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(b) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable－measured at amortized cost	$ 5,459,222	7,018,042
Accounts receivable－related parties－measured at amortized cost	20,381,475	16,761,928
Accounts receivable－measured at fair value through other comprehensive income	216,964	1,212
Less: loss allowance	(7,818)	(4,686)
	$ 26,049,843	**23,776,496**

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

	December 31, 2022		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	$ 25,996,928	-	-
Past due under 30 days	49,144	-	-
Past due 31 to 60 days	7,648	51%	3,877
Past due 61 to 90 days	2,388	100%	2,388
Past due 91 to 180 days	1,553	100%	1,553
Total	**$ 26,057,661**		**7,818**

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	December 31, 2021		
	Gross carrying amount	**Weighted - average loss rate**	**Loss allowance**
Current	$ 17,660,140	-	-
Past due under 30 days	2,487,426	-	-
Past due 31 to 60 days	1,786,744	-	-
Past due 61 to 90 days	1,846,306	0.2%	4,120
Past due 91 to 180 days	537	100%	537
More than 361 days past due	29	100%	29
Total	**$ 23,781,182**		**4,686**

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

	2022	**2021**
Balance on January 1	$ 4,686	2,185
Impairment losses recognized	12,431	41,686
Impairment losses reversed	(9,299)	(39,185)
Balance on December 31	**$ 7,818**	**4,686**

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

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

The Company entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Company 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 Company 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 December 31, 2022 and 2021, the Company sold its accounts receivable without recourse as follows:

Unit: USD in thousands

December 31, 2022						
Purchaser	**Assignment Facility**	**Amount Advanced Unpaid**	**Amount Advanced Paid**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Collateral**
Financial institutions	**$ 83,904**	**202,080**	**83,904**	**-**	5.15%~5.36%	None

December 31, 2021						
Purchaser	**Assignment Facility**	**Amount Advanced Unpaid**	**Amount Advanced Paid**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**	**Collateral**
Financial institutions	**$ -**	**44**	**-**	**-**	-	None

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(c) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 1,571	3,549
Other receivables - related parties	1,694,155	1,739,719
Less: loss allowance	-	-
	$ 1,695,726	1,743,268

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

(d) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 2,174,432	3,084,290
Finished goods	2,009,375	3,246,818
Inventory in transit	121,463	88,936
	$ 4,305,270	6,420,044

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

	2022	2021
Royalty	$ 47,541	33,901
Losses on valuation of inventories	225,652	63,805
Loss on supplier inventory reserve	972,048	80,247
	$ 1,245,241	177,953

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

(e) Investments accounted for using equity method

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

	December 31, 2022	December 31, 2021
Subsidiaries	$ 21,886,254	5,631,612
Associates	198,890	250,091
	$ 22,085,144	5,881,703

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

(ii) Associates

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

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

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

The Company'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.

	December 31, 2022	**December 31, 2021**
Carrying amount of individually insignificant associates' equity	$ **198,890**	**250,091**

	2022	**2021**
Attributable to the Company:		
Net loss from continuing operations	$ (67,968)	(32,120)
Other comprehensive income	16,767	5,602
Comprehensive income	$ **(51,201)**	**(26,518)**

(iii) Pledge

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

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(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

	Research and development equipment	**Machinery and equipment**	**Office equipment**	**Lease improvements**	**Other equipment**	**Total**
Cost or deem cost:						
Balance on January 1, 2022	$ 185,806	738,729	81,526	275,357	262,686	1,544,104
Additions	40,645	21,765	36,514	17,334	38,585	154,843
Disposals	(3,055)	-	(4,258)	-	(1,183)	(8,496)
Reclassification (Note)	2,058	24,237	1,602	86,572	82,287	196,756
Balance on December 31, 2022	**$ 225,454**	**784,731**	**115,384**	**379,263**	**382,375**	**1,887,207**
Balance on January 1, 2021	$ 143,103	697,429	71,096	226,819	209,099	1,347,546
Additions	23,543	26,115	13,365	52,030	5,773	120,826
Disposals	(244)	-	(2,935)	(8,803)	(289)	(12,271)
Reclassification (Note)	19,404	15,185	-	5,311	48,103	88,003
Balance on December 31, 2021	**$ 185,806**	**738,729**	**81,526**	**275,357**	**262,686**	**1,544,104**
Accumulated depreciation:						
Balance on January 1, 2022	$ 118,683	231,225	43,742	173,911	205,512	773,073
Depreciation	29,313	129,816	20,229	97,548	87,633	364,539
Disposals	(3,054)	-	(4,125)	-	(1,183)	(8,362)
Balance on December 31, 2022	**$ 144,942**	**361,041**	**59,846**	**271,459**	**291,962**	**1,129,250**
Balance on January 1, 2021	$ 99,573	108,401	31,529	102,635	153,409	495,547
Depreciation	19,353	122,824	15,119	80,079	52,391	289,766
Disposals	(243)	-	(2,906)	(8,803)	(288)	(12,240)
Balance on December 31, 2021	**$ 118,683**	**231,225**	**43,742**	**173,911**	**205,512**	**773,073**
Carrying value:						
Balance on December 31, 2022	**$ 80,512**	**423,690**	**55,538**	**107,804**	**90,413**	**757,957**
Balance on December 31, 2021	**$ 67,123**	**507,504**	**37,784**	**101,446**	**57,174**	**771,031**
Balance on January 1, 2021	**$ 43,530**	**589,028**	**39,567**	**124,184**	**55,690**	**851,999**

(Note): Reclassified from prepayment for equipment.

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

(g) Right-of-use assets

The cost and accumulated depreciation of the Company leases buildings and other equipment for the years ended 2022 and 2021, were as follows:

		Buildings	Other equipment	Total
Cost:				
Balance on January 1, 2022	$	318,525	4,835	323,360
Acquisitions		97,345	-	97,345
Disposals		(15,837)	(2,531)	(18,368)
Balance on December 31, 2022	**$**	**400,033**	**2,304**	**402,337**
Balance on January 1, 2021	$	279,249	4,835	284,084
Acquisitions		53,110	-	53,110
Disposals		(13,834)	-	(13,834)
Balance on December 31, 2021	**$**	**318,525**	**4,835**	**323,360**
Accumulated depreciation:				
Balance on January 1, 2022	$	169,449	2,133	171,582
Depreciation for the year		72,417	1,895	74,312
Disposals		(15,837)	(2,531)	(18,368)
Balance on December 31, 2022	**$**	**226,029**	**1,497**	**227,526**
Balance on January 1, 2021	$	124,050	1,167	125,217
Depreciation for the year		59,233	966	60,199
Disposals		(13,834)	-	(13,834)
Balance on December 31, 2021	**$**	**169,449**	**2,133**	**171,582**
Carrying amount:				
Balance on December 31, 2022	**$**	**174,004**	**807**	**174,811**
Balance at December 31, 2021	**$**	**149,076**	**2,702**	**151,778**
Balance at January 1, 2021	**$**	**155,199**	**3,668**	**158,867**

(h) Intangible assets

The cost and accumulated amortization of the intangible assets for the years ended December 31, 2022 and 2021, were as follows:

		Software	Other	Total
Costs:				
Balance on January 1, 2022	$	157,765	1,040	158,805
Additions		96,722	-	96,722
Balance on December 31, 2022	**$**	**254,487**	**1,040**	**255,527**
Balance on January 1, 2021	$	112,439	1,040	113,479
Additions		76,076	-	76,076
Disposals		(30,750)	-	(30,750)
Balance on December 31, 2021	**$**	**157,765**	**1,040**	**158,805**
Accumulated amortization:				
Balance on January 1, 2022	$	60,073	-	60,073
Amortization		69,810	-	69,810
Balance on December 31, 2022	**$**	**129,883**	**-**	**129,883**
Balance on January 1, 2021	$	48,877	-	48,877
Amortization		41,946	-	41,946
Disposals		(30,750)	-	(30,750)
Balance on December 31, 2021	**$**	**60,073**	**-**	**60,073**
Carrying value:				
Balance on December 31, 2022	**$**	**124,604**	**1,040**	**125,644**
Balance on December 31, 2021	**$**	**97,692**	**1,040**	**98,732**
Balance on January 1, 2021	**$**	**63,562**	**1,040**	**64,602**

(i) Amortization

For the years ended December 31, 2022 and 2021, the amortization of intangible assets is included in the statement of comprehensive income:

		2022	2021
Operating costs	$	17,831	12,812
Operating expense		51,979	29,134
	$	**69,810**	**41,946**

(ii) Pledge

As of December 31, 2022 and 2021, the intangible assets were not pledged.

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

	December 31, 2022	December 31, 2021
Other current assets:		
Tax refundable	$ 66,582	184,652
Other prepayments	62,574	100,347
Others	7,499	2,465
	$ 136,655	**287,464**
Other non-current assets:		
Refundable deposits	$ 35,265	32,221
Restricted deposits	29,582	26,675
Prepayments for equipment	35,419	77,683
	$ 100,266	**136,579**

As of December 31, 2022 and 2021, the other non-current assets of the Company had been pledged as collateral for subsidiaries, please refer to note 8.

(j) Short-term borrowings

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

	December 31, 2022			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	-	-	-	**$ -**
Unused credit line				**$ 51,691,236**

	December 31, 2021			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	USD	0.58%~0.76%	2022/1/5~2022/1/28	**$ 4,568,850**
Unused credit line				**$ 17,269,160**

(k) Bonds payable

The details of unsecured ordinary bonds were as follows:

	December 31, 2022	December 31, 2021
Total ordinary corporate bonds issued	$ 9,450,000	9,450,000
Unamortized discounted bonds payable	(10,317)	(13,552)
Bonds payable balance at year-end	**$ 9,439,683**	**9,436,448**

	2022	2021
Interest expense	**$ 72,770**	**55,130**

(Continued)

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

The Company 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.

(l) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 84,044	64,554
Non-current	$ 89,289	88,497

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expenses on lease liabilities	$ 3,857	3,320
Cost and expenses relating to short-term leases	$ 41,358	23,331

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

	2022	2021
Total cash outflow for leases	$ 122,278	90,346

(i) Real estate leases

The Company leases land and buildings for its office space and factory. The leases of office space typically run for a period of 2 to 5 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 Company leases other equipment, with lease terms of 2 to 3 years. In some cases, the Company has options to purchase the assets at the end of the contract term.

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(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present values and plan assets at fair value are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 67,182	67,270
Fair value of plan assets	(58,751)	(53,680)
Net defined benefit liabilities	**$ 8,431**	**13,590**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Taipei Fubon commercial bank that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’ s Bank of Taiwan and Taipei Fubon commercial bank labor pension reserve account balance amounted to $58,751 thousand and $53,680 thousand, respectively, as of December 31, 2022 and 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 67,270	63,480
Current service cost	401	286
Interest expenses	370	389
Net remeasurements of defined benefit liability	(859)	4,921
Benefit paid by the plan	-	(1,806)
Defined benefit obligations at December 31	**$ 67,182**	**67,270**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2022	2021
Fair value of plan assets at January 1	$	53,680	54,573
Interest income		288	8
Net remeasurements of defined benefit assets		(95)	73
Amounts contributed to plan		4,878	832
Benefit paid by the plan		-	(1,806)
Fair value of plan assets at December 31	**$**	**58,751**	**53,680**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follow:

		2022	2021
Current service cost	$	401	286
Net interest of net liabilities for defined benefit obligations		82	381
	$	**483**	**667**
Operating expense	**$**	**483**	**667**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

		2022	2021
Accumulated amount at January 1	$	13,281	8,433
Recognized during the period		(764)	4,848
Accumulated amount at December 31	**$**	**12,517**	**13,281**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary increases	4.000 %	4.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $1,293 thousand.

The weighted-average lifetime of the defined benefits plans for 2022 is 14.88 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2022:		
Discount rate (change in 0.25%)	$ (1,437)	1,497
Future salary increases (change in 0.25%)	1,441	(1,386)
December 31, 2021:		
Discount rate (change in 0.25%)	(1,633)	1,700
Future salary increases (change in 0.25%)	1,617	(1,565)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above.

The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs under the defined contribution plan were $90,594 thousand and $62,548 thousand for the years 2022 and 2021, respectively.

(n) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	2022	**2021**
Current tax expense		
Current period	$ 3,776,263	2,010,167
Adjustments for prior periods	(25,945)	117
	3,750,318	2,010,284
Deferred tax expense (profit)		
Origination and reversal of temporary difference	(251,589)	211,790
Income tax expense	**$ 3,498,729**	**2,222,074**

The amount of income tax recognized in other comprehensive income (loss) for 2022 and 2021 were as follows:

	2022	2021
Items that may not be reclassified subsequently to profit or loss:		
Gains (loss) on remeasurements of defined benefit plans	$ (153)	970

(ii) Reconciliation of income tax and profit before tax for 2022 and 2021 are as follows:

	2022	2021
Income before tax	$ 17,673,438	10,870,086
Income tax using the Company's domestic tax rate	3,534,688	2,174,017
Undistributed earnings additional tax	57,511	90,374
Tax incentives	(67,525)	(42,434)
Prior-period tax adjustments	(25,945)	117
Income tax expense	$ 3,498,729	2,222,074

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax asset and liability

There were no significant unrecognized deferred tax assets and liabilities as of December 31, 2022 and 2021.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Unrealized exchange loss	Unrealized inter-company profits	Accrued expense	Other	Total
Deferred tax assets:					
Balance at January 1, 2022	$ 27,422	99,257	140,645	13,927	281,251
Recognized in profit or loss	19,868	51,568	225,341	21,977	318,754
Recognized in other comprehensive income or loss	-	-	-	(153)	(153)
Balance at December 31, 2022	**$ 47,290**	**150,825**	**365,986**	**35,751**	**599,852**
Balance at January 1, 2021	$ 47,883	167,702	185,293	6,589	407,467
Recognized in profit or loss	(20,461)	(68,445)	(44,648)	6,368	(127,186)
Recognized in other comprehensive income or loss	-	-	-	970	970
Balance at December 31, 2021	**$ 27,422**	**99,257**	**140,645**	**13,927**	**281,251**

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	Recognized share of gain of subsidiaries and associates accounted for equity method	Other	Total
Deferred tax liabilities:			
Balance at January 1, 2022	$ 199,143	20,103	219,246
Recognized in profit or loss	84,930	(17,765)	67,165
Balance at December 31, 2022	**$ 284,073**	**2,338**	**286,411**
Balance at January 1, 2021	$ 134,642	-	134,642
Recognized in profit or loss	64,501	20,103	84,604
Balance at December 31, 2021	**$ 199,143**	**20,103**	**219,246**

(iv) Assessment of tax

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

(o) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized common shares consisted of 250,000 thousand shares with a par value of $10 per share, amounted to $2,500,000 thousands, of which 174,841 thousand shares, were issued and outstanding.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
A premium issuance of common shares for cash	$ 8,436,510	8,436,510
Employee stock options	364,685	364,685
Others	16,185	16,185
	$ 8,817,380	**8,817,380**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(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 ten percent of profit from the currency year.

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

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

	2021	**2020**
Dividends distributed to ordinary shareholders		
Cash	**$ 4,371,020**	**5,594,905**

The amount of cash dividends for 2022 has been approved during the board meeting held on February 22, 2023. The relevant dividend distributions to shareholder was as follow:

		2022
Dividends distributed to ordinary shareholders		
Cash	$	**8,742,040**

(iii) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements
Balance on January 1, 2022	$	(431,020)
Exchange differences on translation of foreign financial statements		1,612,680
Balance on December 31, 2022	**$**	**1,181,660**
Balance on January 1, 2021	$	(237,894)
Exchange differences on translation of foreign financial statements		(193,126)
Balance on December 31, 2021	**$**	**(431,020)**

(p) Earnings per share

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

		2022	**2021**
Basic earnings per share:			
Profit attributable to common shareholders of the Company	**$**	**14,174,709**	**8,648,012**
Weighted-average common stock outstanding (in thousands)		**174,841**	**174,841**
	$	**81.07**	**49.46**
Diluted earnings per share:			
Profit attributable to common shareholders of the Company	**$**	**14,174,709**	**8,648,012**
Weighted-average common stock outstanding (in thousands)		174,841	174,841
Effect of potentially dilutive common stock (in thousands):			
Employee compensation		1,263	641
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)		**176,104**	**175,482**
	$	**80.49**	**49.28**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Primary geographical markets		
America	$ 48,051,872	27,099,755
Europe	36,161,692	31,049,626
Asia	14,071,824	13,063,714
Other	3,140,659	1,949,015
	$ 101,426,047	**73,162,110**
Major products		
Hyperscale data center	**$ 101,426,047**	**73,162,110**

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$ 5,676,186	7,019,254	5,882,944
Accounts receivable – related parties	20,381,475	16,761,928	12,260,466
Less: loss allowance	(7,818)	(4,686)	(2,185)
	$ 26,049,843	**23,776,496**	**18,141,225**

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities - provisions for warranty	**$ 5,296,970**	**3,360,972**	**2,297,417**

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

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 period.

(iii) Transaction price allocated to the remaining performance obligations

The Company recognizes revenue related to warranty service in the amount to which the Company has a right to invoice, thus the Company applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(r) 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:

	2022	2021
Employee's compensation	$ 935,000	574,000
Director's compensation	36,000	27,450
	$ 971,000	**601,450**

The amount of employees' and directors' compensation were estimated based on profit before tax, net of the compensation, and multiplied by the rule of Company’ s Article of Incorporation. The amounts were accounted for under cost of sales and operating expenses. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income
The details of interest income were as follows:

	2022	2021
Interest income from bank deposits	$ 87,557	59,911
Other interest income	1,686	121
Total	**$ 89,243**	**60,032**

(ii) Other income

The details of other income were as follows:

	2022	2021
Others	**$ -**	**48**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2022	2021
Foreign exchange gains (losses), net	$ 947,517	(115,612)
Gains (losses) on valuation of financial assets and liabilities at fair value	(100,986)	35,697
Others	28,334	6,293
Total	**$ 874,865**	**(73,622)**

(iv) Finance costs

The details of finance costs were as follows:

	2022	2021
Interest expenses		
Bank loans	$ (83,485)	(40,443)
Bonds payable	(72,770)	(55,130)
Others	(3,857)	(3,320)
Total	**$ (160,112)**	**(98,893)**

(t) Financial instruments

(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

The Company's majority customers are in Cloud Infrastructure and Hyperscale Data Center industries. To reduce concentration of credit risk, the Company evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Company evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, impairment losses has always been under management's expectation. As of December 31, 2022 and 2021, 90.30% and 86.20% of the Company's accounts receivable were both concentrated on 2 specific customers. Accordingly, concentrations of credit risk exist.

(ii) Receivable and debt securities

For credit risk exposure of accounts receivables, please refer to note 6(b). 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 (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f)).

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

(iii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2022						
Non-derivative financial liabilities						
Bonds payable	$ 9,439,683	9,632,396	69,535	2,565,442	6,997,419	-
Notes and accounts payable (including related parties)	11,250,794	11,250,794	11,250,794	-	-	-
Other payables (including related parties)	4,211,643	4,211,643	4,211,643	-	-	-
Lease liabilities (including current and non-current)	173,333	177,739	86,822	62,827	28,090	-
Total	**$ 25,075,453**	**25,272,572**	**15,618,794**	**2,628,269**	**7,025,509**	**-**
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 4,568,850	4,572,670	4,572,670	-	-	-
Bonds payable	9,436,448	9,701,930	69,535	69,535	9,562,860	-
Notes and accounts payable (including related parties)	10,245,998	10,245,998	10,245,998	-	-	-
Other payables (including related parties)	2,381,465	2,381,465	2,381,465	-	-	-
Lease liabilities (including current and non-current)	153,051	156,995	66,925	62,556	27,514	-
Total	**$ 26,785,812**	**27,059,058**	**17,336,593**	**132,091**	**9,590,374**	**-**

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

(iv) Currency risk

1) Exposure to foreign currency risk

The Company’s significant exposure to foreign currency risk were as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 1,027,386	30.708	31,548,967	889,181	27.690	24,621,413
Financial liabilities						
Monetary items						
USD	405,373	30.708	12,448,196	559,577	27.690	15,494,697

2) Sensitivity analysis

The Company’ 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 years ended December 31, 2022 and 2021, the net income would be changed by $764,031 thousand and $365,069 thousand, respectively. The analysis assumes that all other variable remain constant.

3) Foreign exchange gain and loss on monetary item

The amount, expressed in functional currency, of foreign exchange gain and loss (including realized and unrealized portion) of the Company's monetary items, and the exchange rate used to translate the original amount to the Company's functional currency, NTD (also the expressed currency), were as follows:

	2022		2021	
	Foreign exchange gain (loss)	Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	$ 947,517	-	(115,612)	-

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company’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 Company's net income would have been changed by $115 thousand and $2,810 thousand, respectively, for the years ended December 31, 2022 and 2021, with all other variable factors that remain constant. This is mainly due to the Company's borrowings at floating variable rate.

(vi) 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.

	December 31, 2022				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Accounts receivable	$ 216,964	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 16,483,111	-	-	-	-
Accounts receivable (including related parties)	25,832,879	-	-	-	-
Other receivable (including related parties)	1,695,726	-	-	-	-
Other non-current assets	64,847	-	-	-	-
Subtotal	$ 44,076,563	-	-	-	-
Financial liabilities measured at amortized cost					
Bonds payable	$ 9,439,683	-	-	-	-
Notes and accounts payable (including related parties)	11,250,794	-	-	-	-
Other payables (including related parties)	4,211,643	-	-	-	-
Lease liabilities (including current and non-current)	173,333	-	-	-	-
Subtotal	$ 25,075,453	-	-	-	-

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	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	$ 1,212	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 19,331,337	-	-	-	-
Accounts receivable (including related parties)	23,775,284	-	-	-	-
Other receivable (including related parties)	1,743,268	-	-	-	-
Other non-current assets	58,896	-	-	-	-
Subtotal	$ 44,908,785	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 4,568,850	-	-	-	-
Bonds payable	9,436,448	-	-	-	-
Notes and accounts payable (including related parties)	10,245,998	-	-	-	-
Other payables (including related parties)	2,381,465	-	-	-	-
Lease liabilities (including current and non-current)	153,051	-	-	-	-
Subtotal	$ 26,785,812	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value: none

3) Transfers between Level 1 and Level 2: none

4) Changes between Level 3: none.

(vii) Offsetting financial assets and financial liabilities

The Company 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.

	December 31, 2022					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 169,444	169,444	-	-	-	-

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December 31, 2022

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Note payable and accounts payable	$ 9,965,364	169,444	9,795,920	-	-	9,795,920

December 31, 2021

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 224,932	224,932	-	-	-	-

December 31, 2021

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Note payable and accounts payable	$ 8,501,168	224,932	8,276,236	-	-	8,276,236

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks form its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Company' s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Company' s Audit Committee oversees how management monitors compliance with the Group' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company's accounts receivable and investment.

1) Accounts and other receivable

The Company' s credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Company will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Company continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Company' s finance department. Since the Company' s transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, with good credit ratings, there are no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Company's policy, the Company can only provide guarantee to which is listed under the regulation. The Company did not provide guarantees to any other company as of December 31, 2022 and 2021.

(iv) Liquidity risk

The Company maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company has unused credit lines for bank loans of $51,691,236 thousand and $17,269,160 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. The currencies used in these transactions are denominated in USD.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Company's future cash flow. The Company entering into forward and swap contracts are intended to manage the exchange rate risk due to the Company's current and future demand for foreign currency.

The contract periods are decided in consideration of the Company's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Company will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Company' s short-term borrowings, bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Company's future cash flow. The Company reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Company monitors the risk arising from its FVOCI security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Company monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(v) Capital management

The Company's meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optional capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

For the year ended December 31, 2022, the Company's capital management strategy is consistent with 2021. The Company's debt to asset ratio and debt to capital ratio at the end of the reporting period as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	**December 31, 2021**
Debt to asset ratio	**47%**	**54%**
Debt to capital ratio	**87%**	**115%**

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

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2022	**Cash flows**	**Addition**	**Interest expenses**	**Change in lease payments**	**December 31, 2022**
Short-term borrowings	$ 4,568,850	(4,568,850)	-	-	-	-
Bonds payable	9,436,448	-	-	3,235	-	9,439,683
Lease liabilities	153,051	(77,063)	97,345	-	-	173,333
Total liabilities from financing activities	**$ 14,158,349**	**(4,645,913)**	**97,345**	**3,235**	**-**	**9,613,016**

			Non-cash changes			
	January 1, 2021	**Cash flows**	**Addition**	**Interest expenses**	**Change in lease payments**	**December 31, 2021**
Short-term borrowings	$ 3,107,372	1,461,478	-	-	-	4,568,850
Bonds payable	4,991,783	4,442,325	-	2,340	-	9,436,448
Lease liabilities	163,636	(63,695)	53,110	-	-	153,051
Total liabilities from financing activities	**$ 8,262,791**	**5,840,108**	**53,110**	**2,340**	**-**	**14,158,349**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

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

WIWYNN CORPORATION

Notes to the Parent Company Only 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 financial statements.

Name of related party	Relationship with the Group
Wistron Corporation (WHQ)	Parent Company
Wiwynn International Corporation (WYUS)	Subsidiaries
Wiwynn Technology Service Japan, Inc. (WYJP)	Subsidiaries
Wiwynn Korea Ltd. (WYKR)	Subsidiaries
Wiwynn Technology Service Hong Kong Limited (WYHK)	Subsidiaries
Wiwynn Technology Service KunShan Ltd. (WYKS)	Subsidiaries
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Subsidiaries
Wiwynn Mexico, S.A. de C.V. (WYMX)	Subsidiaries
Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Subsidiaries
Wistron Mexico, S.A. de C.V. (WMX)	Other related parties
T-CONN Precision Corporation (TPE)	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
Wistron InfoComm Technology (America) Corporation (WITX)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
International Standards Laboratory Corp. (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 and Services Corporation (WITS)	Other related parties
Wistron Technology (Malaysia) Sdn. Bhd. (WMMY)	Other related parties
Wistron InfoComm (Czech), s.r.o. (WCCZ)	Other related parties
WIEDU CORPORATION (WETW)	Other related parties
Wistron InfoComm Technology (Texas) Corporation (WITT)	Other related parties

(c) Significant transactions with related parties

(i) Sales

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

	Sales		**Receivables from related parties**	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
WHQ	$ 47,508	43,914	15,306	41,598
Subsidiaries:				
WYUS	43,730,667	25,128,350	18,506,683	15,185,251
Others	5,960,556	6,012,937	1,284,122	1,159,420
Other related parties	1,296,991	486,390	575,364	375,659
	$ **51,035,722**	**31,671,591**	**20,381,475**	**16,761,928**

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 Company and related parties were as follows:

	Purchases		**Payables to related parties**	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
WHQ	$ 69,270,472	54,448,632	9,795,920	8,276,236
Subsidiaries	1,462,484	1,813,705	422,290	51,494
Other related parties	163,149	187,914	10,483	16,496
	$ **70,896,105**	**56,450,251**	**10,228,693**	**8,344,226**

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

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

(iii) Operating Expense

The amounts of operating expense between the Company and related parties were as follow:

	2022	2021
WHQ	$ 181,312	393,802
Subsidiaries	22,302	12,974
Other related parties	181,112	113,456
	$ 384,726	**520,232**

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

(iv) Other receivables

The Company purchased raw materials on behalf of related parties and etc. The outstanding balance were as follows:

	Other receivables from related parties	
	December 31, 2022	**December 31, 2021**
WHQ	$ 11,629	35,916
Subsidiaries:		
WYUS	1,348,896	1,191,431
Other	226,758	1,412
WZS	59,868	218,106
Others related parties	47,004	15,954
Total	**$ 1,694,155**	**1,462,819**

(v) Other payable

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

	Other payables to related parties December 31, 2022	 December 31, 2021
WHQ	$ 10,172	54,179
Subsidiaries:		
WYUS	372,235	171,831
Other	364	4,910
Other related parties	31,282	20,963
	$ 414,053	**251,883**

(vi) Acquisitions of assets

The acquisitions of assets from related parties were as follow:

	2022	**2021**
WHQ	$ 33,584	-
Subsidiaries:		
WYUS	2,638	2,252
Other related parties:		
WNC	1,107	64
AGI	18,520	19,449
Other related parties	-	25
	$ 55,849	**21,790**

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

(vii) Financing to related parties

The loans to related parties were as follows:

	2022 **Date of maximum outstanding balance**	**Maximum outstanding balance**	**Ending balance**	**Interest rate**	**Interest income**	**Interest receivables**
WYUS	2022.02	**$ 2,241,680**	**-**	0.75%	**1,686**	**-**

	2021 **Date of maximum outstanding balance**	**Maximum outstanding balance**	**Ending balance**	**Interest rate**	**Interest income**	**Interest receivables**
WYUS	2021.12	**$ 276,900**	**276,900**	0.75%	**121**	**-**

(viii) Endorsements and guarantees

As of December 31, 2022 and 2021, the Company provided endorsements and guarantees to the Subsidiaries for lease factory and warehouse contract amounting to USD $47,957 thousand and USD $8,969 thousand, respectively.

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(ix) Leases

The Company signed a lease contract for its factory with WNC, and the total value of the contract was amounted to $226,502 thousand respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	Lease liabilities (including current and non-current)	
	December 31, 2022	**December 31, 2021**
WNC	**$ 80,037**	**70,835**

	Interest expense	
	December 31, 2022	**December 31, 2021**
WNC	**$ 1,672**	**1,808**

(x) Equity transaction

The amount of the Company subscribed the new shares contributed by the subsidiaries in cash were as follow:

	December 31, 2022	**December 31, 2021**
WYUS	$ 11,432,000	-
WYMY	2,064,385	221,231
WYMX	869,546	207,840
WYSMX	58,025	-
	$ 14,423,956	**429,071**

The company subscribed the new shares contributed by the associates in cash. Please refer to note 6(e).

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2022	**2021**
Short-term employee benefits	$ 163,288	107,427
Post-employment benefits	960	935
	$ 164,248	**108,362**

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

Pledged assets	Object	December 31, 2022	December 31, 2021
Other non-current assets	Guarantee	$ 29,582	26,675

(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 US Patent trial and Appeal Board had finish reviewed, the court ruled to reopen the litigation, both parties will discuss the schedule after reopening the litigation.

(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:

(a) The Company resolved to cash subscribe the new share contributed by its subsidiary, Wiwynn International Corporation with USD400,000 thousand in cash, proposed in the Board of Director's meeting held on February 22, 2023.

(b) The Company resolved to cash subscribe the new share contributed by its subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. with USD50,000 thousand in cash, proposed in the Board of Director's meeting held on February 22, 2023.

(12) Other:

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

By function	2022			2021		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	956,495	1,936,070	2,892,565	537,198	1,410,641	1,947,839
Labor and health insurance	98,640	99,796	198,436	56,647	84,531	141,178
Pension	46,094	44,983	91,077	25,686	37,529	63,215
Remuneration of directors	-	36,650	36,650	-	25,570	25,570
Others	44,801	31,856	76,657	29,544	26,890	56,434
Depreciation	274,671	164,180	438,851	231,245	118,720	349,965
Amortization	17,831	51,979	69,810	12,812	29,134	41,946

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

As of December 31, 2022 and 2021, the additional information for employee numbers and employee benefits were as follows:

	2022	2021
Average employees	2,493	1,804
Average directors not in concurrent employment	6	6
Average personnel expenses	$ 1,310	1,228
Average salaries	$ 1,163	1,083
Adjustment of average employee salaries	7.39 %	(3.82)%
Supervisor's remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(a) Directors and managers

The remunerations to directors are in accordance with No.21 of the Company's Articles of Incorporation. If the Company has profit (which means income before tax excluding the amounts of remuneration to employees and directors) , no more than 1% of the profit shall be distributed as remuneration to directors in cash.

Furthermore, the remuneration of the Company's directors and managers is based on "Rules for directors and managers salary policies, structures and performances assessments". Under the rules, the relevant information is as follows:

(i) The remuneration to directors is based on the individual responsibilities, attendance rate and other performance condition.

(ii) The remuneration to managers based on the Company's overall operating performance and individual's performance achievement rate, as well as peer salary level in the same industry, position, responsibilities assumed and rationalized correlation of future risks.

Relevant performance appraisal and remuneration reasonableness are approved by the Salary and Remuneration Committee and the Board of Directors, and the remuneration system is reviewed at any time in accordance with the actual operating conditions, and relevant laws and regulations, to meet the Company's sustainable operation and risk management.

(b) Employees' salary:

The Company has established an "Employee Remuneration Policy" which should be approved by the Salary and Remuneration Committee and the Board of Directors. The remuneration includes fixed and variable portions. Fixed remuneration is adjusted by peer salary level in the same industry, while variable remuneration depends on the Company's operating performance, individual authority and performance.

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Company for the year ended December 31, 2022:

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

(ii) Guarantees and endorsements for other parties: Table 2 attached.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Table 3 attached.

(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 4 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 5 attached.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following are the information on investees for the year ended December 31, 2022 (excluding information on investees in mainland China): Table 6 attached.

(c) Information on investment in mainland China: Table 7 attached.

(d) Major shareholders:

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

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2022.

WIWYNN CORPORATION

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description (Note 2)		Amount
Cash on hand			$ 280
	NTD	280	
Demand and checking deposits			7,482,831
	NTD	2,273,714	
	USD	146,438	
	JPY	343	
	EUR	1,653	
	CNY	80,791	
	SGD	1,582	
	AUD	1,700	
	CHF	42	
	GBP	1,025	
	SEK	64,702	
Time deposits			9,000,000
	NTD	9,000,000	
Total			**$ 16,483,111**

Note 1: The ending rates of foreign currency deposits on December 31, 2022 are as follows:

USD/NTD=30.7080

JPY/NTD=0.2307

EUR/NTD=32.6641

CNY/NTD=4.4200

SGD/NTD=22.8652

AUD/NTD=20.8292

CHF/NTD=33.2302

GBP/NTD=37.0369

SEK/NTD=2.9394

Note 2: Expressed in thousands of foreign currency.

Note 3: The periods of time deposits are 3 months, and the annual rate ranges between 1.21% and 1.35%.

WIWYNN CORPORATION

Statement of accounts receivables, net

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item		Amount
Company B	$	5,015,663
Company C		457,191
Others (less than 5%)		203,332
Subtotal		5,676,186
Less: loss allowance		(7,818)
	$	**5,668,368**

Statement of other receivables

Item		Amount
Others	**$**	**1,571**

Statement of inventories

Item		Amount	Net realizable value
Raw materials	$	2,174,432	2,400,696
Finished goods		2,009,375	2,084,496
Inventory in transit		121,463	130,579
Total	**$**	**4,305,270**	**4,615,771**

WIWYNN CORPORATION

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease					Ending Balance			Market Value or Net Assets Value		
Name investee	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Gains (losses) on investment	Exchange differences on transaction foreign financial statements	Unrealized profit (loss) from sales	Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount	Collateral
WYJP	-	$ 190,300	-	-	-	-	101,257	(6,392)	-	-	100.00 %	285,165	-	285,165	None
WYUS	169,010	5,095,045	400,000	11,432,000	-	-	196,921	1,412,268	-	569,010	100.00 %	18,136,234	32	18,136,234	〃
WYHK	400	209,237	-	-	-	-	39,555	14,996	-	400	100.00 %	263,788	659	263,788	〃
WYKR	20	132,925	-	-	-	-	38,127	7,686	-	20	100.00 %	178,738	8,937	178,738	〃
WYMY	35,214	232,596	301,550	2,064,385	-	-	(40,291)	47,812	-	336,764	100.00 %	2,304,502	7	2,304,502	〃
WYMX	180,297	267,790	589,378	869,546	-	-	159,177	113,999	-	769,675	100.00 %	1,410,512	2	1,410,512	〃
WYSMX	-	-	40,444	58,025	-	-	(2,131)	5,544	-	40,444	100.00 %	61,438	2	61,438	〃
Liquid Stack	1,000	250,091	-	-	-	-	(67,968)	16,767	-	1,000	20.00 %	198,890	199	198,890	〃
Deferred credits	-	(496,281)	-	-	-	-	-	-	(257,842)	-	-	(754,123)		(754,123)	
Total		$ 5,881,703		14,423,956		-	424,647	1,612,680	(257,842)			22,085,144		22,085,144	

WIWYNN CORPORATION

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Bank	Ending Balance	Period	Interest Rate	Financing Amount	Collateral	Note
Unsecured bank borrowings	Agricultural Bank of Taiwan	$ -	2022/08/03~2023/08/03	-	1,400,000	None	
〃	City Bank	-	2022/10/27~2023/10/27	-	1,257,902	〃	
〃	Taipei Fubon Commercial Bank	-	2022/06/20~2023/04/29	-	1,842,480	〃	
〃	Cathay United Bank	-	2022/04/30~2023/04/30		1,381,860	〃	
〃	First Bank	-	2022/04/19 2023/04/19		1,000,000	〃	
〃	Bank SinoPac	-	2022/10/31~2023/10/31	-	2,149,560	〃	This credit line is shared with WYUS
〃	United Overseas Bank	-	2022/12/31~2023/12/31	-	3,070,800	〃	This credit line is shared with WYUS
〃	HSBC Bank	-	2022/01/31~2023/01/31	-	1,688,940	〃	
〃	Standard Chartered Bank	-	2022/01/31~2023/01/31	-	1,074,780	〃	This credit line is shared with WYUS
〃	JPMorgan Chase Bank	-	2022/02/12~2023/02/11	-	921,240	〃	
〃	Eutie Bank	-	2022/05/13~2023/05/13	-	1,200,000	〃	This credit line is shared with WYUS
〃	Taishin International Bank	-	2022/10/31~2023/10/31	-	2,000,000	〃	This credit line is shared with WYUS
〃	Yuanta Commercial Bank	-	2022/06/02~2023/06/02	-	3,070,800	〃	This credit line is shared with WYUS
〃	MUFG Bank	-	2022/11/30~2023/11/30	-	2,456,640	〃	This credit line is shared with WYUS
〃	Mizuho Bank	-	2022/07/25~2023/07/25	-	2,917,260	〃	
〃	ANZ Bank	-	2022/07/31~2023/07/31	-	6,141,600	〃	This credit line is shared with WYUS
〃	Mega Bank	-	2022/07/04~2023/07/04	-	3,070,800	〃	This credit line is shared with WYUS
〃	DBS Bank	-	2022/12/18~2023/12/18	-	2,456,640	〃	This credit line is shared with WYUS
〃	Land Bank of Taiwan	-	2022/06/30~2023/06/30	-	921,240	〃	This credit line is shared with WYUS
〃	ESUN Bank	-	2022/01/25~2023/01/25	-	600,000	〃	
〃	The Shanghai Commercial & Saving Bank	-	2022/10/30~2023/10/30	-	614,160	〃	
〃	Hua Nan Commercial Bank	-	2022/10/21~2023/10/21	-	1,000,000	〃	This credit line is shared with WYUS
〃	Taiwan Cooperative Bank	-	2022/06/15~2023/03/25	-	1,289,736	〃	
〃	Far Eastern International Bank	-	2022/10/25~2023/10/25	-	1,535,400	〃	This credit line is shared with WYUS
〃	Sumitomo Mistsui Bank	-	2022/09/30~2023/09/30	-	2,303,100	〃	This credit line is shared with WYUS
〃	Chang Hwa Bank	-	2022/03/28~2023/03/28	-	1,842,480	〃	
〃	BNP Paribas Bank	-	2022/08/01~2023/07/31	-	1,535,400	〃	This credit line is shared with WYUS
〃	KGT Bank	-	2022/10/12~2023/10/12	-	1,000,000	〃	This credit line is shared with WYUS
		$ -			**51,742,818**		

WIWYNN CORPORATION

Statement of notes and accounts payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Vendor I	$ 198,652
Vendor R	60,626
Vendor S	60,039
Vendor T	77,937
Vendor U	52,863
Others (less than 5%)	571,984
Total	**$ 1,022,101**

Statement of other payables

Item	Description	Amount
Accrued expenses	Salary and Wages、Bonus、Freight, etc.	$ 2,485,702
Supplier inventory reserve		1,311,889
Others(less than 5%)		18,027
		$ 3,815,618

WIWYNN CORPORATION

Statement of other current liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Return merchandise authorization	$ 20,333
Withholding taxes, etc.	17,208
Output tax	212,121
Others (less than 5%)	1,866
Total	**$ 251,528**

Statement of bonds payable

					Amount							
Bonds name	**Trustee**	**Issuance Date**	**Interest payment Date**	**Interest rate**	**Total amount**	**Repayment paid**	**Ending Balance**	**Unamortized premiums**	**Carrying amount**	**Repayment**	**Collateral**	**Note**
Wiwynn Corporation's unsecured bonds-109-1	Bank SinoPac	2020/10/20	10/20	0.83 %	$ 5,000,000	-	5,000,000	(4,817)	4,995,183	half of principal will be repaid in the fourth and fifth years	None	
Wiwynn Corporation's unsecured bonds-110-1	Bank SinoPac	2021/8/6	8/6	0.63 %	4,450,000	-	4,450,000	(5,500)	4,444,500	half of principal will be repaid in the fourth and fifth years	None	
					$ 9,450,000	**-**	**9,450,000**	**(10,317)**	**9,439,683**			

WIWYNN CORPORATION

Statement of lease liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending Balance	Note
Buildings	Offices and factories	2018/2/1~2027/11/30	2%	$ 172,500	
Other equipment	Cars	2022/9/30~2024/9/29	2%	833	
				173,333	
Less: current portion				(84,044)	
				$ 89,289	

Statement of operating revenue

For the year ended December 31, 2022

Item	Quantity	Amount
Hyperscale data center	8,852 PCS	**$ 101,426,047**

WIWYNN CORPORATION

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning balance of raw materials	$ 3,084,290
Add: purchases	9,583,897
Less: ending balance of raw materials	(2,174,432)
Transferred	(441,774)
Raw materials consumed	10,051,981
Direct labor	833,942
Manufacturing overhead	566,704
Cost of finished goods	11,452,627
Add: beginning balance of finished goods	3,335,754
purchases	66,419,813
Less: ending balance of finished goods	(2,130,838)
Transferred	(705,302)
cost of sales of finished goods	78,372,054
Add: software royalty fees	47,541
losses on valuation of inventories	225,652
losses on supplier inventory reserve	972,048
Total cost of sales	**$ 79,617,295**

WIWYNN CORPORATION

Statement of operating expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Expected credit loss
Salary and wages expenses	$ 123,288	516,600	1,332,832	-
Professional service fees	3,278	266,979	32,410	-
Freight	132,323	1,343	15,243	-
Welfare funds	125,974	-	59	-
Depreciation expense	720	47,921	115,539	-
Insurance expense	6,109	128,886	58,276	-
Miscellaneous purchases	49,094	38,955	1,268,559	-
Expected credit loss	-	-	-	3,132
Others(less than 5%)	23,931	139,977	674,687	-
Total	**$ 464,717**	**1,140,661**	**3,497,605**	**3,132**

Other

Item	Description
Statement of accounts receivable-related parties, net, other receivables-related parties, accounts payable-related parties and other payables-related parties	Disclosure in note 7
Statement of other current assets	Disclosure in note 6(i)
Statement of movement of property, plant and equipment	Disclosure in note 6(f)
Statement of movement of accumulated depreciation of property, plant and equipment	Disclosure in note 6(f)
Statement of movement of right-of-use assets	Disclosure in note 6(g)
Statement of movement of accumulated depreciation of right-of-use assets	Disclosure in note 6(g)
Statement of movement of intangible assets	Disclosure in note 6(h)
Statement of net defined benefit liabilities	Disclosure in note 6(m)
Statement of deferred tax assets and liabilities	Disclosure in note 6(n)
Statement of other non-current assets	Disclosure in note 6(i)
Statement of contract liabilities-current	Disclosure in note 6(q)
Statement of interest income	Disclosure in note 6(s)
Statement of other gains and losses	Disclosure in note 6(s)
Statement of financial costs	Disclosure in note 6(s)

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 1 Financing to other parties
(December 31, 2022)

No.	Creditor	Borrower	Financial statement account	Related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest Rate	Nature of financing (Note 2)	Amount of transaction	Reasons for short-term financing	Allowance for doubtful accounts	Collateral		Limit on financing granted to each borrower (Note 3and Note 4)	Ceiling on total financing granted (Note 1)	Notes
													Item	Value			
0	The Company	WYUS	Other receivables	Yes	2,241,680	-	-	0.75%	2	-	Working Capital	-	-	-	3,878,700	19,393,503	(Note1、Note3 & Note4)

(Note 1) The total amount available for financing purposes shall not exceed 50% of the Company’s net worth, which was audited or reviewed by Certified Public Accountant; and the total amount for short-term financing shall not exceed 40% Company’s net worth.

(Note 2) Nature of financing:
1 For entities that the Company has business transactions with.
2 For entities with short-term financing needs.

(Note 3) The limit on financing granted of the entities that the Company has business transactions with:
(1) For entities in which the Company, directly or indirectly, owned more than 50% of their shares, the amount available for financing shall not exceed 10% of net worth of the Company.
(2) For entities in which the Company, directly or indirectly, owned below 50% of their shares, the amount available for financing shall not exceed 40% and 5% of net worth of the borrower and the Compa
(3) For other borrowers, the amount available for financing shall not exceed 25% of net worth of the borrower and 5% of net worth of the Company.

(Note 4) For entities with short-term financing needs, the amount available for financing shall not exceed 10% of net worth of the Company.

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 2 Guarantees and endorsements for other parties:
(December 31, 2022)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements /guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China
		Name	Relationship with the company (Note 3)										
0	The Company	WYMX	2	11,636,101	1,458,658	1,390,639	1,390,639	-	3.59%	19,393,503	Y	N	N
0	The Company	WYUS	2	11,636,101	111,542	81,875	81,875		0.21%	19,393,503	Y	N	N
0	The Company	WYMY	2	11,636,101	139	139	139	-	0.00%	19,393,503	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 lastest 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 lastest 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
Notes to the Parent Company Only Financial Statements

Table 3 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of share capital

(December 31, 2022)

Name of company	Category and name of security		Account name	Name of counter - party	Relationship with the company	Beginning balance		Purchases		Sales				Ending balance	
						Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Price	Cost	Gain (loss) on disposal	Shares (In thousands)	Amount
The Company	WYUS	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	169,010	5,095,045	400,000	11,432,000	-	-	-	-	569,010	18,136,234
The Company	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	35,214	232,596	301,550	2,064,385	-	-	-	-	336,764	2,304,502
The Company	WYMX	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	180,297	267,790	589,378	869,546	-	-	-	-	769,675	1,410,512

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 4 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:
(December 31, 2022)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Notes
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	43,730,667	43.12%	OA150	-	-	18,506,683	71.04%	
"	WYJP	The Company's subsidiary	Sale	3,078,534	3.04%	OA90	-	-	738,647	2.84%	
"	WYKR	The Company's subsidiary	Sale	1,408,518	1.39%	OA90	-	-	92,743	0.36%	
"	WYHK	The Company's subsidiary	Sale	1,020,728	1.01%	OA90	-	-	307,258	1.18%	
"	WBR	The Company's other related company	Sale	856,557	0.84%	OA90	-	-	468,216	1.80%	
"	WYKS	The Company's subsidiary	Sale	452,776	0.45%	OA90	-	-	145,474	0.56%	
"	WIN	The Company's other related company	Sale	433,505	0.43%	OA90	-	-	107,148	0.41%	
"	WHQ	The Company's parent company	Purchase	69,270,472	87.77%	OA45	-	-	(9,795,920)	(87.07%)	
"	WYUS	The Company's subsidiary	Purchase	1,462,484	1.85%	OA90	-	-	(422,290)	(3.75%)	
"	WSSG	The Company's other related company	Purchase	162,799	0.21%	OA60	-	-	(10,351)	(0.09%)	

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 5 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: (December 31, 2022)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
Account Receivables									
The Company	WYUS	The Company's subsidiary	18,506,683	259.59%	10,397	Collecting	-	-	
"	WYJP	The Company's subsidiary	738,647	524.27%	-	-	-	-	
"	WBR	The Company's other related company	468,216	282.43%	-	-	-	-	
"	WYHK	The Company's subsidiary	307,258	663.50%	-	-	28,644	-	
"	WIN	The Company's other related company	107,148	251.80%	-	-	-	-	
"	WYKS	The Company's subsidiary	145,474	216.51%	-	-	14,105	-	
Other Receivables									
The Company	WYUS	The Company's subsidiary	1,348,896	-	-	-	-	-	
"	WYJP	The Company's subsidiary	163,841	-	-	-	-	-	

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 6 Information on investments (excluding investees in mainland China):

The following are the information on investees for the year ended December 31, 2022 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				December 31, 2022	December 31, 2021	Shares(In thousands)	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	285,165	101,257	101,257	-
"	WYUS	U.S.A	Sales of cloud data center equipment	16,453,581	5,021,581	569,010	100.00%	18,136,234	196,921	196,921	-
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	263,788	39,555	39,555	-
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	178,738	38,127	38,127	-
"	WYMY	Malaysia	Sales of cloud data center equipment	2,300,724	236,340	336,764	100.00%	2,304,502	(40,291)	(40,291)	-
"	WYMX	Mexico	Human resources service provision and cloud data center equipment manufacturing	1,126,671	257,125	769,675	100.00%	1,410,512	159,177	159,177	-
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	-	40,444	100.00%	61,438	(2,131)	(2,131)	
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	20.00%	198,890	(339,839)	(67,968)	-

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 7 Information on investment in mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of the investee	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow							
WYKS	Sales of cloud data center equipment	10,659	2	10,659 (Note 1)	-	-	10,659	12,696	100%	12,696	106,694	-	-

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 5)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	10,748(USD 350,000)	23,272,203

(Note 1) Wiwynn 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 audited 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) Translated using the ending rates on December 31, 2022.

(iii) Significant transactions

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiary in mainland China, are disclosed in “Information on significant transactions”.

Wiwynn Corporation

Chairman: Simon Lin