

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

**With Independent Auditors' Review Report  
for the Six Months Ended June 30, 2024 and 2023**

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

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11~12
(6) Explanation of significant accounts	12~39
(7) Related-party transactions	40~44
(8) Pledged assets	44
(9) Commitments and contingencies	44
(10) Losses due to major disasters	44
(11) Subsequent events	45
(12) Other	45~46
(13) Other disclosures	
(a) Information on significant transactions	45, 48~54
(b) Information on investments	45, 55
(c) Information on investment in Mainland China	45, 56
(d) Major shareholders	47
(14) Segment information	47



安侯建業聯合會計師事務所  
KPMG

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

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

## Independent Auditors' Review Report

To the Board of Directors Wiwynn Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Wiwynn Corporation and its subsidiaries as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Wiwynn Corporation and its subsidiaries as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)

August 8, 2024

#### **Notes to Readers**

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

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



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

## Wiwynn Corporation and Subsidiaries

## Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2024 and 2023

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

	For the three months ended June 30				For the six months ended June 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (notes 6(r) and 7)</b>								
	\$ 77,480,880	100	56,308,196	100	147,109,117	100	130,534,034	100	
5000	<b>Operating costs (notes 6(e), (g), (h), (i), (m), (n), (s), 7 and 12)</b>								
	69,091,489	89	51,348,012	91	131,014,663	89	119,391,289	91	
	<b>Gross profit from operations</b>								
	8,389,391	11	4,960,184	9	16,094,454	11	11,142,745	9	
	<b>Operating expenses (notes 6(c), (g), (h), (i), (m), (n), (s), 7 and 12):</b>								
6100	Selling expenses	296,775	-	258,550	-	537,230	-	557,374	1
6200	Administrative expenses	489,491	1	428,722	1	896,304	1	796,254	1
6300	Research and development expenses	1,383,988	2	909,358	2	2,585,279	2	1,823,654	1
6450	Expected credit loss(gain)	12,564	-	(128,827)	-	12,564	-	(7,517)	-
	<b>Total operating expenses</b>	2,182,818	3	1,467,803	3	4,031,377	3	3,169,765	3
	<b>Net operating income</b>	6,206,573	8	3,492,381	6	12,063,077	8	7,972,980	6
	<b>Non-operating income and expenses (notes 6(b), (f), (g), (h), (l), (m), (t) and 7):</b>								
7100	Interest income	163,688	-	93,182	-	382,324	-	189,167	-
7020	Other gains and losses	197,867	-	242,876	-	375,073	-	83,165	-
7050	Finance costs	(344,168)	-	(256,227)	-	(672,704)	-	(492,366)	-
7370	Share of loss of associates and joint ventures accounted for using equity method	(16,945)	-	(13,974)	-	(38,610)	-	(30,727)	-
	<b>Total non-operating income and expenses</b>	442	-	65,857	-	46,083	-	(250,761)	-
7900	<b>Income before tax</b>	6,207,015	8	3,558,238	6	12,109,160	8	7,722,219	6
7950	<b>Income tax expense (note 6(o))</b>	1,513,329	2	942,674	1	2,708,200	2	1,808,388	1
	<b>Net income</b>	4,693,686	6	2,615,564	5	9,400,960	6	5,913,831	5
8300	<b>Other comprehensive income (loss) (notes 6(f) and (p)):</b>								
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	284,055	-	608,113	1	1,865,899	1	534,894	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	1,959	-	4,325	-	9,584	-	3,839	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	286,014	-	612,438	1	1,875,483	1	538,733	-
8300	<b>Other comprehensive income (net of tax)</b>	286,014	-	612,438	1	1,875,483	1	538,733	-
8500	<b>Total comprehensive income</b>	\$ 4,979,700	6	3,228,002	6	11,276,443	7	6,452,564	5
	<b>Profit attributable to:</b>								
8610	Owners of parent	\$ 4,693,686	6	2,615,564	5	9,400,960	6	5,913,831	5
	<b>Comprehensive income attributable to:</b>								
8710	Owners of parent	\$ 4,979,700	6	3,228,002	6	11,276,443	7	6,452,564	5
	<b>Earnings per share (expressed in New Taiwan dollars) (note 6(q))</b>								
9750	<b>Basic earnings per share</b>	\$ 26.85		14.96		53.77		33.82	
9850	<b>Diluted earnings per share</b>	\$ 26.81		14.94		53.66		33.71	

See accompanying notes to consolidated financial statements.

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

**Wiwynn Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the six months ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan dollars)**

	Retained earnings					Other equity		Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	
<b>Balance on January 1, 2023</b>	\$ 1,748,408	8,817,380	3,094,770	431,020	23,513,768	27,039,558	1,181,660	38,787,006
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	1,417,532	-	(1,417,532)	-	-	-
Special reserve	-	-	-	(431,020)	431,020	-	-	-
Cash dividends	-	-	-	-	(8,742,040)	(8,742,040)	-	(8,742,040)
Net income	-	-	-	-	5,913,831	5,913,831	-	5,913,831
Other comprehensive income	-	-	-	-	-	-	538,733	538,733
Total comprehensive income	-	-	-	-	5,913,831	5,913,831	538,733	6,452,564
Changes in equity of associates and joint ventures accounted for using equity method	-	22,239	-	-	-	-	-	22,239
<b>Balance on June 30, 2023</b>	<u>\$ 1,748,408</u>	<u>8,839,619</u>	<u>4,512,302</u>	<u>-</u>	<u>19,699,047</u>	<u>24,211,349</u>	<u>1,720,393</u>	<u>36,519,769</u>
<b>Balance on January 1, 2024</b>	\$ 1,748,408	8,839,619	4,512,302	-	25,823,443	30,335,745	1,310,280	42,234,052
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	1,203,823	-	(1,203,823)	-	-	-
Cash dividends	-	-	-	-	(7,343,313)	(7,343,313)	-	(7,343,313)
Net income	-	-	-	-	9,400,960	9,400,960	-	9,400,960
Other comprehensive income	-	-	-	-	-	-	1,875,483	1,875,483
Total comprehensive income	-	-	-	-	9,400,960	9,400,960	1,875,483	11,276,443
<b>Balance on June 30, 2024</b>	<u>\$ 1,748,408</u>	<u>8,839,619</u>	<u>5,716,125</u>	<u>-</u>	<u>26,677,267</u>	<u>32,393,392</u>	<u>3,185,763</u>	<u>46,167,182</u>

See accompanying notes to consolidated financial statements.

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

## Wiwynn Corporation and Subsidiaries

## Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars)

	For the six months ended June 30	
	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 12,109,160	7,722,219
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	747,554	396,186
Amortization expense	77,259	59,951
Expected credit loss	12,564	(7,517)
Net profit on financial assets or liabilities at fair value through profit	(7,867)	(15,781)
Interest expense	672,704	492,366
Interest income	(382,324)	(189,167)
Share of loss of associates and joint ventures accounted for using equity method	38,610	30,727
Losses on disposal of property, plant and equipment	262	1,101
Gain on disposal of investments	-	(5,339)
Prepayments for equipment reclassified as expenses	891	-
Total adjustments to reconcile profit	1,159,653	762,527
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	7,164	(158)
Increase in accounts receivable, net	(8,206,471)	(9,258,719)
Decrease in accounts receivable-related parties, net	196,655	520,389
Increase in other receivable	(28,313)	(7,869)
Decrease (increase) in other receivable-related parties	(345)	573,881
Decrease (increase) in inventories	(37,423,093)	6,685,618
Increase in other current assets	(231,028)	(22,311)
Total changes in operating assets	(45,685,431)	(1,509,169)
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	257	6,053
Increase (decrease) in contract liabilities-current	70,859	(1,645,850)
Increase (decrease) in notes and accounts payable	19,786,705	(5,967,609)
Increase (decrease) in accounts payable-related parties	68,835	(7,354,819)
Increase in other payable	47,005	275,669
Increase (decrease) in other payable-related parties	(52,969)	298,406
Increase (decrease) in other current liabilities	(224,609)	40,207
Increase in net defined benefit liabilities	339	51
Total changes in operating liabilities	19,696,422	(14,347,892)
Total changes in operating assets and liabilities	(25,989,009)	(15,857,061)
Total adjustments	(24,829,356)	(15,094,534)
Cash outflow generated from operations	(12,720,196)	(7,372,315)
Interest received	375,802	182,318
Interest paid	(637,325)	(429,272)
Income taxes paid	(1,461,674)	(3,052,499)
<b>Net cash used in operating activities</b>	<b>(14,443,393)</b>	<b>(10,671,768)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets designated at fair value through profit or loss	(406,518)	-
Acquisition of property, plant and equipment	(1,733,028)	(1,815,535)
Proceeds from disposal of property, plant and equipment	3,851	81
Acquisition of intangible assets	(114,892)	(34,511)
Decrease in other non-current assets	156,799	275,976
Increase in prepayments for equipment	(463,564)	(695,044)
<b>Net cash used in investing activities</b>	<b>(2,557,352)</b>	<b>(2,269,033)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	321,481,185	53,078,800
Decrease in short-term borrowings	(316,249,048)	(40,655,935)
Increase in long-term borrowings	-	1,500,000
Decrease in guarantee deposits received	(662)	-
Payment of lease liabilities	(477,019)	(107,147)
<b>Net cash flows from financing activities</b>	<b>4,754,456</b>	<b>13,815,718</b>
Effect of exchange rate changes on cash and cash equivalents	468,079	(60,751)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,778,210)</b>	<b>814,166</b>
Cash and cash equivalents at beginning of period	37,494,848	26,231,920
<b>Cash and cash equivalents at end of period</b>	<b>\$ 25,716,638</b>	<b>27,046,086</b>

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 six months ended June 30, 2024 and 2023**

**(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 August 8, 2024.

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

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

- (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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

## WIWYNN CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

#### (4) Summary of material accounting policies:

##### (a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

##### (b) Basis of consolidation

##### (i) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn International Corporation (WYUS)	Sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of cloud data center equipment	100 %	100 %	100 %	-

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Manufacturing and sales of cloud data center equipment	100 %	100 %	100 %	-
The Company	Wiwynn Mexico, S.A.de C.V. (WYMX)	Cloud data center equipment manufacturing service	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Sales of cloud data center equipment	100 %	100 %	100 %	-
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100 %	100 %	100 %	-

Note 1: The financial statements of the aforementioned subsidiaries were reviewed by the certified accountant.

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs Accounting Standards (in accordance with IAS34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

(Continued)

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

**(6) Explanation of significant accounts**

Except for the following disclosures, there is no material difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand	\$ 329	330	350
Demand and checking deposits	15,173,733	27,608,712	14,347,725
Time deposits	<u>10,542,576</u>	<u>9,885,806</u>	<u>12,698,011</u>
	<u>\$ 25,716,638</u>	<u>37,494,848</u>	<u>27,046,086</u>

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

(i) Financial assets at fair value through profit or loss-current

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Derivative instruments not used for hedging			
Foreign currency forward contracts	\$ 703	-	15,939
Total	<u>\$ 703</u>	<u>-</u>	<u>15,939</u>

(ii) Financial liabilities at fair value through profit or loss-current

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<b>Held-for-trading financial liabilities:</b>			
Foreign currency forward contracts	\$ 257	-	6,053
Total	<u>\$ 257</u>	<u>-</u>	<u>6,053</u>

(Continued)

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

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

	<b>June 30, 2024</b>		
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Foreign currency forward contracts:</b>			
Foreign currency forward sold	USD\$ <u>15,000</u>	USD to NTD	2024/7/3~2024/7/31
	<b>June 30, 2023</b>		
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Foreign currency forward contracts:</b>			
Foreign currency forward purchased	USD\$ <u>8,000</u>	NTD to USD	2023/8/2~2023/8/7
Foreign currency forward sold	USD\$ <u>6,000</u>	USD to NTD	2023/8/2~2023/8/7

(iii) Financial assets at fair value through profit or loss-non-current

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Derivative instruments not used for hedging			
Non-derivative financial assets			
Private Preferred stock	\$ 250,624	-	-
Private fund	<u>155,894</u>	-	-
Total	<u>\$ 406,518</u>	<u>-</u>	<u>-</u>

Please refer to Note 6(u) for the measurement of fair value recognized in profit or loss.

(c) Accounts receivable

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Accounts receivable—measured at amortized cost	\$ 8,813,856	5,980,128	17,547,484
Accounts receivable—related parties—measured at amortized cost	115,234	232,029	569,986
Accounts receivable—measured at fair value through other comprehensive income	9,695,958	4,151,074	10,698,645
Less: loss allowance	<u>(12,564)</u>	<u>-</u>	<u>(304)</u>
	<u>\$ 18,612,484</u>	<u>10,363,231</u>	<u>28,815,811</u>

(Continued)

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

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:

	<b>June 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance</b>
Current	\$ 17,719,189		-
Past due under 30 days	554,228		-
Past due 31 to 60 days	233,735		-
Past due 61 to 90 days	103,075	5%	5,154
Past due 91 to 180 days	14,821	50%	7,410
Total	<u>\$ 18,625,048</u>		<u>12,564</u>

  

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance</b>
Current	\$ 10,266,249		-
Past due under 30 days	96,959		-
Past due 31 to 60 days	23		-
Total	<u>\$ 10,363,231</u>		<u>-</u>

  

	<b>June 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 28,328,448		-
Past due under 30 days	477,527		-
Past due 31 to 60 days	9,829		-
Past due 91 to 180 days	14	50%	7
Past due 181 to 270 days	277	100%	277
Past due over 271 days	20	100%	20
Total	<u>\$ 28,816,115</u>		<u>304</u>

(Continued)

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

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

	<b>For the six months ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1	\$ -	7,818
Impairment losses recognized	12,564	121,897
Impairment losses reversed	-	(129,414)
Effect of changes in foreign exchange rates	-	3
Balance on June 30	<b><u>\$ 12,564</u></b>	<b><u>304</u></b>

As of June 30, 2024, December 31 and June 30, 2023, the accounts receivable were not pledged.

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

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of June 30, 2024, December 31 and June 30, 2023, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

<b>June 30, 2024</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
Financial institutions	<u>\$ 658,112</u>	<u>639,773</u> (Note)	<u>658,112</u>	<u>-</u>	5.70%~6.25%	None
<b>December 31, 2023</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
Financial institutions	<u>\$ 791,295</u>	<u>531,662</u> (Note)	<u>791,295</u>	<u>-</u>	5.74%~6.21%	None
<b>June 30, 2023</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
Financial institutions	<u>\$ 114,166</u>	<u>729,982</u> (Note)	<u>114,166</u>	<u>-</u>	5.60%~6.11%	None

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

(Continued)



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

## (d) Other receivables

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Other receivables	\$ 29,643	866	10,552
Other receivables - related parties	58,206	57,861	846,630
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 87,849</u></b>	<b><u>58,727</u></b>	<b><u>857,182</u></b>

As of June 30, 2024, December 31 and June 30, 2023, the other receivables were not pledged.

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

## (e) Inventories

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Raw materials	\$ 31,406,866	9,449,699	8,226,869
Finished goods	35,158,814	17,037,030	19,328,320
Inventory in transit	<u>3,119,588</u>	<u>3,692,441</u>	<u>2,082,873</u>
	<b><u>\$ 69,685,268</u></b>	<b><u>30,179,170</u></b>	<b><u>29,638,062</u></b>

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Losses (gain) on valuation of inventories	\$ 453,747	(118,027)	485,911	1,277,192
Royalty	7,300	9,813	10,551	25,559
Others	<u>(101)</u>	<u>(2,415)</u>	<u>(1,005)</u>	<u>(3,351)</u>
	<b><u>\$ 460,946</u></b>	<b><u>(110,629)</u></b>	<b><u>495,457</u></b>	<b><u>1,299,400</u></b>

As of June 30, 2024, December 31 and June 30, 2023, the inventories were pledged, please refer to note 8.

(Continued)

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

(f) Investments accounted for using equity method

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Associates	<u>\$ 130,220</u>	<u>159,246</u>	<u>194,241</u>

(i) Associates

On March, 2021, the Group acquired 1,000 thousand shares, equivalent to 20% of LiquidStack Holding B.V. (LiquidStack) for \$276,609 thousand (USD 10,000 thousand) in cash, resulting in the Group to have significant influence over LiquidStack. In the 2<sup>nd</sup> quarter of 2023, the Group did not subscribe proportionately in the capital increase of LiquidStack, resulting in its shareholding in LiquidStack to decrease from 20.00% to 15.13%. Since the above transactions did not have any impact on the Group's significant influence over LiquidStack, the equity change was regarded as an equity transaction. The following summarizes the changes in equity of the associate due to changes in the equity of associates amounting to \$22,239, recognized as capital surplus. The relevant information was as follows:

<b>Name of associate</b>	<b>Nature of Relationship with the Group</b>	<b>Main operating location / Registered Country of the Company</b>	<b>Proportion of Shareholding and voting rights</b>		
			<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
LiquidStack Holding B.V.	R&D of liquid cooling technology	Netherlands	15.13 %	15.13 %	15.13 %

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>	
Carrying amount of individually insignificant associates' equity	<u>\$ 130,220</u>	<u>159,246</u>	<u>194,241</u>	
	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Attributable to the Group:				
Net loss from continuing operations	\$ (16,945)	(13,974)	(38,610)	(30,727)
Other comprehensive income	1,959	4,325	9,584	3,839
Comprehensive income	<u>\$ (14,986)</u>	<u>(9,649)</u>	<u>(29,026)</u>	<u>(26,888)</u>

(Continued)

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

(ii) Pledge

As of June 30, 2024, December 31 and June 30, 2023, the investments accounted for using equity method were not pledged.

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the six months ended June 30, 2024 and 2023, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Research and development equipment</u>	<u>Machinery and equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:								
Balance on January 1, 2024	\$ 678,890	819,526	243,258	1,476,758	545,285	1,511,568	2,345,332	7,620,617
Additions	113,040	-	12,906	336,613	31,949	165,375	1,073,145	1,733,028
Disposals	-	-	-	(12,983)	(1,100)	(4,373)	-	(18,456)
Reclassification (Note)	-	-	-	190,672	669,012	590,230	(975,609)	474,305
Effect of changes in foreign exchange rates	2,179	22,811	-	6,588	(31,573)	(9,672)	74,905	65,238
Balance on June 30, 2024	<u>\$ 794,109</u>	<u>842,337</u>	<u>256,164</u>	<u>1,997,648</u>	<u>1,213,573</u>	<u>2,253,128</u>	<u>2,517,773</u>	<u>9,874,732</u>
Balance on January 1, 2023	\$ 168,929	-	225,454	839,654	429,162	1,066,182	851,023	3,580,404
Additions	496,513	12,985	2,522	5,877	42,402	145,991	1,109,245	1,815,535
Disposals	-	-	(70)	(1,670)	(4,600)	(2,253)	-	(8,593)
Reclassification (Note)	-	714,806	4,876	31,847	46,706	118,586	(792,943)	123,878
Effect of changes in foreign exchange rates	12,404	(20,274)	-	94	8,292	40,971	63,923	105,410
Balance on June 30, 2023	<u>\$ 677,846</u>	<u>707,517</u>	<u>232,782</u>	<u>875,802</u>	<u>521,962</u>	<u>1,369,477</u>	<u>1,231,248</u>	<u>5,616,634</u>
Accumulated depreciation:								
Balance on January 1, 2024	\$ -	19,986	174,819	553,373	352,911	893,835	-	1,994,924
Depreciation	-	20,870	16,254	138,681	100,584	205,774	-	482,163
Disposals	-	-	-	(9,183)	(1,100)	(4,060)	-	(14,343)
Effect of changes in foreign exchange rates	-	937	-	2,794	(2,947)	9,846	-	10,630
Balance on June 30, 2024	<u>\$ -</u>	<u>41,793</u>	<u>191,073</u>	<u>685,665</u>	<u>449,448</u>	<u>1,105,395</u>	<u>-</u>	<u>2,473,374</u>
Balance on January 1, 2023	\$ -	-	144,942	399,481	273,142	606,261	-	1,423,826
Depreciation	-	-	17,152	72,508	40,453	143,768	-	273,881
Disposals	-	-	(70)	(939)	(4,437)	(1,965)	-	(7,411)
Effect of changes in foreign exchange rates	-	-	-	626	541	11,903	-	13,070
Balance on June 30, 2023	<u>\$ -</u>	<u>-</u>	<u>162,024</u>	<u>471,676</u>	<u>309,699</u>	<u>759,967</u>	<u>-</u>	<u>1,703,366</u>
Carrying value:								
Balance on January 1, 2024	<u>\$ 678,890</u>	<u>799,540</u>	<u>68,439</u>	<u>923,385</u>	<u>192,374</u>	<u>617,733</u>	<u>2,345,332</u>	<u>5,625,693</u>
Balance on June 30, 2024	<u>\$ 794,109</u>	<u>800,544</u>	<u>65,091</u>	<u>1,311,983</u>	<u>764,125</u>	<u>1,147,733</u>	<u>2,517,773</u>	<u>7,401,358</u>
Balance on January 1, 2023	<u>\$ 168,929</u>	<u>-</u>	<u>80,512</u>	<u>440,173</u>	<u>156,020</u>	<u>459,921</u>	<u>851,023</u>	<u>2,156,578</u>
Balance on June 30, 2023	<u>\$ 677,846</u>	<u>707,517</u>	<u>70,758</u>	<u>404,126</u>	<u>212,263</u>	<u>609,510</u>	<u>1,231,248</u>	<u>3,913,268</u>

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

As of June 30, 2024, December 31 and June 30, 2023, the property, plant and equipment were not pledged.

(Continued)

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

(h) Right-of-use assets

The cost and accumulated depreciation of the Group leases land, buildings and other equipment for the six months ended June 30, 2024 and 2023, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2024	\$ 11,880	2,213,314	9,673	2,234,867
Acquisitions	2,096,703	770,870	80	2,867,653
Disposals	-	(19,025)	-	(19,025)
Effect of changes in foreign exchange rates	-	(49,484)	167	(49,317)
Balance on June 30, 2024	<u>\$ 2,108,583</u>	<u>2,915,675</u>	<u>9,920</u>	<u>5,034,178</u>
Balance on January 1, 2023	\$ -	1,427,500	2,747	1,430,247
Acquisitions	-	27,011	1,801	28,812
Disposals	-	(250)	-	(250)
Effect of changes in foreign exchange rates	-	112,780	6	112,786
Balance on June 30, 2023	<u>\$ -</u>	<u>1,567,041</u>	<u>4,554</u>	<u>1,571,595</u>
Accumulated depreciation:				
Balance on January 1, 2024	\$ 247	760,385	1,233	761,865
Depreciation	1,307	262,453	1,631	265,391
Disposals	-	(19,025)	-	(19,025)
Effect of changes in foreign exchange rates	-	(9,631)	40	(9,591)
Balance on June 30, 2024	<u>\$ 1,554</u>	<u>994,182</u>	<u>2,904</u>	<u>998,640</u>
Balance on January 1, 2023	\$ -	433,266	1,547	434,813
Depreciation	-	121,951	354	122,305
Disposals	-	(250)	-	(250)
Effect of changes in foreign exchange rates	-	28,896	2	28,898
Balance on June 30, 2023	<u>\$ -</u>	<u>583,863</u>	<u>1,903</u>	<u>585,766</u>
Carrying amount:				
Balance on January 1, 2024	<u>\$ 11,633</u>	<u>1,452,929</u>	<u>8,440</u>	<u>1,473,002</u>
Balance on June 30, 2024	<u>\$ 2,107,029</u>	<u>1,921,493</u>	<u>7,016</u>	<u>4,035,538</u>
Balance on January 1, 2023	<u>\$ -</u>	<u>994,234</u>	<u>1,200</u>	<u>995,434</u>
Balance on June 30, 2023	<u>\$ -</u>	<u>983,178</u>	<u>2,651</u>	<u>985,829</u>

(Continued)

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

## (i) Intangible assets

	<u>Software</u>	<u>Other</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2024	\$ <u>131,349</u>	<u>1,040</u>	<u>132,389</u>
Balance on June 30, 2024	\$ <u>169,987</u>	<u>1,040</u>	<u>171,027</u>
Balance on January 1, 2023	\$ <u>136,511</u>	<u>1,040</u>	<u>137,551</u>
Balance on June 30, 2023	\$ <u>112,528</u>	<u>1,040</u>	<u>113,568</u>

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the six months ended June 30, 2024 and 2023. Please refer to note 12 for the amounts of amortization. For other related information, please refer to the note 6(h) of the consolidated financial statements for the year ended December 31, 2023.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other current assets:			
Tax refundable	\$ 669,601	632,625	310,096
Other prepayments	347,636	303,489	189,803
Others	<u>348,571</u>	<u>163,209</u>	<u>224,769</u>
	<u>\$ 1,365,808</u>	<u>1,099,323</u>	<u>724,668</u>
Other non-current assets:			
Refundable deposits	\$ 90,852	246,153	286,087
Restricted deposits	160,597	43,608	29,993
Prepayments for equipment	<u>839,549</u>	<u>957,746</u>	<u>626,982</u>
	<u>\$ 1,090,998</u>	<u>1,247,507</u>	<u>943,062</u>

## (k) Bank Loans

## (i) Short-term borrowings

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

	<u>June 30, 2024</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	USD	5.80%~6.19%	2024/7/2~2024/7/29	\$ <u>5,652,782</u>
Unused credit line				\$ <u>67,775,230</u>

(Continued)

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

		<b>December 31, 2023</b>			
		<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
	Unsecured bank borrowings	USD	6.35%~6.36%	2024/1/15~2024/1/25	<u>\$ 383,793</u>
	Unused credit line				<u>\$ 64,335,748</u>
		<b>June 30, 2023</b>			
		<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
	Unsecured bank borrowings	USD	5.73%~6.23%	2023/7/4~2023/7/28	<u>\$ 12,422,865</u>
	Unused credit line				<u>\$ 42,204,738</u>
<b>(ii) Long-term borrowings</b>					
		<b>June 30, 2024</b>			
		<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
	Unsecured bank borrowings	NTD	2.84%	2026/1/6	<u>\$ 1,500,000</u>
	Unused credit line				<u>\$ -</u>
		<b>December 31, 2023</b>			
		<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
	Unsecured bank borrowings	NTD	2.74%	2026/1/6	<u>\$ 1,500,000</u>
	Unused credit line				<u>\$ -</u>
		<b>June 30, 2023</b>			
		<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
	Unsecured bank borrowings	NTD	2.90%	2026/1/6	<u>\$ 1,500,000</u>
	Unused credit line				<u>\$ -</u>
<b>(iii) Breach of covenant – Long-term borrowings</b>					

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

- (iv) The Group complied with the covenant at the end of the second quarter of 2024 is classified as a non-current liability on June 30, 2024. Moreover, the Group expects to comply with the quarterly covenants for at least 12 months after the reporting date.

(Continued)

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

(l) Bonds payable

The details of unsecured ordinary bonds were as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>	
Total ordinary corporate bonds issued	\$ 9,450,000	9,450,000	9,450,000	
Unamortized discounted bonds payable	(5,465)	(7,082)	(8,700)	
Subtotal	9,444,535	9,442,918	9,441,300	
Less: current portion	(2,500,000)	(2,500,000)	-	
Bonds payable balance at year-end	<u>\$ 6,944,535</u>	<u>6,942,918</u>	<u>9,441,300</u>	
	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest expense	<u>\$ 18,145</u>	<u>18,145</u>	<u>36,136</u>	<u>36,099</u>

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

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

(m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Current	\$ <u>665,870</u>	<u>332,877</u>	<u>217,474</u>
Non-current	\$ <u>3,203,109</u>	<u>1,188,100</u>	<u>806,467</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest expenses on lease liabilities	\$ <u>39,528</u>	<u>13,589</u>	<u>77,139</u>	<u>27,343</u>
Cost and expenses relating to short-term leases	\$ <u>35,339</u>	<u>37,749</u>	<u>67,093</u>	<u>75,947</u>

(Continued)

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

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

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 621,251</u>	<u>210,437</u>

(i) Real estate leases

The Group leases land and buildings for its office space and factory. The leases of land run for 20 to 60 years, of office space typically for a period of 2 to 5 years, of factory for 2 to 10 years and of staff dormition for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases other equipment, with lease terms of 3 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(n) Employee benefits

(i) Defined benefit plans

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating expense	<u>\$ 2,443</u>	<u>489</u>	<u>4,339</u>	<u>961</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan for the three months and six months ended June 30, 2024 and 2023 were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating cost	\$ 89,356	62,444	170,363	122,231
Operating expenses	<u>13,969</u>	<u>14,577</u>	<u>28,066</u>	<u>28,937</u>
	<u>\$ 103,325</u>	<u>77,021</u>	<u>198,429</u>	<u>151,168</u>

(Continued)



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

(o) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current tax expense				
Current period	<b>\$ 1,513,329</b>	<b>942,674</b>	<b>2,708,200</b>	<b>1,808,388</b>

(ii) There were no income tax expense recognized in other comprehensive for the six months ended June 30, 2024 and 2023.

(iii) The ROC income tax authorities have examined the Company's income tax returns for all years through 2022.

(p) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the six months ended June 30, 2024 and 2023. For the related information, please refer to the note 6(o) of the consolidated financial statements for the year ended December 31, 2023.

(i) Retained earnings

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

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

1) Legal reserve

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

(Continued)

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

2) Special reserve

In accordance with regulations by the FSC, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. For the year 2023 and 2022 earnings distribution in 2024 and 2023, the amount to be reclassified to special reserve shall be a portion of current-period after-tax net profit plus items other than current-period after-tax net profit in the undistributed retained earnings and undistributed prior-period earning. When the debit balance of any of the contra accounts in the shareholders' entity is reserved, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2023 and 2022 earnings that were approved by the shareholders' meeting on May 24, 2024 and May 29, 2023, respectively, were as follow:

	<b>2023</b>	<b>2022</b>
Dividends distributed to ordinary shareholders		
Cash	<b><u>\$ 7,343,313</u></b>	<b><u>8,742,040</u></b>

(ii) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2024	\$ 1,310,280
Exchange differences on translation of foreign financial statements	1,865,899
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	9,584
Balance on June 30, 2024	<b><u>\$ 3,185,763</u></b>
Balance on January 1, 2023	\$ 1,181,660
Exchange differences on translation of foreign financial statements	534,894
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	3,839
Balance on June 30, 2023	<b><u>\$ 1,720,393</u></b>

(Continued)

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

## (q) Earnings per share

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Basic earnings per share:				
Profit attributable to common shareholders of the Company	\$ <u>4,693,686</u>	<u>2,615,564</u>	<u>9,400,960</u>	<u>5,913,831</u>
Weighted-average common stock outstanding (in thousands)	<u>174,841</u>	<u>174,841</u>	<u>174,841</u>	<u>174,841</u>
	<u>\$ 26.85</u>	<u>14.96</u>	<u>53.77</u>	<u>33.82</u>
Diluted earnings per share:				
Profit attributable to common shareholders of the Company	\$ <u>4,693,686</u>	<u>2,615,564</u>	<u>9,400,960</u>	<u>5,913,831</u>
Weighted-average common stock outstanding (in thousands)	174,841	174,841	174,841	174,841
Effect of potentially dilutive common stock (in thousands):				
Employee compensation	<u>238</u>	<u>282</u>	<u>353</u>	<u>601</u>
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>175,079</u>	<u>175,123</u>	<u>175,194</u>	<u>175,442</u>
	<u>\$ 26.81</u>	<u>14.94</u>	<u>53.66</u>	<u>33.71</u>

## (r) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<u>Primary geographical markets</u>				
America	\$ 58,693,686	45,348,498	108,294,085	102,458,816
Europe	8,483,701	5,972,562	21,500,335	15,555,343
Asia	9,407,135	4,154,954	15,606,879	10,849,794
Other	<u>896,358</u>	<u>832,182</u>	<u>1,707,818</u>	<u>1,670,081</u>
	<u>\$ 77,480,880</u>	<u>56,308,196</u>	<u>147,109,117</u>	<u>130,534,034</u>
<u>Major products</u>				
Hyperscale data center	<u>\$ 77,480,880</u>	<u>56,308,196</u>	<u>147,109,117</u>	<u>130,534,034</u>

(Continued)

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

(ii) Contract balance

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Accounts receivable	\$ 18,509,814	10,131,202	28,246,129
Accounts receivable – related parties	115,234	232,029	569,986
Less: loss allowance	<u>(12,564)</u>	<u>-</u>	<u>(304)</u>
Total	<b><u>\$ 18,612,484</u></b>	<b><u>10,363,231</u></b>	<b><u>28,815,811</u></b>
Contract liabilities – warranty and advance receivable	<b><u>\$ 6,020,885</u></b>	<b><u>5,950,026</u></b>	<b><u>3,651,121</u></b>

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

The contract liabilities were primarily related to the advance received from customers due to the warranty service and sales of goods. The major change in the balance of contract liabilities was the difference between the time frame of the performance obligation to be satisfied and the payment to be received. The amounts of revenue recognized for the three months and six months ends June 30, 2024 and 2023 that were included in the contract liability balances at the beginning of the years were \$1,414,508, \$548,354, \$2,105,550 and \$2,470,729, respectively.

(s) Employee's and directors' compensation

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

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

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

The Company estimated its employees' and directors' compensation as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Employees' compensation	\$ 320,000	185,000	630,000	400,000
Directors' compensation	<u>9,000</u>	<u>9,000</u>	<u>18,000</u>	<u>18,000</u>
	<b><u>\$ 329,000</u></b>	<b><u>194,000</u></b>	<b><u>648,000</u></b>	<b><u>418,000</u></b>

(Continued)

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

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

For the years ended December 31, 2023 and 2022, the employees' compensation amounted to \$800,000 thousand and \$935,000 thousand, respectively, and directors' compensation amounted to \$30,000 thousand and \$36,000 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the board of directors resolved for 2024 and 2023. The related information can be available on Market Observation Post System Website.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	\$ <u>163,688</u>	<u>93,182</u>	<u>382,324</u>	<u>189,167</u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Foreign exchange gains (losses), net	\$ 190,779	220,122	354,554	41,333
Gains on valuation of financial assets and liabilities at fair value	1,635	3,823	7,867	15,781
Gains on disposal of investments	-	5,339	-	5,339
Others	<u>5,453</u>	<u>13,592</u>	<u>12,652</u>	<u>20,712</u>
Total	\$ <u>197,867</u>	<u>242,876</u>	<u>375,073</u>	<u>83,165</u>

(Continued)

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

(iii) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest expenses				
Bank loans	\$ (286,495)	(224,493)	(559,429)	(428,924)
Bonds payable	(18,145)	(18,145)	(36,136)	(36,099)
Others	(39,528)	(13,589)	(77,139)	(27,343)
Total	<b><u>\$ (344,168)</u></b>	<b><u>(256,227)</u></b>	<b><u>(672,704)</u></b>	<b><u>(492,366)</u></b>

(u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(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 June 30, 2024, December 31 and June 30, 2023, 96.75%, 94.38% and 97.57% of the Group's accounts receivable were concentrated on 4, 3 and 3 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

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

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

As of June 30, 2024, December 31 and June 30, 2023, the other receivables did not accrue any loss allowance.

(Continued)

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
<b>June 30, 2024</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 5,652,782	5,685,284	5,685,284	-	-
Long-term borrowings	1,500,000	1,564,741	42,654	1,522,087	-
Bonds payable (including current portion)	9,444,535	9,528,379	2,555,152	6,973,227	-
Notes and accounts payable (including related parties)	40,913,704	40,913,704	40,913,704	-	-
Other payables (including related parties)	11,697,791	11,697,791	11,697,791	-	-
Lease liabilities (including current and non-current)	3,868,979	4,832,216	833,690	2,620,036	1,378,490
Other current liabilities	900,273	900,273	900,273	-	-
Guarantee deposits received	13,338	13,338	-	13,338	-
Subtotal	<u>73,991,402</u>	<u>75,135,726</u>	<u>62,628,548</u>	<u>11,128,688</u>	<u>1,378,490</u>
Derivative financial liabilities					
Foreign currency forward contracts:					
Outflow	257	257	257	-	-
Carrying amount	257	257	257	-	-
Subtotal	257	257	257	-	-
Total	<u>\$ 73,991,659</u>	<u>75,135,983</u>	<u>62,628,805</u>	<u>11,128,688</u>	<u>1,378,490</u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 383,793	385,957	385,957	-	-
Long-term borrowings	1,500,000	1,592,624	41,129	1,551,495	-
Bonds payable (including current portion)	9,442,918	9,562,860	2,565,442	6,997,418	-
Notes and accounts payable (including related parties)	20,169,354	20,169,354	20,169,354	-	-
Other payables (including related parties)	4,317,222	4,317,222	4,317,222	-	-
Lease liabilities (including current and non-current)	1,520,977	1,701,769	413,582	1,125,386	162,801
Other current liabilities	952,785	952,785	952,785	-	-
Guarantee deposits received	14,000	14,000	-	14,000	-
Total	<u>\$ 38,301,049</u>	<u>38,696,571</u>	<u>28,845,471</u>	<u>9,688,299</u>	<u>162,801</u>
<b>June 30, 2023</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 12,422,865	12,492,377	12,492,377	-	-
Long-term borrowings	1,500,000	1,619,733	43,485	1,576,248	-
Bonds payable	9,441,300	9,597,914	69,535	9,528,379	-
Notes and accounts payable (including related parties)	13,332,636	13,332,636	13,332,636	-	-
Other payables (including related parties)	12,539,389	12,539,389	12,539,389	-	-
Lease liabilities (including current and non-current)	1,023,941	1,132,197	264,388	669,746	198,063
Other current liabilities	965,185	965,185	965,185	-	-
Subtotal	<u>\$ 51,225,316</u>	<u>51,679,431</u>	<u>39,706,995</u>	<u>11,774,373</u>	<u>198,063</u>
Derivative financial liabilities					
Foreign currency forward contracts:					
Outflow	6,053	6,053	6,053	-	-
Carrying amount	6,053	6,053	6,053	-	-
Total	<u>\$ 51,231,369</u>	<u>51,685,484</u>	<u>39,713,048</u>	<u>11,774,373</u>	<u>198,063</u>

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

(Continued)

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

## (iii) Market risk

## 1) Currency risk

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

<b>June 30, 2024</b>			
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	803,822	USD/NTD= 32.450	26,084,027
	38,858	USD/JPY= 160.890	1,260,930
	12,620	USD/MXN= 18.388	409,525
	55,868	USD/MYR= 4.720	1,812,907
	-	USD/CNY= 7.267	13
	-	USD/KRW= 1,380.320	2
<u>Non-monetary items</u>			
USD	4,013	USD/NTD= 32.450	130,220
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	597,479	USD/NTD= 32.450	19,388,207
	143,857	USD/MYR= 160.890	4,668,147
	46,184	USD/JPY= 18.388	1,498,655
	534	USD/MXN= 4.720	17,337
<b>December 31, 2023</b>			
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	503,680	USD/NTD= 30.735	15,480,581
	16,741	USD/MXN= 16.953	514,528
	10,569	USD/JPY= 141.670	324,839
	5,299	USD/MYR= 4.590	162,872
	-	USD/CNY= 7.108	12
	-	USD/KRW= 1,291.350	2
<u>Non-monetary items</u>			
USD	5,181	USD/NTD= 30.735	159,246

(Continued)



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

<b>December 31, 2023</b>			
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	343,527	USD/NTD= 30.735	10,558,295
	33,566	USD/MYR= 4.590	1,031,639
	13,539	USD/JPY= 141.670	416,119
	227	USD/MXN= 16.953	6,989
<b>June 30, 2023</b>			
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	766,589	USD/NTD= 31.135	23,867,735
	57,000	USD/JPY= 141.670	1,774,692
	40,125	USD/MXN= 17.704	1,249,300
	-	USD/KRW= 1,327.880	1
<u>Non-monetary items</u>			
USD	6,239	USD/TWD= 31.135	194,241
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	724,158	USD/NTD= 31.135	22,546,675
	43,733	USD/JPY= 141.670	1,361,629
	3,362	USD/MYR= 4.528	104,657
	543	USD/MXN= 17.704	16,899

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the six months ended June 30, 2024 and 2023, the net income would be changed by \$159,802 thousand and \$114,475 thousand, respectively. The analysis assumes that all other variable remain constant.

(Continued)

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

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three-months ended June 30, 2024 and 2023 and the six-months ended June 30, 2024 and 2023, foreign exchange gains (including realized and unrealized portions) amounted to \$190,779 thousand, \$220,122 thousand, \$354,554 thousand and \$41,333 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 \$7,400 thousand and \$6,494 thousand, respectively, for the six months ended June 30, 2024 and 2023, 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, financial liabilities and lease liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and lease liabilities.

	June 30, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ 703	-	703	-	703
Private preferred stock	250,624	-	-	250,624	250,624
Private fund	155,894	-	-	155,894	155,894
Subtotal	<u>\$ 407,221</u>	<u>-</u>	<u>703</u>	<u>406,518</u>	<u>407,221</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	<u>\$ 9,695,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

	June 30, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	25,716,638	-	-	-	-
Accounts receivable (including related parties)	8,916,526	-	-	-	-
Other receivable (including related parties)	87,849	-	-	-	-
Other non-current assets	251,449	-	-	-	-
Subtotal	<u>\$ 34,972,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	<u>\$ 257</u>	<u>-</u>	<u>257</u>	<u>-</u>	<u>257</u>
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 5,652,782	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable (including current portion)	9,444,535	-	-	-	-
Notes and accounts payable (including related parties)	40,913,704	-	-	-	-
Other payables (including related parties)	11,697,791	-	-	-	-
Lease liabilities (including current and non-current)	3,868,979	-	-	-	-
Other current liabilities	900,273	-	-	-	-
Guarantee deposits received	13,338	-	-	-	-
Subtotal	<u>\$ 73,991,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2023</b>					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	<u>\$ 4,151,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 37,494,848	-	-	-	-
Accounts receivable (including related parties)	6,212,157	-	-	-	-
Other receivable (including related parties)	58,727	-	-	-	-
Other non-current assets	289,761	-	-	-	-
Subtotal	<u>\$ 44,055,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 383,793	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable (including current portion)	9,442,918	-	-	-	-
Notes and accounts payable (including related parties)	20,169,354	-	-	-	-
Other payables (including related parties)	4,317,222	-	-	-	-
Lease liabilities (including current and non-current)	1,520,977	-	-	-	-
Other current liabilities	952,785	-	-	-	-
Guarantee deposits received	14,000	-	-	-	-
Subtotal	<u>\$ 38,301,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>June 30, 2023</b>					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	<u>\$ 15,939</u>	<u>-</u>	<u>15,939</u>	<u>-</u>	<u>15,939</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Accounts receivable	<u>\$ 10,698,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 27,046,086	-	-	-	-
Accounts receivable (including related parties)	18,117,166	-	-	-	-
Other receivable (including related parties)	857,182	-	-	-	-
Other non-current assets	316,080	-	-	-	-
Subtotal	<u>\$ 46,336,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	<u>\$ 6,053</u>	<u>-</u>	<u>6,053</u>	<u>-</u>	<u>6,053</u>
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 12,422,865	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable	9,441,300	-	-	-	-
Notes and accounts payable (including related parties)	13,332,636	-	-	-	-
Other payables (including related parties)	12,539,389	-	-	-	-
Lease liabilities (including current and non-current)	1,023,941	-	-	-	-
Other current liabilities	965,185	-	-	-	-
Subtotal	<u>\$ 51,225,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments which traded in an active market was based on the quoted market price. The quotation announced by the stock exchange center or exchange center of central government bond, might be regarded as the fair value of the listed equity securities and debt instruments which was traded in an active market.

A financial instrument was regarded as being quoted in an active market if quoted prices were readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions taking place 'regularly' was a matter of judgment and depended on the facts and circumstances of the market for the instrument. Quoted market prices might not be indicative of the fair value of an instrument if the activity in the market was infrequent, the market was not well-established, only small volumes were traded, or bid-ask spreads were very wide. Determining whether a market was active involves judgment.

Measurements of fair value of financial instruments without an active market were based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that could be extrapolated from either similar financial instruments or discounted cash flow method or the market transaction prices of the similar companies or other valuation techniques, including models, was calculated based on available market data at the reporting date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments was based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

Fair value of forward currency was usually determined by the forward and swap currency exchange rate.

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

4) Changes between Level 3:

	<u>Fair value through profit or loss</u> <u>Non-derivative financial assets</u> <u>mandatorily measured at fair</u> <u>value through profit or loss</u> <u>(Held-for-trading non-derivative</u> <u>financial assets)</u>
Balance at January 1, 2024	\$ -
Acquisition	406,518
Balance at June 30, 2024	<u>\$ 406,518</u>

(Continued)

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

- 5) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that used level 3 inputs to measure fair value include "financial assets measured at fair value through equity investments and private fund investments".

Most of the fair value measurements categorized within level 3 used the single and significant unobservable input. Equity investments without an active market contained multiple significant unobservable inputs. The significant unobservable inputs of the equity investments were independent from each other, as a result, there was no relevance between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through profit or loss-equity investments without an active market	Net asset value method	Net asset value	The estimated fair value would increase if the Net assets higher
Financial assets measured at fair value through profit or loss-private fund investments	Net asset value method	Net asset value	The estimated fair value would increase if the Net assets higher

- 6) Fair value measurements in level 3-sensitivity analysis of reasonably possible alternative assumptions.

The Group's measurement on the fair value of financial instruments was deemed reasonable despite different valuation models or assumptions might lead to different results. For fair value measurements in level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
<b>June 30, 2024</b>						
Financial assets measured at fair value through profit or loss:						
Private fund investments	Net asset value method	5%	\$ 12,531	(12,531)	-	-
Private fund	Net asset value method	5%	7,795	(7,795)	-	-

(Continued)

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

The favorable and unfavorable effects represented the changes in fair value, which was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships with another input.

7) 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.

June 30, 2024						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	\$ 1,458,479	1,458,479	-	-	-	-
June 30, 2024						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Notes payable and accounts payable	\$ 5,393,097	1,458,479	3,934,618	-	-	3,934,618
December 31, 2023						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	\$ 303,828	303,828	-	-	-	-
December 31, 2023						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Notes payable and accounts payable	\$ 4,545,469	303,828	4,241,641	-	-	4,241,641
June 30, 2023						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	\$ 314,545	314,545	-	-	-	-

(Continued)

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

June 30, 2023						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	\$ 4,162,055	314,545	3,847,510	-	-	3,847,510

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

(w) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2023. There were no significant changes in the quantified data for capital management as disclosed in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

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

For the six months ended June 30, 2024 and 2023, reconciliations of liabilities arising from financing activities were as follows:

	Non-cash changes						June 30, 2024
	January 1, 2024	Cash flows	Addition	Interest expenses	Reclassification	Foreign exchange movement	
Short-term borrowings	\$ 383,793	5,232,137	-	-	-	36,852	5,652,782
Long-term borrowings	1,500,000	-	-	-	-	-	1,500,000
Bonds payable	6,942,918	-	-	1,617	-	-	6,944,535
Current portion of long-term liabilities	2,500,000	-	-	-	-	-	2,500,000
Lease liabilities	1,520,977	(477,019)	2,867,653	-	-	(42,632)	3,868,979
Guarantee deposits received	14,000	(662)	-	-	-	-	13,338
Total liabilities from financing activities	\$ 12,861,688	4,754,456	2,867,653	1,617	-	(5,780)	20,479,634

  

	Non-cash changes						June 30, 2023
	January 1, 2023	Cash flows	Addition	Interest expense	Reclassification	Foreign exchange movement	
Short-term borrowings	\$ -	12,422,865	-	-	-	-	12,422,865
Long-term borrowings	-	1,500,000	-	-	-	-	1,500,000
Bonds payable	9,439,683	-	-	1,617	-	-	9,441,300
Lease liabilities	1,013,208	(107,147)	28,812	-	-	89,068	1,023,941
Guarantee deposits received	951,948	-	-	-	(965,185)	13,237	-
Total liabilities from financing activities	\$ 11,404,839	13,815,718	28,812	1,617	(965,185)	102,305	24,388,106

(Continued)



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

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

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of June 30, 2024, December 31 and June 30, 2023, it owns 37.68%, respectively, of all shares outstanding of the Company.

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech), s.r.o. (WCCZ)	Other related parties
Wistron Mexico, S.A. de C.V. (WMX)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
International Standards Laboratory Corp. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
Wistron InfoComm Technology (Texas) Corporation (WITT)	Other related parties
Wistron InfoComm Technology (America) Corporation (WITX)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron NeWeb Corporation (WNC)	Other related parties
Wistron Information Technology and Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd. (WSSG)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
Wistron InfoComm Mexico S.A. de C.V. (WIMX)	Other related parties
WIEDU CORPORATION (WETW)	Other related parties
Wistron InfoComm Technology Service (Kunshan) Co., Ltd (WRKS)	Other related parties
Wistron Medical Technology Corporation (WMT)	Other related parties
XTRONICS(Kunshan)Electronics Technology Co.,Ltd (XTRKS)	Other related parties
LE BEN Investment Ltd (WLB)	Other related parties
Wise Cap Limited Company (WCL)	Other related parties

(Continued)

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

(c) Significant transactions with related parties

(i) Sales

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

	Sales				Receivables from related parties		
	For the three months ended June 30		For the six months ended June 30		June 30,	December 31,	June 30,
	2024	2023	2024	2023	2024	2023	2023
WHQ	\$ 8,856	555	12,168	1,513	4,606	3,231	368
Other related parties	109,238	546,570	118,238	694,418	110,628	228,798	569,618
	<u>\$ 118,094</u>	<u>547,125</u>	<u>130,406</u>	<u>695,931</u>	<u>115,234</u>	<u>232,029</u>	<u>569,986</u>

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

(ii) Purchases

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

	Purchases				Payables to related parties		
	For the three months ended June 30		For the six months ended June 30		June 30,	December 31,	June 30,
	2024	2023	2024	2023	2024	2023	2023
WHQ	\$ 8,208,650	11,420,676	21,496,601	29,161,337	3,952,075	4,395,834	4,010,102
Other related parties	1,094,825	460,373	1,667,446	1,467,248	1,143,517	628,686	130,900
	<u>\$ 9,303,475</u>	<u>11,881,049</u>	<u>23,164,047</u>	<u>30,628,585</u>	<u>5,095,592</u>	<u>5,024,520</u>	<u>4,141,002</u>

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		
	For the three months ended June 30		For the six months ended June 30		June 30,	December 31,	June 30,
	2024	2023	2024	2023	2024	2023	2023
WMX	\$ -	4,760	-	4,760	-	-	4,851

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

(Continued)

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

(iv) Operating Expense

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
WHQ	\$ 7,732	16,909	12,782	21,601
Other related parties	137,474	56,876	227,141	113,704
	<b><u>\$ 145,206</u></b>	<b><u>73,785</u></b>	<b><u>239,923</u></b>	<b><u>135,305</u></b>

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:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
WHQ	\$ 5,600	99	20,460	99
Other related parties:				
AGI	38,292	-	38,292	1,846
WZS	-	1,758	189	3,510
Other related parties	-	-	1,287	138
	<b><u>\$ 43,892</u></b>	<b><u>1,857</u></b>	<b><u>60,228</u></b>	<b><u>5,593</u></b>

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:

	<b>Other receivables from related parties</b>		
	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
WHQ	\$ 36,322	1,860	454,763
Other related parties:			
WZS	-	48,171	335,670
WITX	12,538	7,830	39,389
Other related parties	9,346	-	16,808
Total	<b><u>\$ 58,206</u></b>	<b><u>57,861</u></b>	<b><u>846,630</u></b>

(Continued)

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

(vii) Other payables

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

	<b>Other payables to related parties</b>		
	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
WHQ	\$ 7,201	21,168	273,367
Other related parties	162,324	201,326	70,809
Total	<b>\$ 169,525</b>	<b>222,494</b>	<b>344,176</b>

(viii) Leases

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

	<b>Lease liabilities (including current and non-current)</b>		
	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
WIMX	\$ 561,959	602,477	558,586
WNC	148,612	200,447	62,098
	<b>\$ 710,571</b>	<b>802,924</b>	<b>620,684</b>

	<b>Interest expense</b>			
	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
WIMX	\$ 19,262	10,329	40,420	20,796
WNC	785	320	1,700	687
	<b>\$ 20,047</b>	<b>10,649</b>	<b>42,120</b>	<b>21,483</b>

(ix) Others

The Group dividends payable to related parties were included in other payables as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
	WHQ	\$ 2,767,595	-
Other related parties	364,956	-	481,972
	<b>\$ 3,132,551</b>	<b>-</b>	<b>3,776,728</b>

(Continued)

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

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 55,695	34,935	108,306	70,900
Post-employment benefits	206	220	388	404
	<b><u>\$ 55,901</u></b>	<b><u>35,155</u></b>	<b><u>108,694</u></b>	<b><u>71,304</u></b>

**(8) Pledged assets:**

The carrying amounts of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
		<b>2024</b>	<b>2023</b>	<b>2023</b>
Inventory	Inventory guarantee	\$ 900,273	952,785	965,185
Other non-current assets	Guarantee	147,260	29,608	29,993
Other non-current assets	Performance guarantee	13,337	14,000	-
		<b><u>\$ 1,060,870</u></b>	<b><u>996,393</u></b>	<b><u>995,178</u></b>

**(9) Commitments and contingencies:**

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Acquisition of property, plant and equipment	<b><u>\$ 939,013</u></b>	<b><u>1,000,213</u></b>	<b><u>1,960,274</u></b>

(b) As of June 30, 2024, the unused letters of credit were as follows:

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Unused letters of credit	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>101,310</u></b>

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

(Continued)

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

**(11) Subsequent events:**

- (a) In order to fund the purchase of materials, the Company issued 11,000 thousand units of foreign depository receipts (representing the 11,000 thousand ordinary shares of the Company) on the Luxembourg Stock Exchange, at an issue price of US\$76.05 per share (equivalent to NT\$2,477), raising a total of US\$836,550 thousand, on July 10, 2024.
- (b) In order to fund the purchase of materials, the Company issued its first 5-year overseas unsecured convertible corporate bonds on the Singapore Stock Exchange, at an issuance amount of NT\$19,545,600 thousand and a coupon rate of 0%, on July 10, 2024.
- (c) The Company participated in the cash capital increase of its subsidiary, Wiyynn International Corporation, at an amount of US\$500,000 thousand, based on a resolution approved during its board meeting held on Aug 8, 2024.

**(12) Other:**

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

By function	For the three months ended June 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	1,000,884	641,519	1,642,403	655,953	500,584	1,156,537
Labor and health insurance	126,353	32,954	159,307	90,692	31,120	121,812
Pension	89,356	16,412	105,768	62,444	15,066	77,510
Remuneration of directors	-	9,270	9,270	-	9,360	9,360
Others	76,494	11,224	87,718	28,934	9,900	38,834
Depreciation	343,999	50,572	394,571	140,154	64,247	204,401
Amortization	6,017	39,110	45,127	8,840	19,955	28,795

By function	For the six months ended June 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	1,905,800	1,190,892	3,096,692	1,287,025	1,054,697	2,341,722
Labor and health insurance	245,042	73,555	318,597	183,668	71,427	255,095
Pension	170,363	32,405	202,768	122,231	29,898	152,129
Remuneration of directors	-	18,450	18,450	-	18,540	18,540
Others	163,214	21,941	185,155	42,469	17,769	60,238
Depreciation	642,113	105,441	747,554	272,588	123,598	396,186
Amortization	11,164	66,095	77,259	21,721	38,230	59,951

(Continued)

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

(b) Seasonality of operations

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

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the six months ended June 30, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Table 1 attached.
- (iii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures): Table 2 attached.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Table 3 attached.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Table 4 attached.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Table 5 attached.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Table 6 attached.
- (ix) Trading in derivative instruments: Please refer to note 6(b).
- (x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 7 attached.

(b) Information on investments:

The following are the information on investments for the six months ended June 30, 2024 (excluding information on investments in mainland China): Table 8 attached.

(Continued)

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

- (c) Information on investment in mainland China: Table 9 attached.
- (d) Major shareholders:

Unit: Share

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

**(14) Segment information:**

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



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

Table 1 Guarantees and endorsements for other parties  
(June 30, 2024)

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	13,850,154	1,189,602	1,186,239	1,186,239	31,260	2.57%	23,083,591	Y	N	N	(Note 4)
0	The Company	WYUS	2	13,850,154	58,525	58,359	58,359	-	0.13%	23,083,591	Y	N	N	(Note 4)

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

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

(Note 3) Relationship with the Company:

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

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

**WIWYNN CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Table 2 Market Securities Held (excluding investment in subsidiaries, associates and joint ventures)

(June 30, 2024)

securities held by	Category and name of securities		Relationship	Financial statement Account	Ending balance				Notes
					Number of Shares	Book value	Percentage of Ownership	Fair value	
The Company	ZUTA-CORE LTD	Stock	-	Financial assets measured at fair value through profit or loss-non-current	568	250,624	7.92%	250,624	-
The Company	Andra Capital Fund LP	Fund	-	Financial assets measured at fair value through profit or loss-non-current	-	155,894	-	155,894	-

**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  
(June 30, 2024)

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	WYMY	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	568,392	3,634,746	477,620	3,132,800	-	-	-	-	1,046,012	7,124,056	(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  
(June 30, 2024)

Company name	Type of property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Name of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
WYMY	Property, plant and equipment-Building	2022/3	872,611	payment:98%	HWA HIN SDN. BHD.	non-related party	-	-	-	-	Not applicable because of engaging others to build on its own land	For the Company's future operations	-
WYMY	Property, plant and equipment-Building	2022/8	2,326,946	payment:85%	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	2024/6	532,681	payment:0%	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  
(June 30, 2024)

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	26,168,388	39.24%	OA150	-	-	8,905,650	37.54%	(Note)
"	WYJP	The Company's subsidiary	Sale	3,335,151	5.00%	OA90	-	-	1,361,089	5.74%	(Note)
"	WYKR	The Company's subsidiary	Sale	421,644	0.63%	OA90	-	-	53,724	0.23%	(Note)
"	WYKS	The Company's subsidiary	Sale	320,976	0.48%	OA90	-	-	208,724	0.88%	(Note)
"	WYHK	The Company's subsidiary	Sale	160,719	0.24%	OA90	-	-	160,719	0.68%	(Note)
"	WHQ	The Company's parent company	Purchase	21,096,893	38.81%	OA45	-	-	(3,934,618)	(29.72%)	-
"	WYUS	The Company's subsidiary	Purchase	1,942,058	3.57%	OA90	-	-	(587,767)	(4.44%)	(Note)
"	WYMY	The Company's subsidiary	Purchase	11,314,328	20.81%	OA30	-	-	(1,667,262)	(12.59%)	(Note)
"	WITX	The Company's other related company	Purchase	106,303	0.20%	OA90	-	-	(81,604)	(0.62%)	-
WYUS	The Company	WYUS's parent company	Sale	1,942,058	2.00%	OA90	-	-	587,767	11.91%	(Note)
"	WBR	WYUS's other related company	Sale	108,746	0.10%	OA90	-	-	110,308	2.18%	-
"	WHQ	WYUS's parent company	Purchase	175,632	0.12%	OA45	-	-	(17,457)	(0.05%)	-
"	WITX	WYUS's other related company	Purchase	1,560,245	1.08%	OA90	-	-	(1,061,279)	(2.84%)	-
"	The Company	WYUS's parent company	Purchase and Service cost	26,168,388	18.63%	OA150	-	-	(8,905,650)	(23.79%)	(Note)
"	WYMX	WYUS's affiliate company	Processing fee	2,191,322	1.51%	OA60	-	-	(356,464)	(0.95%)	(Note)
WYJP	The Company	WYJP's parent company	Purchase	3,335,151	100.00%	OA90	-	-	(1,361,089)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	421,644	100.00%	OA90	-	-	(53,724)	(100.00%)	(Note)
WYKS	The Company	WYKS's parent company	Purchase	320,976	100.00%	OA90	-	-	(208,724)	(100.00%)	(Note)
WYMY	The Company	WYMY's parent company	Sale	11,314,328	100.00%	OA30	-	-	1,667,262	100.00%	(Note)
"	WHQ	WYMY's parent company	Purchase	222,238	1.78%	OA45	-	-	-	0.00%	-
WYMX	WYUS	WYMX's affiliate company	Processing income	2,191,322	100.00%	OA60	-	-	356,464	(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  
(June 30, 2024)

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	8,905,650	738.93%	-	-	-	-	(Note)
"	WYJP	The Company's subsidiary	1,361,089	846.45%	-	-	425,274	-	(Note)
"	WYHK	The Company's subsidiary	160,719	105.01%	-	-	130,433	-	(Note)
"	WYKS	The Company's subsidiary	208,724	270.95%	-	-	-	-	(Note)
WYUS	The Company	WYUS's parent company	587,767	1021.64%	-	-	587,767	-	(Note)
"	WBR	WYUS's other affiliate	110,308	347.29%	-	-	688	-	(Note)
WYMY	The Company	WYMY's parent company	1,667,262	2722.12%	-	-	1,667,262	-	(Note)
WYMX	WYUS	WYMX's affiliate company	356,464	1208.31%	-	-	-	-	(Note)
Other Receivables									
The Company	WYUS	The Company's subsidiary	1,588,303	-	-	-	24	-	(Note)
"	WYMY	The Company's subsidiary	800,297	-	-	-	128,905	-	(Note)
"	WYJP	The Company's subsidiary	138,334	-	-	-	138,334	-	(Note)
WYUS	The Company	WYUS's parent company	1,345,990	-	-	-	1,330,069	-	(Note)
"	WYMY	WYUS's affiliate company	167,467	-	-	-	161,065	-	(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  
(June 30, 2024)

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	26,168,388	OA150	17.79%
0	The Company	WYJP	1	Sale	3,335,151	OA90	2.27%
0	The Company	WYKR	1	Sale	421,644	OA90	0.29%
0	The Company	WYKS	1	Sale	320,976	OA90	0.22%
0	The Company	WYHK	1	Sale	160,719	OA90	0.11%
1	WYUS	The Company	2	Sale	1,942,058	OA90	1.32%
1	WYMY	The Company	2	Sale	11,314,328	OA30	7.69%
2	WYMX	WYUS	3	Processing income	2,191,322	OA60	1.49%
0	The Company	WYUS	1	Account receivable	8,905,650	OA150	6.87%
0	The Company	WYJP	1	Account receivable	1,361,089	OA90	1.05%
0	The Company	WYKR	1	Account receivable	53,724	OA90	0.04%
0	The Company	WYKS	1	Account receivable	208,724	OA90	0.16%
0	The Company	WYHK	1	Account receivable	160,719	OA90	0.12%
1	WYUS	The Company	2	Account receivable	587,767	OA90	0.45%
1	WYMY	The Company	2	Account receivable	1,667,262	OA30	1.29%
2	WYMX	WYUS	3	Account receivable	356,464	OA60	0.27%

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 June 30, 2024 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				June 30, 2024	December 31, 2023	Shares(In thousands)	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of cloud data center equipment	6,620	6,620	-	100.00%	394,338	61,833	61,833	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	28,773,581	28,773,581	969,010	100.00%	32,715,556	201,671	201,671	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	320,001	17,909	17,909	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	194,536	(3,770)	(3,770)	(Note)
"	WYMY	Malaysia	Manufacturing and sales of cloud data center equipment	6,972,733	3,839,933	1,046,012	100.00%	7,124,056	102,300	102,300	(Note)
"	WYMX	Mexico	Manufacturing of cloud data center equipment	1,741,251	1,741,251	1,113,761	100.00%	3,058,153	265,414	265,414	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	58,025	40,444	100.00%	67,442	3,865	3,865	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	15.13%	130,220	(254,885)	(38,610)	-

(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, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2024	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	10,268	100.00%	10,268	134,266	-	(Note 5)

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of March 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	11,358(USD 350,000)	27,700,309

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

(Note 2) Ways to invest in mainland China:

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

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

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

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

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

(Note 6) Translated using the ending rates on June 30, 2024.

(iii) Significant transactions

From January 1 to June 30, 2024, 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".