

WIWYNN CORPORATION AND SUBSIDIARIES**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Report
for the Years Ended December 31, 2024 and 2023**

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Wiyynn Corporation as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wiyynn Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wiyynn Corporation

Chairman: Emily Hung

Date: February 27, 2025



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Independent Auditors' Report

To the Board of Directors of Wiyynn Corporation:

Opinion

We have audited the consolidated financial statements of Wiyynn Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter

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

How the matter was addressed in our audit

Our principle audit procedures included:

- Understanding the types of revenue, contract content and transaction terms to assess the accuracy of the timing of revenue recognition;
- Conducting the variance analysis on the revenue from major customers;
- As well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition.
- Furthermore, we also selected some samples of transaction records of sales within the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

2. Valuation for slow-moving inventories

Please refer to note 4(h) for "Inventories", note 5 for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" as well as note 6(e) for the disclosure of valuation of inventory.

Description of key audit matter

In order to meet the rapid development of the cloud computing industry and shipping demands, the Group has increased its stock volume, which requires the management to use its subjective judgment in valuating the slow-moving inventories. Therefore, the valuation for slow-moving inventories has been identified as one of our key audit matters.

How the matter was addressed in our audit

Our principal audit procedures included:

- Understanding the policies adopted by the management in valuating the slow-moving inventories;
- Assessing the historical reasonableness of the management's estimates on inventory provisions;
- Selecting samples to verify the accuracy of the inventory aging report;
- Evaluating the appropriateness of management's methodology to determine inventory reserve percentages; as well as recalculating the inventory reserve for the application of the reserve percentages with the inventory aging categories.

Other Matter

Wiyynn Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2025

Notes to Readers

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

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

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

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars)

Assets		December 31, 2024		December 31, 2023		Liabilities and Equity		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 48,328,503	25	37,494,848	42	2100	Short-term borrowings (note 6(k))	\$ 1,399,750	1	383,793	-
1170	Accounts receivable, net (notes 6(c) and (r))	37,619,778	20	10,131,202	11	2130	Contract liabilities-current (note 6(r))	5,667,154	3	5,950,026	7
1180	Accounts receivable-related parties, net (notes 6(c), (r) and 7)	29,014	-	232,029	-	2170	Notes payable and accounts payable	48,060,521	26	15,144,834	17
1200	Other receivables (note 6(d))	16,807	-	866	-	2180	Accounts payable-related parties (note 7)	5,524,973	3	5,024,520	6
1210	Other receivables-related parties (notes 6(d) and 7)	38,052	-	57,861	-	2200	Other payables (notes 6(s))	5,190,316	3	4,114,698	5
130X	Inventories (notes 6(e) and 8)	86,211,320	45	30,179,170	35	2220	Other payables-related parties (note 7)	149,348	-	222,494	-
1479	Other current assets (note 6(j))	1,439,321	1	1,099,323	1	2230	Current tax liabilities	4,223,932	2	1,233,004	1
	Total current assets	<u>173,682,795</u>	<u>91</u>	<u>79,195,299</u>	<u>89</u>	2280	Lease liabilities-current (notes 6(m) and 7)	752,367	-	332,877	-
Non-current assets:						2320	Current portion of long-term liabilities (note 6(l))	4,725,000	2	2,500,000	3
1510	Financial assets at fair value through profit or loss-non-current (note 6(b))	567,424	-	-	-	2399	Other current liabilities	671,053	-	1,587,769	2
1550	Investments accounted for using equity method (note 6(f))	141,860	-	159,246	-		Total current liabilities	<u>76,364,414</u>	<u>40</u>	<u>36,494,015</u>	<u>41</u>
1600	Property, plant and equipment (notes 6(g), 7 and 9)	9,163,225	5	5,625,693	7	Non-current liabilities:					
1755	Right-of-use assets (notes 6(h) and 7)	3,983,374	2	1,473,002	2	2500	Financial liabilities at fair value through profit or loss-non-current (notes 6(b) and (l))	97,728	-	-	-
1780	Intangible assets (notes 6(i) and 7)	174,348	-	132,389	-	2530	Bonds payable (note 6(l))	20,503,745	11	6,942,918	8
1840	Deferred tax assets (note 6(o))	1,487,438	1	1,012,261	1	2540	Long-term borrowings (note 6(k))	1,500,000	1	1,500,000	2
1990	Other non-current assets (notes 6(j), (n) and 8)	1,478,364	1	1,247,507	1	2570	Deferred tax liabilities (note 6(o))	740,814	-	465,674	-
	Total non-current assets	<u>16,996,033</u>	<u>9</u>	<u>9,650,098</u>	<u>11</u>	2580	Lease liabilities-non-current (notes 6(m) and 7)	3,256,049	2	1,188,100	1
						2640	Net defined benefit liabilities-non-current (note 6(n))	-	-	6,638	-
						2645	Guarantee deposits received	13,244	-	14,000	-
							Total non-current liabilities	<u>26,111,580</u>	<u>14</u>	<u>10,117,330</u>	<u>11</u>
							Total liabilities	<u>102,475,994</u>	<u>54</u>	<u>46,611,345</u>	<u>52</u>
						Equity (notes 6(f), (l), (n), (o) and (p)):					
						3110	Common shares	1,858,408	1	1,748,408	2
						3200	Capital surplus	37,006,591	19	8,839,619	10
						3300	Retained earnings	45,745,536	24	30,335,745	34
						3400	Other equity	3,592,299	2	1,310,280	2
							Total equity	<u>88,202,834</u>	<u>46</u>	<u>42,234,052</u>	<u>48</u>
							Total liabilities and equity	<u>\$ 190,678,828</u>	<u>100</u>	<u>88,845,397</u>	<u>100</u>
	Total assets	<u>\$ 190,678,828</u>	<u>100</u>	<u>88,845,397</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan dollars, Except for Earnings Per Common Share)**

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$360,541,104	100	241,900,989	100
5000	Operating costs (notes 6(e), (g), (h), (i), (m), (n), (s), 7 and 12)	<u>323,140,697</u>	<u>90</u>	<u>219,243,712</u>	<u>91</u>
	Gross profit from operations	<u>37,400,407</u>	<u>10</u>	<u>22,657,277</u>	<u>9</u>
	Operating expenses (notes 6(c), (g), (h), (i), (m), (n), (s), 7 and 12):				
6100	Selling expenses	1,269,542	-	1,053,544	-
6200	Administrative expenses	1,977,553	-	1,722,189	-
6300	Research and development expenses	6,043,881	2	4,018,816	2
6450	Expected credit loss(gain)	<u>10,515</u>	<u>-</u>	<u>(7,818)</u>	<u>-</u>
	Total operating expenses	<u>9,301,491</u>	<u>2</u>	<u>6,786,731</u>	<u>2</u>
	Net operating income	<u>28,098,916</u>	<u>8</u>	<u>15,870,546</u>	<u>7</u>
	Non-operating income and expenses (notes 6(f), (g), (h), (l), (m), (t) and 7):				
7100	Interest income	1,219,251	-	455,501	-
7020	Other gains and losses	822,281	-	134,754	-
7050	Finance costs	(1,242,376)	-	(953,143)	-
7370	Share of loss of associates and joint ventures accounted for using equity method	<u>(67,706)</u>	<u>-</u>	<u>(63,979)</u>	<u>-</u>
	Total non-operating income and expenses	<u>731,450</u>	<u>-</u>	<u>(426,867)</u>	<u>-</u>
7900	Income before tax	28,830,366	8	15,443,679	7
7950	Income tax expense (note 6(o))	<u>6,054,198</u>	<u>2</u>	<u>3,400,024</u>	<u>2</u>
	Net income	<u>22,776,168</u>	<u>6</u>	<u>12,043,655</u>	<u>5</u>
8300	Other comprehensive income (loss) (notes 6(f), (n), (o) and (p)):				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Losses on remeasurements of defined benefits plans	(19,203)	-	(6,785)	-
8349	Income tax related to items that may not be reclassified to profit or loss	<u>(3,861)</u>	<u>-</u>	<u>1,357</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit or loss	<u>(23,064)</u>	<u>-</u>	<u>(5,428)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	2,283,814	1	126,524	-
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	(1,795)	-	2,096	-
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>2,282,019</u>	<u>1</u>	<u>128,620</u>	<u>-</u>
8300	Other comprehensive income (net of tax)	<u>2,258,955</u>	<u>1</u>	<u>123,192</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 25,035,123</u>	<u>7</u>	<u>\$ 12,166,847</u>	<u>5</u>
	Profit attributable to:				
8610	Owners of parent	<u>\$ 22,776,168</u>	<u>6</u>	<u>\$ 12,043,655</u>	<u>5</u>
	Comprehensive income attributable to:				
8710	Owners of parent	<u>\$ 25,035,123</u>	<u>7</u>	<u>\$ 12,166,847</u>	<u>5</u>
	Earnings per share (expressed in New Taiwan dollars) (note 6(q))				
9750	Basic earnings per share	<u>\$ 126.57</u>		<u>\$ 68.88</u>	
9850	Diluted earnings per share	<u>\$ 122.46</u>		<u>\$ 68.65</u>	

See accompanying notes to financial statements.

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

Wiwynn Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 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	
Balance on January 1, 2023	\$ 1,748,408	8,817,380	3,094,770	431,020	23,513,768	27,039,558	1,181,660	38,787,006
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	1,417,532	-	(1,417,532)	-	-	-
Special reserve	-	-	-	(431,020)	431,020	-	-	-
Cash dividends	-	-	-	-	(8,742,040)	(8,742,040)	-	(8,742,040)
Net income	-	-	-	-	12,043,655	12,043,655	-	12,043,655
Other comprehensive income	-	-	-	-	(5,428)	(5,428)	128,620	123,192
Total comprehensive income	-	-	-	-	12,038,227	12,038,227	128,620	12,166,847
Changes in equity of associates and joint ventures accounted for using equity method	-	22,239	-	-	-	-	-	22,239
Balance on December 31, 2023	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	-	-	-	-	22,776,168	22,776,168	-	22,776,168
Other comprehensive income	-	-	-	-	(23,064)	(23,064)	2,282,019	2,258,955
Total comprehensive income	-	-	-	-	22,753,104	22,753,104	2,282,019	25,035,123
Cash subscription	110,000	26,958,032	-	-	-	-	-	27,068,032
Recognition of equity component of convertible bonds issued	-	1,164,711	-	-	-	-	-	1,164,711
Changes in equity of associates and joint ventures accounted for using equity method	-	44,229	-	-	-	-	-	44,229
Balance on December 31, 2024	\$ 1,858,408	37,006,591	5,716,125	-	40,029,411	45,745,536	3,592,299	88,202,834

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Income before tax	\$ 28,830,366	15,443,679
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	1,828,188	882,114
Amortization expense	176,334	120,025
Expected credit loss (gain)	10,515	(7,818)
Net profit on financial assets or liabilities at fair value through profit or loss	(13,959)	(40,517)
Interest expense	1,242,376	953,143
Interest income	(1,219,251)	(455,501)
Share of loss of associates and joint ventures accounted for using equity method	67,706	63,979
Losses on disposal of property, plant and equipment	4,804	638
Gain on disposal of investments	(7,886)	(5,339)
Prepayments for equipment reclassified as expenses	2,019	-
Lease modification gains	-	(21)
Total adjustments to reconcile profit	<u>2,090,846</u>	<u>1,510,703</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets mandatorily measured at fair value through profit or loss-current	11,389	40,517
Decrease (increase) in accounts receivable, net	(26,856,530)	8,665,043
Decrease in accounts receivable-related parties, net	208,146	858,346
Decrease in other receivable	-	2,773
Decrease in other receivable-related parties	19,809	1,316,434
Decrease (increase) in inventories	(53,111,964)	5,943,784
Increase in other current assets	(382,228)	(442,482)
Increase in other non-current assets	(5,291)	-
Total changes in operating assets	<u>(80,116,669)</u>	<u>16,384,415</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities-current	(282,872)	653,056
Increase in notes and accounts payable	31,632,791	1,774
Increase (decrease) in accounts payable-related parties	321,758	(6,541,388)
Increase in other payable	1,111,216	968,908
Increase (decrease) in other payable-related parties	(73,146)	176,724
Increase (decrease) in other current liabilities	(264,199)	105,633
Decrease in net defined benefit liabilities	(31,133)	(8,578)
Total changes in operating liabilities	<u>32,414,415</u>	<u>(4,643,871)</u>
Total changes in operating assets and liabilities	<u>(47,702,254)</u>	<u>11,740,544</u>
Total adjustments	<u>(45,611,408)</u>	<u>13,251,247</u>
Cash inflow (outflow) generated from operations	(16,781,042)	28,694,926
Interest received	1,191,658	457,737
Interest paid	(1,132,619)	(926,472)
Income taxes paid	(3,271,254)	(5,165,767)
Net cash flows from (used in) operating activities	<u>(19,993,257)</u>	<u>23,060,424</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(580,598)	-
Acquisition of property, plant and equipment	(3,642,489)	(3,670,905)
Proceeds from disposal of property, plant and equipment	3,966	583
Acquisition of intangible assets	(216,554)	(113,541)
Decrease in other non-current assets	29,374	303,148
Increase in prepayments for equipment	(1,248,350)	(1,214,933)
Net cash used in investing activities	<u>(5,654,651)</u>	<u>(4,695,648)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	63,781,326	306,716,211
Decrease in short-term borrowings	(62,841,534)	(306,323,708)
Proceeds from issuing bonds	19,444,877	-
Repayments of bonds	(2,500,000)	-
Increase in long-term borrowings	-	1,500,000
Increase in guarantee deposits received	(733,884)	14,000
Payment of lease liabilities	(559,945)	(278,976)
Cash dividends paid	(7,343,313)	(8,742,040)
Cash subscription	27,068,032	-
Net cash flows from (used in) financing activities	<u>36,315,559</u>	<u>(7,114,513)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>166,004</u>	<u>12,665</u>
Net increase in cash and cash equivalents	<u>10,833,655</u>	<u>11,262,928</u>
Cash and cash equivalents at beginning of period	<u>37,494,848</u>	<u>26,231,920</u>
Cash and cash equivalents at end of period	<u>\$ 48,328,503</u>	<u>37,494,848</u>

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 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 February 27, 2025.

(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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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"> ● 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. ● 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. ● 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. 	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
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (or assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2024	December 31, 2023	
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of cloud data center equipment	100 %	100 %	-
The Company	Wiwynn International Corporation (WYUS)	Sales of cloud data center equipment	100 %	100 %	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of cloud data center equipment	100 %	100 %	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of cloud data center equipment	100 %	100 %	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Manufacturing and sales of cloud data center equipment	100 %	100 %	-
The Company	Wiwynn Mexico, S.A.de C.V. (WYMX)	Manufacturing and of cloud data center equipment	100 %	100 %	-
The Company	Wiwynn Technology Service Mexico, S.A. de C.V. (WYSMX)	Sales of cloud data center equipment	100 %	100 %	-
WYHK	Wiwynn Technology Service KunShan Ltd. (WYKS)	Sales of cloud data center equipment	100 %	100 %	-

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currency

(i) Foreign currency transaction

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

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

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

(ii) Foreign operations

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

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

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

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

(h) Inventories

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Investment in associates

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

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- 1) Buildings: 15~30 years
- 2) Machinery and equipment: 4~10 years
- 3) Other equipment: 1~10 years

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

(k) Lease

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

(i) Identifying a lease

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

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

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

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

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

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

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

(l) Intangible assets

(i) Recognition and measurement

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

(m) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

(n) Revenue

(i) Revenue from contracts with customers

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

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Sale of goods

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

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

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

2) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plan

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

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

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

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

(iii) Short-term employee benefits

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

(p) Income taxes

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

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

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

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WIWYNN CORPORATION AND SUBSIDIARIES
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- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

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

(r) Operating segments

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

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

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

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

Valuation of inventories

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 326	330
Demand and checking deposits	22,128,177	27,608,712
Time deposits	26,200,000	9,885,806
	<u>\$ 48,328,503</u>	<u>37,494,848</u>

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

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

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

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Private Preferred stock	\$ 227,582	-
Private fund	339,842	-
Total	\$ 567,424	-

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

	December 31, 2024	December 31, 2023
Designated at fair value through profit or loss:		
Convertible Bonds with embedded derivative instrument	\$ 97,728	-

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

(c) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable—measured at amortized cost	\$ 12,859,989	5,980,128
Accounts receivable—related parties—measured at amortized cost	29,014	232,029
Accounts receivable—measured at fair value through other comprehensive income	24,770,304	4,151,074
Less: loss allowance	(10,515)	-
	\$ 37,648,792	10,363,231

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

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

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	December 31, 2024		
	Gross carrying amount	Weighted - average loss rate	Loss allowance
Current	\$ 36,589,934		-
Past due under 30 days	585,270		-
Past due 31 to 60 days	274,068		-
Past due 61 to 90 days	210,005	5%	10,500
Past due 91 to 120 days	30	50%	15
Total	\$ 37,659,307		10,515

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

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

	2024	2023
Balance on January 1	\$ -	7,818
Impairment losses recognized	10,515	-
Impairment losses reversed	-	(7,818)
Balance on December 31	\$ 10,515	-

As of December 31, 2024 and 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 December 31, 2024 and 2023, the Group sold its accounts receivable without recourse as follows:

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Unit: USD in thousands

December 31, 2024						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ <u>557,225</u>	<u>442,775</u> (Note)	<u>557,225</u>	-	4.68%~4.75%	None
December 31, 2023						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Financial institutions	\$ <u>791,295</u>	<u>531,662</u> (Note)	<u>791,295</u>	-	5.74%~6.21%	None

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

(d) Other receivables

	December 31, 2024	December 31, 2023
Other receivables	\$ 16,807	866
Other receivables - related parties	38,052	57,861
Less: loss allowance	-	-
	\$ 54,859	58,727

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

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

(e) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 42,963,674	9,449,699
Finished goods	40,658,060	17,037,030
Inventory in transit	2,589,586	3,692,441
	\$ 86,211,320	30,179,170

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

	<u>2024</u>	<u>2023</u>
Loss on valuation of inventories	2,669,932	1,086,848
Royalty	39,360	32,266
Others	<u>(2,504)</u>	<u>(3,887)</u>
	<u>2,706,788</u>	<u>1,115,227</u>

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

(f) Investments accounted for using equity method

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates	<u>\$ 141,860</u>	<u>159,246</u>

(i) Associates

In 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 obtaining significant influence over LiquidStack. In the second quarter of 2023, and fourth quarter of 2024, the Group did not subscribe proportionately in the capital increase of LiquidStack, resulting in its shareholding decreasing from 20.00% to 15.13% and from 15.13% to 11.29%, respectively. 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 included in capital surplus, amounting to \$22,239 and \$44,229, respectively. The relevant information was as follows:

<u>Name of associate</u>	<u>Nature of Relationship with the Group</u>	<u>Main operating location / Registered Country of the Company</u>	<u>Proportion of Shareholding and voting rights</u>	
			<u>December 31, 2024</u>	<u>December 31, 2023</u>
LiquidStack Holding B.V.	R&D of liquid cooling technology	Netherlands	11.29 %	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.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 141,860</u>	<u>159,246</u>

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	2024	2023
Attributable to the Group:		
Net loss from continuing operations	\$ (67,706)	(63,979)
Other comprehensive income	<u>(1,795)</u>	<u>2,096</u>
Comprehensive income	<u>\$ (69,501)</u>	<u>(61,883)</u>

(ii) Pledge

As of December 31, 2024 and 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 years ended December 31, 2024 and 2023, were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2024	\$ 678,890	819,526	1,476,758	2,300,111	2,345,332	7,620,617
Additions	106,266	1,229	583,093	588,842	2,363,059	3,642,489
Disposals	-	-	(17,673)	(11,770)	-	(29,443)
Reclassification (Note)	-	-	372,522	1,871,865	(1,199,248)	1,045,139
Effect of changes in foreign exchange rates	<u>10,982</u>	<u>77,552</u>	<u>28,309</u>	<u>(142,713)</u>	<u>123,322</u>	<u>97,452</u>
Balance on December 31, 2024	<u>\$ 796,138</u>	<u>898,307</u>	<u>2,443,009</u>	<u>4,606,335</u>	<u>3,632,465</u>	<u>12,376,254</u>
Balance on January 1, 2023	\$ 168,929	-	839,654	1,720,798	851,023	3,580,404
Additions	495,405	76,665	522,103	261,993	2,314,739	3,670,905
Disposals	-	-	(1,670)	(12,984)	-	(14,654)
Reclassification (Note)	-	761,458	117,317	292,142	(861,022)	309,895
Effect of changes in foreign exchange rates	<u>14,556</u>	<u>(18,597)</u>	<u>(646)</u>	<u>38,162</u>	<u>40,592</u>	<u>74,067</u>
Balance on December 31, 2023	<u>\$ 678,890</u>	<u>819,526</u>	<u>1,476,758</u>	<u>2,300,111</u>	<u>2,345,332</u>	<u>7,620,617</u>
Accumulated depreciation:						
Balance on January 1, 2024	\$ -	19,986	553,373	1,421,565	-	1,994,924
Depreciation	-	43,424	330,721	887,497	-	1,261,642
Disposals	-	-	(11,848)	(8,825)	-	(20,673)
Effect of changes in foreign exchange rates	-	<u>3,732</u>	<u>5,057</u>	<u>(31,653)</u>	-	<u>(22,864)</u>
Balance on December 31, 2024	<u>\$ -</u>	<u>67,142</u>	<u>877,303</u>	<u>2,268,584</u>	<u>-</u>	<u>3,213,029</u>
Balance on January 1, 2023	\$ -	-	399,481	1,024,345	-	1,423,826
Depreciation	-	20,440	154,981	402,384	-	577,805
Disposals	-	-	(939)	(12,494)	-	(13,433)
Effect of changes in foreign exchange rates	-	<u>(454)</u>	<u>(150)</u>	<u>7,330</u>	-	<u>6,726</u>
Balance on December 31, 2023	<u>\$ -</u>	<u>19,986</u>	<u>553,373</u>	<u>1,421,565</u>	<u>-</u>	<u>1,994,924</u>
Carrying value:						
Balance on December 31, 2024	<u>\$ 796,138</u>	<u>831,165</u>	<u>1,565,706</u>	<u>2,337,751</u>	<u>3,632,465</u>	<u>9,163,225</u>
Balance on December 31, 2023	<u>\$ 678,890</u>	<u>799,540</u>	<u>923,385</u>	<u>878,546</u>	<u>2,345,332</u>	<u>5,625,693</u>
Balance on January 1, 2023	<u>\$ 168,929</u>	<u>-</u>	<u>440,173</u>	<u>696,453</u>	<u>851,023</u>	<u>2,156,578</u>

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

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

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(h) Right-of-use assets

The cost and accumulated depreciation of the Group leases land, buildings and other equipment for the years ended December 31, 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	2,098,326	1,108,393	6,199	3,212,918
Disposals	-	(19,024)	-	(19,024)
Effect of changes in foreign exchange rates	-	(194,319)	510	(193,809)
Balance on December 31, 2024	<u>\$ 2,110,206</u>	<u>3,108,364</u>	<u>16,382</u>	<u>5,234,952</u>
Balance on January 1, 2023	\$ -	1,427,500	2,747	1,430,247
Acquisitions	11,880	667,732	9,344	688,956
Disposals	-	(1,806)	(2,304)	(4,110)
Effect of changes in foreign exchange rates	-	119,888	(114)	119,774
Balance on December 31, 2023	<u>\$ 11,880</u>	<u>2,213,314</u>	<u>9,673</u>	<u>2,234,867</u>
Accumulated depreciation:				
Balance on January 1, 2024	\$ 247	760,385	1,233	761,865
Depreciation	23,260	539,096	4,190	566,546
Disposals	-	(19,024)	-	(19,024)
Effect of changes in foreign exchange rates	-	(57,941)	132	(57,809)
Balance on December 31, 2024	<u>\$ 23,507</u>	<u>1,222,516</u>	<u>5,555</u>	<u>1,251,578</u>
Balance on January 1, 2023	\$ -	433,266	1,547	434,813
Depreciation	247	302,598	1,464	304,309
Disposals	-	(1,806)	(1,766)	(3,572)
Effect of changes in foreign exchange rates	-	26,327	(12)	26,315
Balance on December 31, 2023	<u>\$ 247</u>	<u>760,385</u>	<u>1,233</u>	<u>761,865</u>
Carrying amount:				
Balance on December 31, 2024	<u>\$ 2,086,699</u>	<u>1,885,848</u>	<u>10,827</u>	<u>3,983,374</u>
Balance on December 31, 2023	<u>\$ 11,633</u>	<u>1,452,929</u>	<u>8,440</u>	<u>1,473,002</u>
Balance on January 1, 2023	<u>\$ -</u>	<u>994,234</u>	<u>1,200</u>	<u>995,434</u>

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(i) Intangible assets

The cost and accumulated amortization of the intangible assets for the years ended December 31, 2024 and 2023, were as follows:

	<u>Software</u>	<u>Others</u>	<u>Total</u>
Costs:			
Balance on January 1, 2024	\$ 400,669	1,040	401,709
Additions	216,554	-	216,554
Disposals	(74,010)	-	(74,010)
Effect of changes in foreign exchange rates	(2,755)	-	(2,755)
Balance on December 31, 2024	<u>\$ 540,458</u>	<u>1,040</u>	<u>541,498</u>
Balance on January 1, 2023	\$ 282,840	1,040	283,880
Additions	113,541	-	113,541
Effect of changes in foreign exchange rates	4,288	-	4,288
Balance on December 31, 2023	<u>\$ 400,669</u>	<u>1,040</u>	<u>401,709</u>
Accumulated amortization:			
Balance on January 1, 2024	\$ 269,320	-	269,320
Amortization	176,334	-	176,334
Disposals	(74,010)	-	(74,010)
Effect of changes in foreign exchange rates	(4,494)	-	(4,494)
Balance on December 31, 2024	<u>\$ 367,150</u>	<u>-</u>	<u>367,150</u>
Balance on January 1, 2023	\$ 146,329	-	146,329
Amortization	120,025	-	120,025
Effect of changes in foreign exchange rates	2,966	-	2,966
Balance on December 31, 2023	<u>\$ 269,320</u>	<u>-</u>	<u>269,320</u>
Carrying value:			
Balance on December 31, 2024	<u>\$ 173,308</u>	<u>1,040</u>	<u>174,348</u>
Balance on December 31, 2023	<u>\$ 131,349</u>	<u>1,040</u>	<u>132,389</u>
Balance on January 1, 2023	<u>\$ 136,511</u>	<u>1,040</u>	<u>137,551</u>

(i) Amortization

For the years ended December 31, 2024 and 2023, the amortization of intangible assets is included in the statement of comprehensive income:

	<u>2024</u>	<u>2023</u>
Operating costs	\$ 23,502	34,721
Operating expenses	152,832	85,304
	<u>\$ 176,334</u>	<u>120,025</u>

(ii) Pledge

As of December 31, 2024 and 2023, the intangible assets were not pledged.

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

	December 31, 2024	December 31, 2023
Other current assets:		
Tax refundable	\$ 750,640	632,625
Other prepayments	487,420	303,489
Others	201,261	163,209
	\$ 1,439,321	1,099,323
Other non-current assets:		
Refundable deposits	\$ 106,493	246,153
Restricted deposits	160,916	43,608
Prepayments for equipment	1,205,663	957,746
Net defined benefit asset, non-current	5,292	-
	\$ 1,478,364	1,247,507

(k) Bank Loans

(i) Short-term borrowings

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

December 31, 2024			
	Currency	Interest rate collars	Expiration
Unsecured bank borrowings	USD	5.18%~5.33%	2025/1/24~2025/2/20
Unused credit line			\$ 88,692,940
			\$ 1,399,750
December 31, 2023			
	Currency	Interest rate collars	Expiration
Unsecured bank borrowings	USD	6.35%~6.36%	2024/1/15~2024/1/25
Unused credit line			\$ 64,335,748
			\$ 383,793

(ii) Long-term borrowings

December 31, 2024			
	Currency	Interest rate collars	Expiration
Unsecured bank borrowings	NTD	2.89%	2026/1/6
Unused credit line			\$ -
			\$ 1,500,000
December 31, 2023			
	Currency	Interest rate collars	Expiration
Unsecured bank borrowings	NTD	2.74%	2026/1/6
Unused credit line			\$ -
			\$ 1,500,000

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Breach of covenant — Long-term borrowings

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

(iv) Compliance of covenant

The Group complied with the covenant terms as of December 31, 2024 and 2023, and these are classified as a non-current liability. Moreover, the Group expects to comply with the quarterly covenants for at least 12 months after the reporting date.

(l) Bonds payable

(i) The details of unsecured ordinary bonds were as follows:

	December 31, 2024	December 31, 2023
Total ordinary corporate bonds issued	\$ 6,950,000	9,450,000
Unamortized discounted bonds payable	<u>(3,847)</u>	<u>(7,082)</u>
Subtotal	6,946,153	9,442,918
Less: current portion	<u>(4,725,000)</u>	<u>(2,500,000)</u>
Bonds payable balance at year-end	<u>\$ 2,221,153</u>	<u>6,942,918</u>
	2024	2023
Interest expense	<u>\$ 68,714</u>	<u>72,770</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.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) The details of unsecured convertible bonds payable were as follows:

	December 31, 2024
Total convertible bonds issued	\$ 19,545,600
Unamortized discounted bonds payable	<u>(1,263,008)</u>
Bonds issued at end period	<u>\$ 18,282,592</u>
Proceeds from issuance	\$ 19,444,877
Equity components - conversion rights	(1,164,711)
Embedded derivatives instruments - put/ call options, recognized as financial liability at fair value through profit or loss-non-current	<u>(119,228)</u>
Liability components at issuance date	18,160,938
Interest expense at an effective interest rate of 1.47%	<u>121,654</u>
Liability components at December 31, 2024	<u>\$ 18,282,592</u>

The Company issued its first 5-year unsecured overseas convertible bonds on the Singapore Exchange Securities Trading Limited on July 17, 2024, amounting to US\$600,000 thousand, at zero coupon rate, with the maturity date set on July 17, 2029, based on a resolution approved during its board meeting held on June 13, 2024, with approval No.11303482721 from the Financial Supervisory Commission on July 9, 2024. Furthermore, the bonds will be converted to NTD at a fixed rate of 32.576. Thereafter, the fixed NTD amount will be converted to an equivalent amount in USD for payment using the prevailing exchange rate at the time of transaction; while the conversion price of NT\$3,220.62, consisting 122.92% of the closing price of the Company's common share on the pricing date of the Taipei Exchange (July 10, 2024), shall be adjusted in accordance with the relevant anti-dilution provisions of the indenture, with other rights and obligations of the Company in issuing this corporate bond are as follows:

Except for early redemption, repurchases and cancellations, exercise of conversion rights by the bondholders and the cessation of conversion period, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the repurchase date if the bondholders exercise their put option or the date of early redemption of the bonds (excluding the maturity date), the bondholders may request the issuing company to convert the bonds into shares of common stocks in accordance with the provisions of the relevant laws and the Trust Deed.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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The convertible bonds may be redeemed in advance by the Company from the day following the third anniversary of the issuance until the maturity date. If the closing price of the Company's common stock on the Taiwan Stock Exchange reaches 130% of the amount obtained by multiplying the amount of early redemption using the conversion price, and dividing it by the face value for twenty trading days out of thirty consecutive business days, or if the outstanding balance of the convertible bonds is less than 10% of the original total issuance, the Company may redeem all or part of the bonds at the early redemption amount.

The above-mentioned convertible bonds included two components: (i) equity, which was accounted as capital surplus-stock option; and (ii) liability, with the original recognized effective rate of 1.47%.

(m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Current	\$ <u>752,367</u>	<u>332,877</u>
Non-current	\$ <u>3,256,049</u>	<u>1,188,100</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2024</u>	<u>2023</u>
Interest expenses on lease liabilities	\$ <u>183,339</u>	<u>70,749</u>
Cost and expenses relating to short-term leases	\$ <u>151,075</u>	<u>141,835</u>

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

	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u>894,359</u>	<u>491,560</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.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Employee benefits

(i) Defined benefit plans

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 90,179	69,534
Fair value of plan assets	<u>(95,471)</u>	<u>(62,896)</u>
Net defined benefit (assets) liabilities	<u>\$ (5,292)</u>	<u>6,638</u>

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

1) Composition of plan assets

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

The Group's Bank of Taiwan and Taipei Fubon commercial bank labor pension reserve account balance amounted to \$95,471 thousand and \$62,896 thousand, respectively, as of December 31, 2024 and 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	2024	2023
Defined benefit obligations at January 1	\$ 69,534	67,182
Current service cost	533	444
Interest expenses	956	1,021
Net remeasurements of defined benefit liability	19,156	6,176
Benefit paid by the plan	<u>-</u>	<u>(5,289)</u>
Defined benefit obligations at December 31	<u>\$ 90,179</u>	<u>69,534</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements of defined benefit plan assets

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

	<u>2024</u>	<u>2023</u>
Fair value of plan assets at January 1	\$ 62,896	58,751
Interest income	896	885
Net remeasurements of defined benefit assets	(47)	(609)
Amounts contributed to plan	31,726	9,158
Benefit paid by the plan	-	(5,289)
Fair value of plan assets at December 31	<u>\$ 95,471</u>	<u>58,751</u>

4) Expenses recognized in profit or loss

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

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 533	444
Net interest of net liabilities for defined benefit obligations	60	136
	<u>\$ 593</u>	<u>580</u>
Operating expense	<u>\$ 593</u>	<u>580</u>

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

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Accumulated amount at January 1	\$ 19,302	12,517
Recognized during the period	19,203	6,785
Accumulated amount at December 31	<u>\$ 38,505</u>	<u>19,302</u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	2.000 %	1.625 %
Future salary increases	4.000 %	4.000 %

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$13,341 thousand.

The weighted-average lifetime of the defined benefits plans for 2024 is 13.33 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Effects to the defined benefit obligation</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2024:		
Discount rate (change in 0.25%)	\$ (1,343)	1,574
Future salary increases (change in 0.25%)	1,334	(1,295)
December 31, 2023:		
Discount rate (change in 0.25%)	(1,295)	1,352
Future salary increases (change in 0.25%)	1,297	(1,250)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above.

The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The subsidiaries of the Group are under defined contribution plan in accordance with local regulations, and they recognized pension cost and were made to local government.

The Group's pension costs under the defined contribution plan were \$409,557 thousand and \$309,464 thousand for the years 2024 and 2023, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

(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:

	<u>2024</u>	<u>2023</u>
Current tax expense		
Current period	\$ 6,224,960	3,574,868
Adjustments for prior periods	<u>33,136</u>	<u>16,998</u>
	<u>6,258,096</u>	<u>3,591,866</u>
Deferred tax expense (profit)		
Origination and reversal of temporary different	<u>(203,898)</u>	<u>(191,842)</u>
Current period	<u>\$ 6,054,198</u>	<u>3,400,024</u>

(ii) The amount of income tax recognized in other comprehensive income for 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Items that may not be reclassified subsequently profit or loss:		
Gains (loss) on remeasurements of defined benefit plans	\$ <u>(3,861)</u>	<u>1,357</u>

(iii) Reconciliation of income tax and profit before tax for 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Income before tax	\$ <u>28,830,366</u>	<u>15,443,679</u>
Income tax using the Company's domestic tax rate	5,766,073	3,088,736
Effect of tax rates in foreign jurisdiction	363,079	339,734
Additional tax on undistributed earnings	102,753	150,537
Tax incentives	(230,285)	(218,728)
Prior-period tax adjustments	33,136	16,998
Others	<u>19,442</u>	<u>22,747</u>
Income tax expense	<u>\$ 6,054,198</u>	<u>3,400,024</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax asset and liability

As of December 31, 2024 and 2023, the details of unrecognized deferred tax assets were as follows:

	December 31, 2024	December 31, 2023
Unrecognized deferred tax asset:		
Tax effect of deductible temporary difference	\$ 21,829	20,467

There was no significant unrecognized deferred tax liabilities as of December 31, 2024 and 2023.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	Unrealized exchange loss	Unrealized inter-company profits	Accrued expense	Other	Total
Deferred tax assets:					
Balance at January 1, 2024	\$ 44,422	303,167	408,008	256,664	1,012,261
Recognized in profit or loss	(20,817)	154,131	48,491	297,233	479,038
Recognized in other comprehensive income	-	-	-	(3,861)	(3,861)
Balance at December 31, 2024	\$ 23,605	457,298	456,499	550,036	1,487,438
Balance at January 1, 2023	\$ 47,290	150,825	365,986	75,698	639,799
Recognized in profit or loss	(2,868)	152,342	42,022	179,609	371,105
Recognized in other comprehensive income	-	-	-	1,357	1,357
Balance at December 31, 2023	\$ 44,422	303,167	408,008	256,664	1,012,261

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Recognized share of gain of subsidiaries and associates accounted for equity method	Other	Total
Deferred tax liabilities:			
Balance at January 1, 2024	\$ 465,005	669	465,674
Recognized in profit or loss	<u>273,116</u>	<u>2,024</u>	<u>275,140</u>
Balance at December 31, 2024	<u><u>\$ 738,121</u></u>	<u><u>2,693</u></u>	<u><u>740,814</u></u>
Balance at January 1, 2023	\$ 284,073	2,338	286,411
Recognized in profit or loss	<u>180,932</u>	<u>(1,669)</u>	<u>179,263</u>
Balance at December 31, 2023	<u><u>\$ 465,005</u></u>	<u><u>669</u></u>	<u><u>465,674</u></u>

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

(vi) Minimum tax of global

The Group recognizes the supplementary tax as current income tax when it actually occurs, while the accounting treatment for deferred income tax related to the supplementary tax is subject to a temporary mandatory exemption, please refer to note 4(q).

(p) Capital and other equity

As of December 31, 2024 and 2023, the Company's authorized capital consisted of 250,000 thousand shares, with a par value of \$10 per share, amounting to \$2,500,000 thousand, of which 185,841 thousand shares and 174,841 thousand shares, respectively, were issued and outstanding.

(i) Common shares issuance

In order to raise funds for future development, the Board of Directors of the Company resolved to increase the Company's capital by issuing common shares of stock to participate in the issuance of global depository receipts (GDRs) on June 13, 2024, and the offering was approved by the Financial Supervisory Commission (FSC) in letter No. 1130348272 on July 9, 2024. On July 10, 2024, the Company completed the pricing for the GDRs at the amount of US\$76.05 per unit of GDRs, and the cash capital increase was made by issuing 11,000,000 common shares of stock on July 15, 2024, with each GDR being issued for 1 shares of the Company's common shares of stock. The Company has listed its global depository receipts on the Luxembourg Stock Exchange.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2024	December 31, 2023
A premium issuance of common shares for cash	\$ 35,394,542	8,436,510
Share options of convertible bonds	1,164,711	-
Employee stock options	364,685	364,685
Change in equity of associates and joint ventures accounted for using equity method	66,468	22,239
Others	<u>16,185</u>	<u>16,185</u>
	<u>\$ 37,006,591</u>	<u>8,839,619</u>

According to the R.O.C. Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the common shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of common shares and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common shares outstanding.

(iii) 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. When the debit balance of any of the contra accounts in the shareholders' equity 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 follows:

	2023	2022
Dividends distributed to ordinary shareholders		
Cash	\$ 7,343,313	8,742,040

The amount of cash dividends for 2024 has been approved during the board meeting held on February 27, 2025. The relevant dividend distributions to shareholders were as follows:

	2024
Dividends distributed to ordinary shareholders	
Cash	\$ 13,752,219

(iv) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2024	\$ 1,310,280
Exchange differences on translation of foreign financial statements	2,283,814
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	(1,795)
Balance on December 31, 2024	\$ 3,592,299
Balance on January 1, 2023	\$ 1,181,660
Exchange differences on translation of foreign financial statements	126,524
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	2,096
Balance on December 31, 2023	\$ 1,310,280

(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:

	<u>2024</u>	<u>2023</u>
Basic earnings per share:		
Profit attributable to common shareholders of the Company	\$ <u>22,776,168</u>	<u>12,043,655</u>
Weighted-average common stock outstanding (in thousands)	<u>179,950</u>	<u>174,841</u>
	<u>\$ 126.57</u>	<u>68.88</u>
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	\$ 22,776,168	12,043,655
Interest Expense and other gains and losses on convertible bonds net of tax	<u>80,123</u>	<u>-</u>
Profit attributable to common shareholders (diluted)	<u>\$ 22,856,291</u>	<u>12,043,655</u>
Weighted-average common stock outstanding (in thousands)	179,950	174,841
Effect of potentially dilutive common stock (in thousands):		
Employee compensation (in thousands)	630	596
Effect of conversion of convertible bonds (in thousands)	<u>6,069</u>	<u>-</u>
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>186,649</u>	<u>175,437</u>
	<u>\$ 122.46</u>	<u>68.65</u>

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2024</u>	<u>2023</u>
<u>Primary geographical markets</u>		
America	\$ 276,484,780	190,096,753
Europe	48,708,293	28,795,628
Asia	29,822,678	20,075,549
Other	<u>5,525,353</u>	<u>2,933,059</u>
	<u>\$ 360,541,104</u>	<u>241,900,989</u>
<u>Major products</u>		
Hyperscale data center	<u>\$ 360,541,104</u>	<u>241,900,989</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable	\$ 37,630,293	10,131,202	18,698,313
Accounts receivable – related parties	29,014	232,029	1,090,375
Less: loss allowance	<u>(10,515)</u>	<u>-</u>	<u>(7,818)</u>
Total	<u>\$ 37,648,792</u>	<u>10,363,231</u>	<u>19,780,870</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities – warranty and advance receivable	<u>\$ 5,667,154</u>	<u>5,950,026</u>	<u>5,296,970</u>

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

The contract liabilities were primarily related to the advance received from customers due to the warranty service 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 years ended December 31, 2024 and 2023 that were included in the contract liability balances at the beginning of the years were \$3,832,788 and \$3,580,566, respectively.

(iii) Transaction price allocated to the remaining performance obligations

The Group recognizes revenue in the amount to which the Group has a right to invoice, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(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.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the years ended	
	December 31,	
	<u>2024</u>	<u>2023</u>
Employees' compensation	\$ 1,500,000	800,000
Directors' compensation	<u>60,000</u>	<u>30,000</u>
	<u>\$ 1,560,000</u>	<u>830,000</u>

The amount of employees' and directors' compensation were estimated based on profit before tax, net of the amount of compensation, and multiplied by the rule of Company's Article of Incorporation. The amounts were accounted for under cost of sales and operating expenses. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2024 and 2023. Related information would be available at the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 1,219,251</u>	<u>455,501</u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2024</u>	<u>2023</u>
Foreign exchange gains, net	\$ 692,676	59,077
Gains on valuation of financial assets and liabilities at fair value	13,959	40,517
Gains on disposal of investments	7,886	5,339
Others	<u>107,760</u>	<u>29,821</u>
Total	<u>\$ 822,281</u>	<u>134,754</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

The details of finance costs were as follows:

	<u>2024</u>	<u>2023</u>
Interest expenses		
Bank loans	\$ (868,669)	(809,624)
Bonds payable	(190,368)	(72,770)
Others	<u>(183,339)</u>	<u>(70,749)</u>
Total	<u>\$ (1,242,376)</u>	<u>(953,143)</u>

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The Group's majority customers are in Cloud Infrastructure and Hyperscale Data Center industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, impairment losses has always been under management's expectation. As of December 31, 2024 and 2023, 98.54% and 94.38% of the Group's accounts receivable were all concentrated on 3 specific customers. Accordingly, concentrations of credit risk exist.

(ii) 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. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)).

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

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WIWYNN CORPORATION AND SUBSIDIARIES
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(iii) 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>
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,399,750	1,408,923	1,408,923	-	-
Long-term borrowings	1,500,000	1,543,920	43,326	1,500,594	-
Bonds payable (including current portion)	25,228,745	26,543,018	4,764,046	21,778,972	-
Notes and accounts payable (including related parties)	53,585,494	53,585,494	53,585,494	-	-
Other payables (including related parties)	5,339,664	5,339,664	5,339,664	-	-
Lease liabilities (including current and non-current)	4,008,416	4,930,221	920,923	2,569,645	1,439,653
Other current liabilities	267,966	267,966	267,966	-	-
Guarantee deposits received	13,244	13,244	-	13,244	-
Subtotal	<u>91,343,279</u>	<u>93,632,450</u>	<u>66,330,342</u>	<u>25,862,455</u>	<u>1,439,653</u>
Derivative financial liabilities					
Convertible bonds with embeded derivative instrument:					
Outflow	97,728	97,728	-	97,728	-
Carrying amount	97,728	97,728	-	97,728	-
Total	<u>\$ 91,441,007</u>	<u>93,730,178</u>	<u>66,330,342</u>	<u>25,960,183</u>	<u>1,439,653</u>
December 31, 2023					
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>

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

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Market risk

1) Currency risk

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

December 31, 2024			
	Foreign currency (in thousands)	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	1,113,606	USD/NTD= 32.781	36,505,119
	30,311	USD/MXN= 20.693	993,624
	14,144	USD/JPY= 156.060	463,663
	13,601	USD/MYR= 4.477	445,840
	-	USD/CNY= 7.293	13
	-	USD/KRW= 1,472.600	2
<u>Non-monetary items</u>			
USD	4,328	USD/NTD= 32.781	141,860
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	502,293	USD/NTD= 32.781	16,465,669
	138,457	USD/MYR= 4.477	4,538,770
	43,791	USD/MXN= 20.693	1,435,526
	2,175	USD/JPY= 156.060	71,292
	-	USD/KRW= 1,472.600	19,725
December 31, 2023			
	Foreign currency (in thousands)	Exchange rate	NTD
<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

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Notes to the Consolidated Financial Statements

December 31, 2023			
	Foreign currency (in thousands)	Exchange rate	NTD
<u>Non-monetary items</u>			
USD	5,181	USD/NTD=	30.735
			159,246
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	343,527	USD/NTD=	30.735
	33,566	USD/MYR=	4.590
	13,539	USD/JPY=	141.670
	227	USD/MXN=	16.953
			6,989

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the years ended December 31, 2024 and 2023, the net income would be changed by \$635,091 thousand and \$178,792 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, foreign exchange gains (including realized and unrealized portions) amounted to \$692,676 thousand and \$59,077 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 \$13,213 thousand and \$5,706 thousand, respectively, for the years ended December 31, 2024 and 2023, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

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WIWYNN CORPORATION AND SUBSIDIARIES
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(v) 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.

	December 31, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private preferred stock	\$ 227,582	-	-	227,582	227,582
Private fund	339,842	-	-	339,842	339,842
Subtotal	<u>\$ 567,424</u>	<u>-</u>	<u>-</u>	<u>567,424</u>	<u>567,424</u>
Financial assets at fair value through other comprehensive income					
Accounts receivable	<u>\$ 24,770,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	48,328,503	-	-	-	-
Accounts receivable (including related parties)	12,878,488	-	-	-	-
Other receivable (including related parties)	54,859	-	-	-	-
Other non-current assets	267,409	-	-	-	-
Subtotal	<u>\$ 61,529,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 97,728</u>	<u>-</u>	<u>97,728</u>	<u>-</u>	<u>97,728</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,399,750	-	-	-	-
Long-term borrowings	1,500,000	-	-	-	-
Bonds payable (including current portion)	25,228,745	-	-	-	-
Notes and accounts payable (including related parties)	53,585,494	-	-	-	-
Other payables (including related parties)	5,339,664	-	-	-	-
Lease liabilities (including current and non-current)	4,008,416	-	-	-	-
Other current liabilities	267,966	-	-	-	-
Guarantee deposits received	13,244	-	-	-	-
Subtotal	<u>\$ 91,343,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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WIWYNN CORPORATION AND SUBSIDIARIES
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	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	\$ 4,151,074	-	-	-	-
Financial assets measured at amortized cost					
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	\$ 44,055,493	-	-	-	-
Financial liabilities measured at amortized cost					
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	\$ 38,301,049	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are 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 are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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

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WIWYNN CORPORATION AND SUBSIDIARIES
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b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

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

4) Changes between Level 3:

	Fair value through profit or loss
	Non-derivative financial assets
	mandatorily measured at fair
	value through profit or loss
	(Held-for-trading non-derivative
	financial assets)
Balance at January 1, 2024	\$ -
Acquisition	580,598
Total gains and losses recognized in profit or loss	(13,174)
Balance at December 31, 2024	<u>\$ 567,424</u>

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 profit or loss - 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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss-equity investments without an active market	Black-Scholes Option Pricing Model	Volatility (as of December 31, 2024 was 38.96%)	The estimated fair value would decrease if the volatility was 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

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 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:

	Inputs	Increase or decrease	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2024						
Financial assets measured at fair value through profit or loss:						
Equity investments without an active market	Volatility	5%	\$ -	(931)	-	-
Private fund	Net asset value method	5%	16,992	(16,992)	-	-

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.

December 31, 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)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivables	\$ 818,197	818,197	-	-	-	-

December 31, 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)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes payable and accounts payable	\$ 4,747,544	818,197	3,929,347	-	-	3,929,347

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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 receivables	\$ 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

(v) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's accounts receivable and investment.

1) Accounts and other receivable

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, with good credit ratings, there are no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Group's policy, the Group can only provide guarantee to which is listed under the regulation. The Group did not provide guarantees to any other company as of December 31, 2024 and 2023.

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group has unused credit lines for bank loans of \$88,692,940 thousand and \$64,335,748 thousand, respectively.

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(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are denominated in USD.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group's future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group's current and future demand for foreign currency.

The contract periods are decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Group's short-term borrowings, bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group's future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Group monitors the risk arising from its FVOCI security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(w) Capital management

The objective of the Group's capital management is to safeguard its ability to continue as a going concern, provide returns to shareholders, benefit other related parties, and maintain an optimal capital structure to reduce the cost of capital. Capital includes common share, capital surplus and retained earnings. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, reduce capital for redistribution to shareholders, issue new shares or sell assets to settle liabilities.

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For the year ended December 31, 2024, the Group's capital management strategy is consistent with 2023. The Group's debt to asset ratio and debt to capital ratio at the end of the reporting period as of December 31, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Debt to asset ratio	54%	52%
Debt to capital ratio	116%	110%

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

For the years ended December 31, 2024 and 2023, reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes					December 31, 2024
			Change in lease payments	Addition	Interest expenses	Reclassification	Foreign exchange movement and others	
Short-term borrowings	\$ 383,793	939,792	-	-	-	-	76,165	1,399,750
Bonds payable	6,942,918	19,444,877	-	-	124,889	(4,725,000)	(1,283,939)	20,503,745
Current portion of long-term liabilities	2,500,000	(2,500,000)	-	-	-	4,725,000	-	4,725,000
Lease liabilities	1,520,977	(559,945)	-	3,212,918	-	-	(165,534)	4,008,416
Total liabilities from financing activities	\$ 11,347,688	17,324,724	-	3,212,918	124,889	-	(1,373,308)	30,636,911

	January 1, 2023	Cash flows	Non-cash changes					December 31, 2023
			Change in lease payments	Addition	Interest expenses	Reclassification	Foreign exchange movement	
Short-term borrowings	\$ -	392,503	-	-	-	-	(8,710)	383,793
Long-term borrowings	-	1,500,000	-	-	-	-	-	1,500,000
Bonds payable	9,439,683	-	-	-	3,235	(2,500,000)	-	6,942,918
Current portion of long-term liabilities	-	-	-	-	-	2,500,000	-	2,500,000
Lease liabilities	1,013,208	(278,976)	(560)	688,956	-	-	98,349	1,520,977
Guarantee deposits received	951,948	14,000	-	-	-	(965,185)	13,237	14,000
Total liabilities from financing activities	\$ 11,404,839	1,627,527	(560)	688,956	3,235	(965,185)	102,876	12,861,688

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of December 31, 2024 and 2023, it owns 35.45% and 37.68%, respectively, of all shares outstanding of the Company, and has issued the consolidated financial statements available for public use.

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Notes to the Consolidated Financial Statements

(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
Wistron Automotive Electronics (Kunshan) (WAEK)	Other related parties

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(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	
	2024	2023	December 31, 2024	December 31, 2023
WHQ	\$ 12,228	18,912	-	3,231
Other related parties	<u>360,029</u>	<u>1,066,652</u>	<u>29,014</u>	<u>228,798</u>
	<u><u>\$ 372,257</u></u>	<u><u>1,085,564</u></u>	<u><u>29,014</u></u>	<u><u>232,029</u></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	
	2024	2023	December 31, 2024	December 31, 2023
WHQ	\$ 44,692,006	47,422,154	4,130,266	4,395,834
Other related parties	<u>4,510,683</u>	<u>2,821,215</u>	<u>1,394,707</u>	<u>628,686</u>
	<u><u>\$ 49,202,689</u></u>	<u><u>50,243,369</u></u>	<u><u>5,524,973</u></u>	<u><u>5,024,520</u></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	
	2024	2023	December 31, 2024	December 31, 2023
WMX	\$ -	<u>4,858</u>	-	-

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:

	<u>2024</u>	<u>2023</u>
WHQ	\$ 24,363	45,507
Other related parties	<u>445,796</u>	<u>302,856</u>
	<u>\$ 470,159</u>	<u>348,363</u>

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:

	<u>2024</u>	<u>2023</u>
WHQ	\$ 20,460	228,396
Other related parties:		
AGI	42,180	25,332
Other related parties	<u>5,422</u>	<u>6,217</u>
	<u>\$ 68,062</u>	<u>259,945</u>

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:

	<u>Other receivables from related parties</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
WHQ	\$ 31,477	1,860
Other related parties:		
WITX	3,989	7,830
WZS	-	48,171
Other related parties	<u>2,586</u>	<u>-</u>
Total	<u>\$ 38,052</u>	<u>57,861</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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(vii) Other payables

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

	Other payables to related parties	
	December 31, 2024	December 31, 2023
WHQ	\$ 4,700	21,168
Other related parties	144,648	201,326
Total	\$ 149,348	222,494

(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 \$1,011,898 thousand and \$587,732 thousand, respectively. The outstanding balance of lease liabilities and interest expense were as follows:

	Lease liabilities (including current and non-current)	
	December 31, 2024	December 31, 2023
WIMX	\$ 536,445	602,477
WNC	136,046	200,447
	\$ 672,491	802,924

	Interest expense	
	2024	2023
WIMX	\$ 95,710	56,974
WNC	2,969	2,902
	\$ 98,679	59,876

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	\$ 256,374	142,615
Post-employment benefits	915	769
	\$ 257,289	143,384

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Inventory	Inventory guarantee	\$ 267,966	952,785
Other non-current assets	Guarantee	147,579	29,608
Other non-current assets	Performance guarantee	<u>13,337</u>	<u>14,000</u>
		<u>\$ 428,882</u>	<u>996,393</u>

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Acquisition of property, plant and equipment	<u>\$ 4,689,530</u>	<u>1,000,213</u>

(b) As of December 31, 2024, the unused letters of credit were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unused letters of credit	<u>\$ 283,263</u>	<u>-</u>

(10) Losses due to major disasters: None.**(11) Subsequent events:**

- (a) In order to meet operational needs, the Group entered into a real estate sale and purchase agreement in January 2025 to acquire a new factory in the Southern Taiwan Science Park.
- (b) The Company participated in the cash capital increase of its subsidiary, Wiwynn Technology Corporation, at an amount of US\$300,000 thousand, based on a resolution approved during its board meeting held on February 27, 2025.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

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

By item	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	4,047,729	3,144,740	7,192,469	2,755,398	2,099,381	4,854,779
Labor and health insurance	512,421	155,897	668,318	378,992	144,919	523,911
Pension	352,063	58,087	410,150	252,161	57,883	310,044
Remuneration of directors	-	60,720	60,720	-	30,720	30,720
Others	300,799	49,293	350,092	125,874	35,901	161,775
Depreciation	1,588,833	239,355	1,828,188	660,824	221,290	882,114
Amortization	23,502	152,832	176,334	34,721	85,304	120,025

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group for the year ended December 31, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Table 1 attached.
- (iii) Securities held as of December 31, 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.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investments:

The following are the information on investments for the year ended December 31, 2024 (excluding information on investments in mainland China): Table 8 attached.

(c) Information on investment in mainland China: Table 9 attached.

(d) Major shareholders:

Unit: Share

Shareholder's Name	Shareholding	Shares	Percentage
Wistron Corporation		65,895,129	35.45 %

(14) Segment information:

(a) General information

The Group has one reportable segment. This segment is mainly involved in manufacturing and sale of servers and storage in cloud infrastructure and hyperscale data center.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The information relating to profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment are the same as those described in the consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(c) Products and services information:

The Group is a single operation segment; therefore, the Group's revenue was not disclosed by categories of products or services.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Revenue from external customers:

<u>Geography</u>	<u>2024</u>	<u>2023</u>
America	\$ 276,484,780	190,096,753
Europe	48,708,293	28,795,628
Asia	29,822,678	20,075,549
Others	5,525,353	2,933,059
	<u>\$ 360,541,104</u>	<u>241,900,989</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Non-current assets:

<u>Geography</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Asia	\$ 10,537,843	4,865,031
America	<u>3,988,767</u>	<u>3,323,799</u>
	<u>\$ 14,526,610</u>	<u>8,188,830</u>

Non-current assets include the property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, aside from deferred tax assets, investments accounted for using equity method and financial instruments.

(e) Major customers

The amounts of sales to external customers representing greater than 10% of net revenue were as follows:

<u>Customer</u>	<u>2024</u>	<u>2023</u>
Customer A	\$ 176,737,746	111,546,046
Customer B	99,131,111	67,067,178
Customer C	<u>75,468,044</u>	<u>50,523,244</u>
	<u>\$ 351,336,901</u>	<u>229,136,468</u>

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 1 Guarantees and endorsements for other parties
(December 31, 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	26,460,850	1,200,349	1,198,339	1,198,339	31,579	1.36%	44,101,417	Y	N	N	(Note 4)
0	The Company	WYUS	2	26,460,850	59,053	29,827	29,827	-	0.03%	44,101,417	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)
(December 31, 2024)

單位：新台幣千元

securities held by	Category and name of securities		Relationship	Financial statement Account	Ending balance				Highest percentage os shares during the period	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	227,582	7.92%	227,582	7.92%	-
The Company	Andra Capital Fund LP	Fund	-	Financial assets measured at fair value through profit or loss-non-current	-	160,500	-	160,500	-	-
WYUS	Andra Capital Fund LP	Fund	-	Financial assets measured at fair value through profit or loss-non-current	-	179,342	-	179,342	-	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of share capital
(December 31, 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	7,613,279	(Note)
The Company	WYUS	Stock	Investment accounted for using equity method	Cash subscription	The company's subsidiary	969,010	30,792,233	500,000	16,465,000	-	-	-	-	1,469,010	49,940,154	(Note)

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

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 4 Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of share capital
(December 31, 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	907,696	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	2,426,337	payment:92%	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	554,098	payment:59%	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	-
The Company	Property, plant and equipment-Building	2024/11	4,700,600	payment:10%	LI JIN ENGINEERING CO., LTD.	non-related party	-	-	-	-	Determined with reference to the market standards	For the Company's future operations	-
The Company	Property, plant and equipment-Building	2024/11	1,520,000	-	Tongtai Machine & Tool Co., Ltd.	non-related party	-	-	-	-	Determined with reference to the market standards	For the Company's future operations	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock
(December 31, 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	55,301,966	41.01%	OA150	-	-	16,626,064	57.81%	(Note)
"	WYJP	The Company's subsidiary	Sale	5,998,602	4.45%	OA90	-	-	71,292	0.25%	(Note)
"	WYKS	The Company's subsidiary	Sale	1,252,334	0.93%	OA90	-	-	451,348	1.57%	(Note)
"	WYKR	The Company's subsidiary	Sale	1,081,361	0.80%	OA90	-	-	209,630	0.73%	(Note)
"	WYHK	The Company's subsidiary	Sale	405,623	0.30%	OA90	-	-	-	0.00%	(Note)
"	WHQ	The Company's parent company	Purchase	43,556,603	40.41%	OA45	-	-	(3,929,346)	(27.43%)	-
"	WYMY	The Company's subsidiary	Purchase	21,538,499	19.98%	OA30	-	-	(417,433)	(2.91%)	(Note)
"	WYUS	The Company's subsidiary	Purchase	2,286,366	2.12%	OA90	-	-	(70,059)	(0.49%)	(Note)
"	WITX	The Company's other related company	Purchase	108,150	0.10%	OA90	-	-	(27)	(0.00%)	-
WYUS	The Company	WYUS's parent company	Sale	2,286,366	0.97%	OA90	-	-	70,059	0.32%	(Note)
"	WBR	WYUS's other related company	Sale	261,853	0.09%	OA90	-	-	3,715	0.01%	-
"	WITX	WYUS's other related company	Purchase	4,401,233	1.32%	OA90	-	-	(1,394,523)	(2.50%)	-
"	WHQ	WYUS's parent company	Purchase	830,028	0.25%	OA45	-	-	(152,466)	(0.27%)	-
"	The Company	WYUS's parent company	Purchase and Service cost	55,301,966	16.93%	OA150	-	-	(16,626,064)	(29.80%)	(Note)
"	WYMX	WYUS's affiliate company	Processing fee	4,650,757	1.38%	OA60	-	-	(910,053)	(1.64%)	(Note)
WYJP	The Company	WYJP's parent company	Purchase	5,998,602	100.00%	OA90	-	-	(71,292)	(100.00%)	(Note)
WYKS	The Company	WYKS's parent company	Purchase	1,252,334	100.00%	OA90	-	-	(451,348)	(100.00%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	1,081,361	100.00%	OA90	-	-	(209,630)	(100.00%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	405,623	97.80%	OA90	-	-	-	0.00%	(Note)
WYMY	The Company	WYMY's parent company	Sale	21,538,499	100.00%	OA30	-	-	417,433	100.00%	(Note)
"	WHQ	WYMY's parent company	Purchase	303,525	1.35%	OA45	-	-	(48,454)	(3.23%)	-
WYMX	WYUS	WYMX's affiliate company	Processing income	4,650,757	100.00%	OA60	-	-	910,053	100.00%	(Note)

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

WIWYNN CORPORATION AND SUBSIDIARIES
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Table 6 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock
(December 31, 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	16,626,064	505.36%	-	-	-	-	(Note)
"	WYKS	The Company's subsidiary	451,348	349.58%	53,270	Collecting	53,270	-	(Note)
"	WYKR	The Company's subsidiary	209,630	729.27%	-	-	209,630	-	(Note)
WYMY	The Company	WYMY's parent company	417,433	9,944.6%	-	-	417,433	-	(Note)
WYMX	WYUS	WYMX's affiliate company	910,053	696.70%	-	-	443,265	-	(Note)
Other Receivables									
The Company	WYMY	The Company's subsidiary	670,277	-	-	-	227,100	-	(Note)
WYUS	WYMY	WYMY's affiliate company	1,582,280	-	-	-	65,329	-	(Note)
"	The Company	WYUS's affiliate company	1,465,495	-	-	-	-	-	(Note)

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

WIWYNN CORPORATION AND SUBSIDIARIES
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Table 7 Significant intercompany transactions and business relationships between parent company and its subsidiaries
(December 31, 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	WYHQ	WYUS	1	Sale	55,301,966	OA150	15.34%
0	"	WYJP	1	Sale	5,998,602	OA90	1.66%
0	"	WYKR	1	Sale	1,081,361	OA90	0.30%
0	"	WYHK	1	Sale	405,623	OA90	0.11%
0	"	WYKS	1	Sale	1,252,334	OA90	0.35%
1	WYUS	WYHQ	2	Sale	2,286,366	OA90	0.63%
2	WYMY	WYHQ	2	Sale	21,538,499	OA30	5.97%
3	WYMX	WYUS	3	Processing income	4,650,757	OA60	1.29%
0	WYHQ	WYUS	1	Account receivable	16,626,064	OA150	8.72%
0	"	WYJP	1	Account receivable	71,292	OA90	0.04%
0	"	WYKR	1	Account receivable	209,630	OA90	0.11%
0	"	WYHK	1	Account receivable	-	OA90	0.00%
0	"	WYKS	1	Account receivable	451,348	OA90	0.24%
1	WYUS	WYHQ	2	Account receivable	70,059	OA90	0.04%
2	WYMY	WYHQ	2	Account receivable	417,433	OA30	0.22%
3	WYMX	WYUS	3	Account receivable	910,053	OA60	0.48%

Note 1: relationship:

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

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

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

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 8 Information on investments (excluding investees in mainland China)

The following are the information on investees for January 1 to December 31, 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 December 31, 2024			The highest percentage of the periods	Net income (losses) of the investee	Share of profits/losses of investee	Notes
				December 31, 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%	495,854	100.00%	148,405	148,405	(Note)
"	WYUS	U.S.A	Sales of cloud data center equipment	45,238,581	28,773,581	1,469,010	100.00%	49,940,154	100.00%	693,315	693,315	(Note)
"	WYHK	Hong Kong	Investing activities and sales of cloud data center equipment	12,181	12,181	400	100.00%	338,088	100.00%	33,259	33,259	(Note)
"	WYKR	South Korea	Sales of cloud data center equipment	2,903	2,903	20	100.00%	185,381	100.00%	(2,947)	(2,947)	(Note)
"	WYMY	Malaysia	Manufacturing and sales of cloud data center equipment	6,972,733	3,839,933	1,046,012	100.00%	7,613,279	100.00%	132,026	132,026	(Note)
"	WYMX	Mexico	Manufacturing of cloud data center equipment	1,741,251	1,741,251	1,113,761	100.00%	2,869,815	100.00%	387,277	387,277	(Note)
"	WYSMX	Mexico	Sales of cloud data center equipment	58,025	58,025	40,444	100.00%	64,036	100.00%	7,500	7,500	(Note)
"	LiquidStack	Netherlands	R&D of liquid cooling technology	276,609	276,609	1,000	11.29%	141,860	15.13%	(478,299)	(67,706)	-

(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 December 31, 2024	Net income (loss) of the investee	Percentage of ownership	Investment income (losses)		Book value	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow					(Note3)2			
WYKS	Sales of cloud data center equipment	10,659	2	10,659 (Note 1)	-	-	10,659	25,770	100%	25,770	(Note3)2	150,667	-	(Note 5)

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of December 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	11,473(USD 350,000)	52,921,700

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

(Note 2) Ways to invest in mainland China:

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

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

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

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

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

(Note 6) Translated using the ending rates on December 31, 2024.

(iii) Significant transactions

From January 1 to December 31, 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”.