

**FSP Technology Inc. and Subsidiaries**  
**Consolidated Financial Statements and**  
**Independent Auditors' Review Report**  
**For the Nine Months Ended September 30, 2023 and 2022**

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*Notice to Reader:*

*For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail*

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## **Independent Auditors' Report**

To the Board of Directors of FSP Technology Inc.:

### **Preface**

We have reviewed the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries, which comprise the Consolidated Balance Sheets as of September 30, 2023 and September 30, 2022 (restated), and the Consolidated Statements of Comprehensive Income from July 1 to September 30, 2023 and July 1 to September 30, 2022 (restated) and from January 1 to September 30, 2023 and January 1 to September 30, 2022 (restated), and the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to September 30, 2023 and January 1 to September 30, 2022 (restated). The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope**

Except for matters described in the following paragraph titled “Basis for Qualified Conclusion,” we conducted our reviews following the Standards on Auditing 2410 “Review of Financial Statements”. The procedures performed to review the consolidated financial statements include inquiry (mainly the inquiry to the persons responsible for financial and accounting affairs), analysis procedure and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As stated in Note IV(II) to the consolidated financial statements, it has included part of its insignificant subsidiaries in the aforesaid consolidated financial statements based on the financial statements of these invested companies not reviewed by the independent auditors for the same period. As of September 30, 2023 and September 30, 2022 (restated), these subsidiaries had the total assets of NT\$2,616,614 thousand and NT\$2,392,014 thousand, respectively, representing 12.73% and 11.84% of the consolidated total

assets, had the total liabilities of NT\$1,057,201 thousand and NT\$1,022,230 thousand, respectively, representing 16.56% and 14.33% of the consolidated total liabilities, and realized the comprehensive profit (loss) of NT\$248,238 thousand, NT\$88,753 thousand, NT\$109,190 thousand and NT\$200,897 thousand from July 1 to September 30, 2023 and July 1 to September 30, 2022 (restated), and from January 1 to September 30, 2023 and January 1 to September 30, 2022 (restated), respectively, representing (31.55)%, 36.55%, 9.21% and 132.14% of the consolidated comprehensive profit (loss), respectively.

Besides the above-mentioned in the previous paragraph, as stated in Note VI(VIII) of the consolidated financial statements, investments accounted for under the equity method of FSP Technology Inc. and subsidiaries amounted to NT\$38,517 thousand and NT\$33,474 thousand as of September 30, 2023 and 2022, respectively. The share of corporate profit recognized under the equity method were NT\$427 thousand, NT\$1,052 thousand, NT\$2,165 thousand and NT\$2,857 thousand from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022, respectively. Those amounts were recognized based on financial statements of the investees for the same period and have not been reviewed by the independent auditors.

#### **Qualified Conclusion**

Except for possible effects from financial statements of these investees mentioned in the paragraph titled “Basis for Qualified Conclusion” if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of FSP Technology Inc. and its subsidiaries as of September 30, 2023 and September 30, 2022 (restated), and their consolidated financial performance from July 1 to September 30, 2023 and July 1 to September 30, 2022 (restated) and from January 1 to September 30, 2023 and January 1 to September 30, 2022 (restated), and their consolidated cash flows from January 1 to September 30, 2023 and January 1 to September 30, 2022 (restated) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, “Interim Financial Reporting,” endorsed and issued into effect by the Financial Supervisory Commission.

The engagement partners on the audit resulting in this independent auditors’ report are Chang, Chun-I and Chao, Min-Ju.

KPMG

Taipei, Taiwan (Republic of China)

May 2, 2023

**FSP Technology Inc. and Subsidiaries**

**Consolidated Balance Sheets**

**As of September 30, 2023, December 31, 2022, September 30, 2022 and January 1, 2022**

**Unit: NT\$ thousands**

	2023.9.30		2022.12.31(restated)		2022.9.30(restated)		2022.1.1(restated)			2023.9.30		2022.12.31(restated)		2022.9.30(restated)		2022.1.1(restated)			
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%		
<b>Assets</b>																	<b>Liabilities and Equity</b>		
11xx <b>Current Assets:</b>																	21xx <b>Current Liabilities:</b>		
1100 Cash and cash equivalents (Note VI(I))	\$	3,955,962	20	3,695,970	18	3,280,125	16	2,794,253	13	2100 Short-term borrowings (Notes VI(X) and (XIII), and VIII)	\$	8,035	-	7,692	-	10,930	-	16,315	-
1110 Financial assets at fair value through profit or loss - current (Note VI(II))		638,787	3	560,449	3	336,371	2	516,074	3	2150 Notes payable		20,948	-	13,057	-	10,593	-	14,445	-
1136 Financial assets at amortized cost - current (Note VI(IV))		-	-	-	-	11,700	-	10,800	-	2170 Accounts payable		3,789,135	19	3,854,819	18	4,212,896	21	4,986,689	23
1150 Notes receivable, net (Notes VI(V) and (XXI))		62,145	-	81,568	-	60,360	-	62,112	-	2180 Accounts payable - related parties (Note VII)		64,678	-	151,773	1	221,701	1	90,024	-
1170 Accounts receivable, net (Notes VI(V) and (XXI))		3,369,034	16	3,140,610	16	3,610,805	18	3,864,730	18	2200 Other payables (Note VI(XVII), (XXII), and VII)		1,203,993	6	1,247,717	6	1,164,869	5	1,151,339	6
1180 Accounts receivable - related parties, net (Notes VI(V), (XXI) and VII)		606,721	3	721,838	4	1,058,335	5	801,748	4	2230 Current income tax liabilities		172,700	1	156,741	1	224,479	1	167,169	1
1200 Other receivables (Notes VI(III), (VI) and VII)		77,377	-	91,330	-	100,058	1	73,406	-	2250 Provisions for liabilities - current (Note VI(XVI))		129,895	1	131,155	1	132,267	1	146,223	1
1220 Current income tax assets		75,422	-	5,865	-	66,767	-	5,779	-	2280 Lease liabilities - current (Notes VI(XV) and VII)		200,522	1	175,602	1	175,503	1	166,758	1
130x Inventories (Note VI(VII))		2,588,986	13	3,058,639	15	2,962,177	15	3,590,546	17	2300 Other current liabilities (Notes VI(XIV) and (XXI))		218,568	1	168,256	1	156,298	1	92,137	-
1410 Prepayments		96,323	1	44,578	-	67,158	-	77,899	-	2320 Current portion of long-term debt (Notes VI(X) and (XIV), and VIII)		75,443	-	74,930	-	74,760	-	73,014	-
1470 Other current assets		18,912	-	30,858	-	14,925	-	34,848	-	<b>Total current liabilities</b>		5,883,917	29	5,981,742	29	6,384,296	31	6,904,113	32
<b>Total current assets</b>		11,489,669	56	11,431,705	56	11,568,781	57	11,832,195	55	25xx <b>Non-current Liabilities:</b>									
15xx <b>Non-current Assets:</b>																	2540 Long-term borrowings (Notes VI(X) and (XIV), and VIII)		
1517 Financial assets at fair value through other comprehensive income - non-current (Note VI(III) and (XIX))		6,580,582	32	6,376,814	32	6,007,810	30	6,763,138	32	2570 Deferred income tax liabilities		67,758	-	124,404	1	143,201	1	199,334	1
1550 Investment under equity method (Note VI(VIII))		38,517	-	34,200	-	33,474	-	26,947	-	2580 Lease liabilities - non-current (Notes VI(XV) and VII)		122,533	1	121,940	-	151,920	1	146,792	1
1600 Property, plant and equipment (Notes VI(X), (XIII), and (XIV), VIII and IX)		1,463,323	7	1,487,995	7	1,506,478	8	1,544,427	8	2640 Net defined benefit liabilities non-current		304,665	1	364,713	2	411,841	2	474,996	2
1755 Right-of-use assets (Notes VI(XI) and (XV), and VII)		493,148	3	527,497	3	575,564	3	635,433	3	2645 Guarantee deposits received		2,092	-	8,511	-	39,804	-	44,234	-
1780 Intangible assets (Note VI(XII))		224,270	1	224,905	1	223,692	1	223,496	1	2670 Other non-current liabilities (Note VI(XIV))		532	-	532	-	518	-	500	-
1840 Deferred income tax assets		193,623	1	192,732	1	237,122	1	230,824	1	<b>Total non-current liabilities</b>		2,533	-	2,994	-	3,199	-	3,970	-
1900 Other non-current assets (Notes VI(X), VIII and IX)		66,697	-	52,573	-	49,529	-	69,666	-	<b>Total liabilities</b>		500,113	2	623,094	3	750,483	4	869,826	4
<b>Total non-current assets</b>		9,060,160	44	8,896,716	44	8,633,669	43	9,493,931	45	31xx <b>Equity Attributable to Owners of the Parent (Note VI(III), (VIII) &amp; (XIX)):</b>									
1xxx Total assets	\$	20,549,829	100	20,328,421	100	20,202,450	100	21,326,126	100	3100 Capital Stock		1,872,620	9	1,872,620	9	1,872,620	9	1,872,620	9
										3200 Capital Surplus		861,207	4	1,011,016	5	1,011,016	5	1,011,016	5
										3300 Retained earnings:									
										3310 Legal reserve		1,301,707	7	1,175,322	6	1,175,322	6	1,033,544	5
										3350 Unappropriated earnings		3,994,207	19	3,719,335	18	3,404,772	17	3,213,826	15
										Total retained earnings		5,295,914	26	4,894,657	24	4,580,094	23	4,247,370	20
										34xx Other Equity:									
										3410 Exchange differences on translation of financial statements of foreign operations		(72,419)	-	(77,349)	-	(41,494)	-	(117,703)	(1)
										3420 Unrealized gains (losses) on financial assets at fair value through other comprehensive income		5,811,786	28	5,628,307	28	5,258,747	26	6,200,289	29
										Total other equity		5,739,367	28	5,550,958	28	5,217,253	26	6,082,586	28
										Total equity attributable to shareholders of the parent		13,769,108	67	13,329,251	66	12,680,983	63	13,213,592	62
										36xx <b>Non-controlling Interests</b>		396,691	2	394,334	2	386,688	2	338,595	2
										3xxx <b>Total equity</b>		14,165,799	69	13,723,585	68	13,067,671	65	13,552,187	64
										2-3xxx <b>Total liabilities and equity</b>	\$	20,549,829	100	20,328,421	100	20,202,450	100	21,326,126	100

(Please see accompanying notes to the Consolidated Financial Statements)

**Chairman: Cheng, Ya-Jen**

**Managerial Officer: Cheng, Ya-Jen**

**Chief Accounting Officer: Sang, Hsi-Yun**

**FSP Technology Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**

**July 1 to September 30, 2023 and 2022 and January 1 to September 30, 2023 and 2022**

**Unit: NT\$ thousands**

	July to September, 2023		July to September, 2022 (Restated)		January to September, 2023		January to September, 2022 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue (Notes VI(XXI) and VII)</b>	\$ 3,456,543	100	3,774,356	100	10,284,506	100	10,676,174	100
5000 <b>Operating costs (Notes VI(VII), (X), (XI), (XII), (XV), (XVI), (XVII), VII and XII)</b>	2,744,146	79	3,126,691	83	8,395,406	81	8,915,407	84
5920 Add: Realized (Unrealized) Profit on Sales	(1,011)	-	314	-	(465)	-	(967)	-
5900 <b>Gross profit</b>	711,386	21	647,979	17	1,888,635	19	1,759,800	16
6000 <b>Operating expenses (Notes VI(V), (VI), (X), (XI), (XII), (XV), (XVII), (XXII), VII and XII):</b>								
6100 Selling and marketing expenses	213,447	6	161,341	4	541,220	6	483,110	5
6200 General and administrative expenses	199,508	6	211,647	6	527,455	5	524,108	5
6300 Research and development expenses	153,836	4	124,007	3	430,203	4	363,386	3
6450 Expected credit impairment losses (gains)	346	-	1,497	-	13,438	-	(4,530)	-
<b>Total operating expenses</b>	567,137	16	498,492	13	1,512,316	15	1,366,074	13
6900 <b>Net operating income</b>	144,249	5	149,487	4	376,319	4	393,726	3
7000 <b>Non-operating income and expenses (Notes VI(II), (III), (VIII), (IX), (X), (XI), (XIV), (XV), (XXIII) and VII):</b>								
7100 <b>Interest income</b>	18,430	-	5,550	-	57,898	-	15,733	-
7010 Other income	206,434	6	143,066	4	228,199	2	186,513	2
7020 Other gains and losses	78,026	2	112,522	3	92,090	1	229,243	2
7050 Finance costs	(8,374)	-	(3,671)	-	(16,232)	-	(13,533)	-
7060 Share of profits (losses) of associates and joint ventures under equity method	427	-	1,052	-	2,165	-	2,857	-
<b>Total non-operating income and expenses</b>	294,943	8	258,519	7	364,120	3	420,813	4
7900 <b>Income before income tax from continuing operations</b>	439,192	13	408,006	11	740,439	7	814,539	7
7950 <b>Less: Income tax expense (Note VI(XVIII))</b>	53,795	2	64,990	2	127,979	1	150,297	1
8200 <b>Net Income</b>	385,397	11	343,016	9	612,460	6	664,242	6
8300 <b>Other comprehensive income:</b>								
8310 <b>Items that will not be reclassified to profit or loss (Note (XIX))</b>								
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(1,235,899)	(36)	(130,780)	(3)	566,010	6	(595,871)	(6)
8349 Less: Income tax related to components that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
<b>Total items that will not be reclassified to profit or loss</b>	(1,235,899)	(36)	(130,780)	(3)	566,010	6	(595,871)	(6)
8360 <b>Items that may be reclassified subsequently to profit or loss (Note VI(VIII) and (XIX))</b>								
8361 Exchange differences on translation of financial statements of foreign operations	62,307	2	28,243	1	4,833	-	79,031	1
8370 Share of other comprehensive income (losses) of associates and joint ventures under equity method	1,440	-	2,371	-	2,617	-	4,637	-
8399 Less: Income tax related to items that may be reclassified subsequently	-	-	-	-	-	-	-	-
<b>Total items that may be reclassified subsequently to profit or loss</b>	63,747	2	30,614	1	7,450	-	83,668	1
8300 <b>Other Comprehensive Income</b>	(1,172,152)	(34)	(100,166)	(2)	573,460	6	(512,203)	(5)
8500 <b>Total Comprehensive Income</b>	\$ (786,755)	(23)	242,850	7	1,185,920	12	152,039	1
<b>Net income (losses) attributable to:</b>								
8610 Shareholders of the parent	\$ 371,616	11	319,500	8	580,512	6	605,017	6
8620 Non-controlling Interests	13,781	-	23,516	1	31,948	-	59,225	-
	\$ 385,397	11	343,016	9	612,460	6	664,242	6
<b>Total comprehensive income (losses) attributable to:</b>								
8710 Shareholders of the parent	\$ (802,976)	(23)	215,247	6	1,151,452	12	85,355	1
8720 Non-controlling Interests	16,221	-	27,603	1	34,468	-	66,684	-
	\$ (786,755)	(23)	242,850	7	1,185,920	12	152,039	1
<b>Earnings per share (unit: NT\$) (Note VI(XX))</b>								
9750 Basic earnings per share	\$ 1.98		1.71		3.10		3.23	
9850 Diluted earnings per share	\$ 1.97		1.69		3.08		3.19	

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

**FSP Technology Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**January 1 to September 30, 2023 and 2022**

nit: NT\$ thousands

	Equity Attributable to Owners of the Parent										
	Retained earnings					Other equity items			Total equity attributable to shareholders of the parent	Non-controlling Interests	Total Equity
	Capital stock - common shares	Capital Surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total			
<b>Balance as of January 1, 2022</b>	\$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	13,208,961	338,515	13,547,476
Retroactive adjustments to new standards	-	-	-	4,631	4,631	-	-	-	4,631	80	4,711
Balance after restatement as of January 1, 2022	1,872,620	1,011,016	1,033,544	3,213,826	4,247,370	(117,703)	6,200,289	6,082,586	13,213,592	338,595	13,552,187
Appropriation and distribution of earnings:											
Legal reserve	-	-	141,778	(141,778)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(617,964)	(617,964)	-	-	-	(617,964)	-	(617,964)
Net Income	-	-	-	605,017	605,017	-	-	-	605,017	59,225	664,242
Other Comprehensive Income	-	-	-	-	-	76,209	(595,871)	(519,662)	(519,662)	7,459	(512,203)
Total Comprehensive Income	-	-	-	605,017	605,017	76,209	(595,871)	(519,662)	85,355	66,684	152,039
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(18,591)	(18,591)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	345,671	345,671	-	(345,671)	(345,671)	-	-	-
<b>Balance as of September 30, 2022</b>	<b>\$ 1,872,620</b>	<b>1,011,016</b>	<b>1,175,322</b>	<b>3,404,772</b>	<b>4,580,094</b>	<b>(41,494)</b>	<b>5,258,747</b>	<b>5,217,253</b>	<b>12,680,983</b>	<b>386,688</b>	<b>13,067,671</b>
<b>Balance as of January 1, 2023</b>	\$ 1,872,620	1,011,016	1,175,322	3,713,296	4,888,618	(77,427)	5,628,307	5,550,880	13,323,134	394,238	13,717,372
Retroactive adjustments to new standards	-	-	-	6,039	6,039	78	-	78	6,117	96	6,213
Balance after restatement as of January 1, 2023	1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251	394,334	13,723,585
Appropriation and distribution of earnings:											
Legal reserve	-	-	126,385	(126,385)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)	-	(561,786)
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)	-	(149,809)
Net Income	-	-	-	580,512	580,512	-	-	-	580,512	31,948	612,460
Other Comprehensive Income	-	-	-	-	-	4,930	566,010	570,940	570,940	2,520	573,460
Total Comprehensive Income	-	-	-	580,512	580,512	4,930	566,010	570,940	1,151,452	34,468	1,185,920
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(32,111)	(32,111)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	382,531	382,531	-	(382,531)	(382,531)	-	-	-
<b>Balance as of September 30, 2023</b>	<b>\$ 1,872,620</b>	<b>861,207</b>	<b>1,301,707</b>	<b>3,994,207</b>	<b>5,295,914</b>	<b>(72,419)</b>	<b>5,811,786</b>	<b>5,739,367</b>	<b>13,769,108</b>	<b>396,691</b>	<b>14,165,799</b>

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

**FSP Technology Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**January 1 to September 30, 2023 and 2022**

Unit: NT\$ thousands

	January to September, 2023	January to September, 2022
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 740,439	814,539
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit or loss</b>		
Depreciation expenses	281,399	274,623
Amortization expenses	4,794	6,319
Expected credit impairment losses (gains)	13,438	(4,530)
Interest expense	16,232	13,533
Interest income	(57,898)	(15,733)
Dividend income	(192,097)	(126,383)
Share of profits (losses) of associates and joint ventures under equity method	(2,165)	(2,857)
Loss on disposal of property, plant, and equipment	306	701
Loss on disposal of intangible assets	11	-
Loss on disposal of investments	549	-
Unrealized sales gains (losses)	465	967
Gains on lease modifications	(12)	(20)
Rent concessions reclassified to revenue	(4)	(3,866)
Total adjustments for profit or loss	65,018	142,754
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss	(78,338)	179,703
Notes receivable	19,423	1,752
Accounts receivable	(213,562)	258,455
Accounts receivable - related parties	115,117	(256,587)
Other receivables	9,626	(15,209)
Inventories	469,653	628,369
Prepayments	(51,745)	10,187
Other current assets	11,946	19,923
Other Non-Current Assets	(857)	(1,293)
Total changes in operating assets	281,263	825,300
<b>Changes in operating liabilities:</b>		
Notes payable	7,891	(3,852)
Accounts payable	(65,684)	(773,793)
Accounts payable - related parties	(87,095)	131,677
Other payables	(55,868)	10,056
Provisions for liabilities	(1,260)	(13,956)
Other current liabilities	49,851	63,390
Net defined benefit liabilities	(6,419)	(4,430)
Total changes in operating liabilities	(158,584)	(590,908)
Total changes in operating assets and liabilities	122,679	234,392
Total adjustments	187,697	377,146
<b>Cash flows generated by operating activities</b>	928,136	1,191,685
Interest received	55,822	15,416
Interest paid	(16,211)	(13,519)
Income tax paid	(181,577)	(154,982)
<b>Net cash flows generated from operating activities</b>	786,170	1,038,600
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(33,745)	(187,323)
Disposal of financial assets at fair value through other comprehensive income	374,117	335,654
Acquisition of property, plant, and equipment	(112,911)	(85,434)
Disposal of property, plant and equipment	5,782	453
Acquisition of intangible assets	(4,169)	(5,955)
Increase in refundable deposits	(8,037)	(1,405)
Increase in prepayments for equipment	(5,642)	(273)
Dividends received	192,070	126,383
Reduction in restricted deposits	-	18,679
Net cash flows from investing activities	407,465	200,779
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	7,854	-
Decrease in short-term loans	(7,667)	(5,385)
Repayments of long-term loans	(56,133)	(54,387)
Repayment of the principal of lease liabilities	(137,830)	(123,079)
Cash dividends paid	(711,595)	(617,964)
Cash dividends paid to non-controlling interests	(32,111)	(18,591)
<b>Net cash flows used in financing activities</b>	(937,482)	(819,406)
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>	3,839	65,899
<b>Increase in cash and cash equivalents for the period</b>	259,992	485,872
<b>Cash and cash equivalents at the beginning of the year</b>	3,695,970	2,794,253
<b>Cash and cash equivalents at the end of the year</b>	\$ 3,955,962	3,280,125

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun



**FSP Technology Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Nine Months Ended September 30, 2023 and 2022**  
**(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

**I. Company History**

FSP Technology Inc. (the “Company”) was incorporated on April 15, 1993, and registered under the Ministry of Economic Affairs, R.O.C. The Company is listed on the Taiwan Stock Exchange since October 16, 2002. The Company and its subsidiaries (the “Group”) are primarily engaged in the manufacturing, processing and trading of power supplies and various electronic components.

**II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization**

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

**III. Application of New and Amended Standards and Interpretations**

(I) Impact of adoption of new or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The Group has initially adopted the following new amendments to IFRS since January 1, 2023, the impact of which is described as follows:

1. Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendment restricts the scope of the recognition exemption. When the original recognition of a transaction results in an equal amount of taxable and deductible temporary differences, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred income tax liabilities should be recognized. Such accounting change increased deferred income tax assets, deferred income tax liabilities, retained earnings and non-controlling interests by NT\$148,584 thousand, NT\$143,873 thousand, NT\$4,631 thousand and NT\$80 thousand, respectively, as of January 1, 2022; increased deferred income tax assets, deferred income tax liabilities, retained earnings, exchange differences on translation of financial statements of foreign operations attributable to owners' equity of the parent and non-controlling interests by NT\$123,651 thousand, NT\$117,438 thousand, NT\$6,039 thousand, NT\$78 thousand and NT\$96 thousand, respectively, as of December 31, 2022; increased deferred income tax assets, deferred income tax liabilities, retained earnings, exchange differences on translation of financial statements

of foreign operations attributable to owners' equity of the parent and non-controlling interests by NT\$153,875 thousand, NT\$149,001 thousand, NT\$4,631 thousand,

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

NT\$152 thousand and NT\$91 thousand, respectively, as of September 30, 2022; and increased (decreased) exchange differences on translation of financial statements of foreign operating companies by NT\$51 thousand and NT\$163 thousand from July 1 to September 30, 2022 and January 1 to September 30, 2022, respectively, which had no effect on basic earnings per share, diluted earnings per share and cash flow statement. If the Group had followed the previous accounting policy in the second quarter of 2023, the deferred income tax assets, deferred income tax liabilities, retained earnings, exchange differences on translation of financial statements of foreign operations attributable to owners' equity of the parent and non-controlling interests as of September 30, 2023 would have been decreased by NT\$124,270 thousand, NT\$118,033 thousand, NT\$6,039 thousand, NT\$97 thousand and NT\$101 thousand, respectively. The exchange differences on translation of the financial statements of foreign operations for the period from July 1 to September 30, 2023 and January 1 to September 30, 2023 would have been decreased by NT\$185 thousand and NT\$24 thousand, respectively, which had no effect on basic earnings per share, diluted earnings per share and cash flow statement.

2. Others

The following new amendments are also effective as of January 1, 2023, but have no material impact on the Consolidated Financial Statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has adopted the following new amendments, which do not have a significant impact on the Consolidated Financial Statements, since May 23, 2023.

- Amendment to IFRS 12 “International Rental Tax Reform Pillar Two Model Rules”

(II) The impact of IFRS endorsed by the FSC but not yet adopted by the Group

The Group has initially adopted the following new amendments to IFRS since January 1, 2024, the impact of which is described as follows:

1. Amendment to IAS 1, "Classification of liabilities as current or non-current" and "Non-current Liabilities with Covenants"

The current IAS 1 stipulates that if an entity does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting period, the liability should be classified as current. The amendment removes the requirement that the right be unconditional and instead requires the right to exist at the end of the reporting period and to be substantive.

## Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

The current amendment clarifies that the classification of liabilities is not contingent upon management's intent or expectations regarding the exercise of deferral rights or the choice to settle the obligation early. If an entity has the right to defer the settlement of a liability for at least 12 months after the reporting period, the liability should be classified as non-current. The deferral right may be constrained by contractual terms in borrowing agreements. The amendment specifies that only contractual terms that the entity is required to comply with before the reporting date affect the classification of the liability's liquidity. Contractual terms that will be applicable after the reporting date (i.e., future contractual terms) do not impact the liquidity classification of the liability as of the reporting date. However, when non-current liabilities are subject to future contractual terms, the entity must disclose additional information to assist users in understanding the risk that these liabilities may become payable within 12 months after the reporting date. The amendment also clarifies how enterprise should classify liabilities settled by their own equity instruments (such as convertible debt). When a liability involves the counterparty's conversion rights, impacting the entity's issuance of its own equity instruments, IAS 32 "Financial Instruments: Presentation" allows for the separate recognition of these conversion rights as equity or liability. This amendment clarifies that, when determining the classification of the main liability as current or non-current, entities are not required to consider conversion rights recognized as equity.

The consolidation of companies may necessitate a reevaluation of the liquidity classification of borrowings. We are currently assessing the initial impact of applying this amendment on the financial position of the consolidated companies.

### 2. Others

The Group anticipate that the following new amendments to the standards are not expected to have a significant impact on the consolidated financial statements.

- Amendment to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendment to IFRS 16 "Lease Liabilities in Sales and Leaseback"

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

- (III) IFRSs issued by the International Accounting Standards Board (“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 IASB, but not yet endorsed by the FSC:

<b>New or Amended Standards</b>	<b>Content of Amendment</b>	<b>Effective Date per International Accounting Standards Board</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	When the investor sells or contributes its subsidiary to an associate or a joint venture and the asset sold or contributed constitutes a business, full gain or loss should be recognized on the loss of control of a business. If the asset sold or contributed does not constitute a business, unrealized gains and losses should be calculated according to the shareholding percentage and partial gain or loss should be recognized.	To be determined by International Accounting Standards Board

The Group is evaluating the impact of the initial adoption of the above-mentioned standards or interpretations on its financial position and operating performance. The results will be disclosed when the Group completes the evaluation.

The Group expects that the following new and amended standards, which have not been endorsed by the FSC, will not have a significant impact on the Consolidated Financial Statements.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- IAS 21 "Lack of Exchangeability"

**IV. Summary of Significant Accounting Policies**

Except for the following descriptions, the consolidated financial statements adopt the same significant accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2022, for details.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

(I) Compliance declaration

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereafter referred to as the “Preparation Regulations”) and IFRS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the necessary information that shall be disclosed in annual consolidated financial statements prepared in accordance with IFRS, IAS, IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC (hereafter referred to as the IFRSs endorsed by the FSC).

(II) Basis of consolidation

The consolidated financial statements adopt the preparation principles as the ones used in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note IV(III) of the consolidated financial statements for the year ended December 31, 2022, for details.

1. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description
			2023.9.30	2022.12.31	2022.9.30	
The Company	FSP International Inc. (BVI)	Investment holdings	100.00%	100.00%	100.00%	
"	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	100.00%	Note 4
The Company	Amacrox Technology Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	100.00%	Note 4
"	3Y Power Technology (TAIWAN) Inc. (“3Y Power”)	Trading and manufacturing of power supplies and related electronic products	65.87%	65.87%	65.87%	Note 4
"	Harmony Trading (HK) Ltd.	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
"	FSP Technology USA Inc.	Business development and product technical service	100.00%	100.00%	100.00%	Note 4
"	FSP Turkey Dis Tic. Ltd. Sti.	Business development and product technical service	91.41%	91.41%	91.41%	Note 4

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description		
			2023.9.30	2022.12.31	2022.9.30			
"	FSP Technology Vietnam Co., Ltd. ("FSP VN")	Manufacturing of power supplies and related electronic products	100.00%	-	%	-	%	Note 3 and Note 4
FSP International Inc. (BVI)	Shenzhen Huili Electronic Co., Ltd. ("Huili")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%			
"	FSP Technology Inc. (BVI)	Investment holdings	100.00%	100.00%	100.00%			Note 4
"	Proteck Electronics (Samoa) Corp.	Investment holdings	100.00%	100.00%	100.00%			Note 4
"	Power Electronics Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	100.00%			
"	Famous Holding Ltd.	Investment holdings	100.00%	100.00%	100.00%			
"	FSP International (HK) Ltd.	Investment holdings	100.00%	100.00%	100.00%			Note 4
FSP Technology Inc. (BVI)	FSP-C R&D Center ("FSP Jiangsu")	Research & development and design of various energy saving technology	100.00%	100.00%	100.00%			Note 4
Protek Electronics (Samoa) Corp.	Protek Electronics (China) Corp. ("Protek Dongguan")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%			Note 4
Power Electronics Co., Ltd. (BVI)	Zhonghan Electronics (Shenzhen) Co., Ltd. ("Zhonghan")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%			
Famous Holding Ltd.	WUXI SPI Technology Co., Ltd. ("WUXI SPI")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%			
"	WUXI Zhonghan Technology Co., Ltd. ("WUXI Zhonghan")	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%			
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. ("Hao Han")	Trading and manufacturing of electronic components	100.00%	100.00%	100.00%			Note 4

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description
			2023.9.30	2022.12.31	2022.9.30	
WUXI Zhonghan	Shenzhen Zhonghan Technology Co., Ltd. (“Zhonghan Tech.”)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
“	Proteck Power North America, Inc.	Trading of power supplies and related electronic products	- %	100.00%	100.00%	Note 1 and Note 4
3Y Power	3Y Power Technology Inc. (“3Y Power USA”)	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
“	Luckyield Co., Ltd.	Investment holdings	100.00%	100.00%	100.00%	Note 4
Luckyield Co., Ltd.	WUXI 3Y Technology Co., Ltd. (“WUXI 3Y”)	Design, manufacturing and trading of power supplies	100.00%	100.00%	100.00%	Note 2 and Note 4

Note 1: The liquidation of Proteck Power North America, Inc. was approved by the Board of Directors on January 5, 2023. The liquidation was completed on August 29, 2023.

Note 2: which is held by the Company through Luckyield Co., Ltd. The Company invested in WUXI 3Y through Luckyield Co., Ltd., and the comprehensive shareholding percentage as of September 30, 2023, December 31, 2022 and September 30, 2022 were all 65.87%.

Note 3: The Company established FSP VN for NT\$30,500 thousand (US\$1,000 thousand) on June 19, 2023 and it became a subsidiary of the Company since then.

Note 4: It was a non-significant subsidiary, and its financial statements were not reviewed by the independent auditors.

2. Subsidiaries which are not included in the Consolidated Financial Statements:

(III) Employee benefits

The pension cost under defined benefit plan for the interim period is calculated based on actuarial pension cost rate of the preceding ending date of the fiscal year from the start to the end of the year, and adjusted for material market fluctuations, material project modifications, settlements or other material one-time matters for the period.

(IV) Income Tax

The Group measured and disclosed the income tax expenses of the interim period pursuant to Paragraph B12, IAS 34 “Interim Financial Reporting.”



**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

Income tax expenses were accrued by applying management's best estimate of tax rate applicable based on expected total annual earnings to the pre-tax income of the interim period and fully recognized as income tax expense of the current period.

Income tax expenses recognized directly in equity or other comprehensive income were measured using the applicable tax rates at the time of expected realization or settlement of the temporary differences between the carrying amount of related assets and liabilities for financial reporting purposes and their tax bases.

**V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions**

When preparing the consolidated financial statements according to Preparation Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC, the management has to make judgments, estimates, and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes, and expenses. Actual results may differ from the estimates.

When preparing the consolidated financial statements, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the Group's accounting policies are consistent with Note V of the consolidated financial statements for the year ended December 31, 2022.

**VI. Details of Significant Accounts**

Except for the following descriptions, the details of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2022. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2022, for relevant information.

(I) Cash and cash equivalents

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Cash on hand	\$ 10,451	9,302	9,408
Cash equivalents			
Money market funds	-	24,567	-
Repurchase agreements	143,279	-	-
Deposits in saving accounts and checking accounts	1,616,619	2,104,779	1,773,745
Time deposits	<u>2,185,613</u>	<u>1,557,322</u>	<u>1,496,972</u>
	<u>\$ 3,955,962</u>	<u>3,695,970</u>	<u>3,280,125</u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

(II) Financial assets at fair value through profit or loss	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Beneficiary certificates	\$ 212,085	206,617	202,439
Private equity funds	68,545	18,000	18,000
Foreign unlisted stocks	71,632	71,632	71,632
Structured deposits	286,525	264,200	44,300
Total	<u>\$ 638,787</u>	<u>560,449</u>	<u>336,371</u>

As of September 30, 2023, December 31, 2022, and June 30, 2022, the Group held structured deposits and expected yields ranged from 1.30% to 2.85%, 1.75% to 3.30%, and 1.35% to 3.25% with maturity from November 2023, January 2023 to February 2023, and October 2022 to November 2022, respectively.

The Group recognized dividend income of NT\$309 thousand and NT\$0 for the aforementioned financial assets at fair value through profit or loss from January 1 to September 30, 2023 and 2022, respectively.

Please refer to Note VI (XXIII) for the amount recognized in profit or loss remeasured at fair value.

Please refer to Note VI(XXIV) for the information on market risk.

(III) Financial assets at fair value through other comprehensive income	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Equity instruments at fair value through other comprehensive income			
Domestic listed stock - Voltronic Power Technology Corp.	\$ 5,464,798	5,665,240	5,317,675
Domestic listed stock - JESS-LINK Products Co., Ltd.	728,000	400,000	377,000
Domestic listed stock - WT Microelectronics Co., Ltd.	44,100	47,750	48,100
Domestic listed stock - Taiwan Cement Corp.	1,829	1,851	1,859
Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.	5,230	4,485	4,220
Domestic over-the-counter (OTC) stock - Coretronic Corporation	66,662	56,900	55,400

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Foreign listed stocks	9,584	11,302	14,270
Foreign unlisted stocks	26,494	26,494	26,494
Domestic unlisted stocks	233,885	162,792	162,792
<b>Total</b>	<b>\$ 6,580,582</b>	<b>6,376,814</b>	<b>6,007,810</b>

1. Investments in equity instruments at fair value through other comprehensive income  
The Group holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, so these investments have been designated to be measured at fair value through other comprehensive income.

The Group recognized dividend income of NT\$191,788 thousand and NT\$126,383 thousand for the aforementioned investments in equity instruments at fair value through other comprehensive income from January 1 to September 30, 2023 and 2022, respectively.

In order to meet the needs of funding plan, the Group divested the shares of Voltronic Power Technology Corp., Guoyu Global Company Limited and Coretronic intelligent Cloud Service Corp. are designated from September 30, 2023 and the fair value at the time of disposal was NT\$395,987 thousand with disposal gains of NT\$382,531 thousand. As of September 30, 2023, the outstanding proceeds from disposal amounted to NT\$21,870 thousand, which was recognized under other receivables. In order to meet the needs of funding plan, the Group divested the shares of Voltronic Power Technology Corp. designated at fair value through other comprehensive income from September 30, 2021 and the fair value at the time of disposal was NT\$346,780 thousand and with disposal gains of NT\$345,671 thousand. As of September 30, 2022, the proceeds from disposal amounted to NT\$11,121 thousand was not yet paid and recognized under other receivables.

2. Please refer to Note VI(XXIV) for the information on market risk.

(IV) Financial assets at amortized cost

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Corporate bond - Novaland Group (NVL)	\$ -	-	11,700
Less: Loss allowances	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>11,700</b>

The Group assesses that the asset is held to maturity to receive contractual cash flows. The asset is classified as financial assets at amortized cost because the cash flows from the financial asset are solely the payment of principal and interest on the outstanding principal amount.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

1. In June 2021, the Group purchased the corporate bond of Novaland Group (NVL) due in 18 months at a face value of NT\$10,959 thousand with a coupon rate of 10.00%. The bonds matured in December 2022.
2. Please refer to Note VI(XXIV) for the information on credit risk.

(V) Notes receivable and accounts receivable

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Notes receivable	\$ 62,145	81,568	60,360
Accounts receivable	3,381,072	3,165,251	3,637,212
Accounts receivable - related parties	606,721	721,838	1,058,335
Less: Loss allowances	(12,038)	(24,641)	(26,407)
	<b>\$ 4,037,900</b>	<b>3,944,016</b>	<b>4,729,500</b>

Group's notes receivable and accounts receivable were not discounted or provided as collaterals.

The Group applies the simplified approach to estimate expected credit loss for all notes receivable and accounts receivable, i.e. the use of lifetime expected credit loss for all receivables. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward-looking information, including macroeconomy and related industry information, is taken into consideration as well.

Analysis of expected credit loss on notes receivable and accounts receivable of the Group's operating entity in Taiwan was as follows:

	<b>2023.9.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 3,179,531	0~0.11	2,940
Past due within 30 days	98,277	6.58	6,462
Past due 31-60 days	4	20.76	1
Past due over 121 days	2,251	100	2,251
	<b>\$ 3,280,063</b>		<b>11,654</b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

	<b>2022.12.31</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 2,926,231	0~0.46	11,182
Past due within 30 days	72,291	7.58	5,478
Past due 31-60 days	3,285	23.93	786
Past due 61-90 days	2,846	46.14	1,313
	<b><u>\$ 3,004,653</u></b>		<b><u>18,759</u></b>

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT\$27,493 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT\$5,499 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

	<b>2022.9.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 3,658,162	0~0.45	14,333
Past due within 30 days	65,033	7.98	5,192
Past due 31-60 days	982	25.21	247
Past due 61-90 days	3,425	48.61	1,665
Past due 91-120 days	1,161	56.18	652
	<b><u>\$ 3,728,763</u></b>		<b><u>22,089</u></b>

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT\$19,644 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT\$3,929 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

The analysis of the expected credit loss on notes receivable and accounts receivable for the Group's operating entities in Mainland China is provided below:

	<b>2023.9.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 541,727	0.07	378
Past due within 30 days	5,316	0.07	4
Past due 31-60 days	958	0.07	1
Past due 61-90 days	616	0.07	-
Past due 91-120 days	676	0.07	-
Past due over 121 days	873	0.07	1
	<b>\$ 550,166</b>		<b>384</b>

	<b>2022.12.31</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 742,100	0.05	378
Past due within 30 days	3,424	0.05	2
Past due 31-60 days	6,489	0.05	3
Past due 61-90 days	101	0.05	-
	<b>\$ 752,114</b>		<b>383</b>

	<b>2022.9.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 733,824	0.05	378
Past due within 30 days	11,127	0.05	6
Past due 31-60 days	4,048	0.50	2
Past due 61-90 days	5,172	0.05	3
	<b>\$ 754,171</b>		<b>389</b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

The analysis of the expected credit loss on notes receivable and accounts receivable for other operating entities of the Group is provided below:

	<b>2023.9.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 164,487	-	-
Past due within 30 days	20,538	-	-
Past due 31-60 days	15,238	-	-
Past due 61-90 days	7,285	-	-
Past due 91-120 days	8,466	-	-
Past due over 121 days	3,695	-	-
	<b>\$ 219,709</b>		<b>-</b>

	<b>2022.12.31</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 133,205	-	-
Past due within 30 days	32,839	-	-
Past due 31-60 days	14,256	-	-
Past due 61-90 days	4,097	-	-
	<b>\$ 184,397</b>		<b>-</b>

	<b>2022.9.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 237,424	-	-
Past due within 30 days	12,527	-	-
Past due 31-60 days	3,378	-	-
	<b>\$ 253,329</b>		<b>-</b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

Changes in the allowance for notes receivable and accounts receivable were as follows:

	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Beginning balance	\$ 24,641	39,771
Recoveries from write-off in previous years	2,258	-
Reversal of impairment loss	(14,862)	(4,530)
Write-off	-	(9,623)
Effect of exchange rate changes	1	789
Ending balance	<u><u>\$ 12,038</u></u>	<u><u>26,407</u></u>

(VI) Other receivables

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Other receivables	\$ 107,440	91,840	100,586
Less: Loss allowances	(30,063)	(510)	(528)
	<u><u>\$ 77,377</u></u>	<u><u>91,330</u></u>	<u><u>100,058</u></u>

Changes in loss allowance for other receivables:

	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Beginning balance	\$ 510	460
Impairment losses recognized	28,300	-
Effect of exchange rate changes	1,253	68
Ending balance	<u><u>\$ 30,063</u></u>	<u><u>528</u></u>

(VII) Inventories

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Finished goods	\$ 1,407,019	1,750,634	1,612,315
Work in process	509,108	634,291	547,554
Raw materials	672,859	673,714	802,308
	<u><u>\$ 2,588,986</u></u>	<u><u>3,058,639</u></u>	<u><u>2,962,177</u></u>



**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

Breakdown of cost of goods sold:

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Inventories sold	\$ 2,715,511	3,085,889	8,313,568	8,768,581
Loss on inventory write-down	15,808	32,754	33,355	84,942
Loss on inventory	-	-	18	1
Unallocated manufacturing expense	12,536	7,882	42,635	55,586
Loss on inventory obsolescence	291	166	5,830	6,297
	<b><u>\$ 2,744,146</u></b>	<b><u>3,126,691</u></b>	<b><u>8,395,406</u></b>	<b><u>8,915,407</u></b>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group did not pledge any inventories as collateral.

(VIII) Investments Accounted for Using the Equity Method

A summary of the Group's investments accounted for using the equity method at the reporting date is provided below:

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Associate	<b><u>\$ 38,517</u></b>	<b><u>34,200</u></b>	<b><u>33,474</u></b>

1. Associate

Aggregated financial information on associates that were accounted for using the equity method and were not individually material to the Group is summarized below. This financial information was included in the amount of the Consolidated Financial Statements:

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
The carrying amount of investments in associates that were not individually material to the Group at the end of the period	<b><u>\$ 38,517</u></b>	<b><u>34,200</u></b>	<b><u>33,474</u></b>

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Attributable to the Group:				
Income from Continuing Operations	\$ 427	1,052	2,165	2,857
Other Comprehensive Income	1,440	2,371	2,617	4,637
Total Comprehensive Income	<b><u>\$ 1,867</u></b>	<b><u>3,423</u></b>	<b><u>4,782</u></b>	<b><u>7,494</u></b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

2. Collateral

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group did not pledge any investments accounted for under the equity method as collateral.

3. Unreviewed Investments Recognized Through the Equity Method

The shares of profit or loss and other comprehensive income entitled by the Group and investments recognized through the equity method are calculated on the basis of the financial statements which has not been reviewed by the independent auditors.

(IX) Subsidiary

The consolidated company, on January 5, 2023, through a resolution passed by the Board of Directors, approved the liquidation of its subsidiary, Power North America. The liquidation was completed on August 29, 2023, and a disposal loss of NT\$549 thousand was recognized, recorded under other income and expenses.

1. The detailed of the net assets' carrying amount of Power North America as of the disposal date is as follows:

	<b>2023.6.30</b>
Cash	<b>\$ 15,281</b>

2. The detailed of the loss amount incurred by the consolidated company from the disposal of the subsidiary is as follows:

	<b>2023.6.30</b>
Exchange differences on translation of financial statements of foreign operations	<b>\$ 549</b>

(X) Property, Plant, and Equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment from January 1 to September 30, 2023 and 2022 were as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
Cost or deemed cost:									
Balance as of January 1, 2023	310,476	1,217,961	28,387	1,235,925	18,803	499,757	76,042	73	3,387,424
Addition	-	10,161	-	79,505	1,967	24,638	458	8,305	125,034
Disposal and obsolescence	-	-	-	(38,550)	(642)	(6,161)	(213)	-	(45,566)
Reclassification (Note 1)	-	-	-	319	-	166	-	(73)	412
Effect of exchange rate changes	-	430	59	1,725	115	122	115	-	2,566
Balance as of September 30, 2023	<b>\$ 310,476</b>	<b>1,228,552</b>	<b>28,446</b>	<b>1,278,924</b>	<b>20,243</b>	<b>518,522</b>	<b>76,402</b>	<b>8,305</b>	<b>3,469,870</b>
Balance as of January 1, 2022	310,476	1,155,739	27,589	1,177,087	19,031	474,302	74,207	27,875	3,266,306
Addition	-	25,917	432	34,714	564	26,775	420	72	88,894
Disposal and obsolescence	-	(2,076)	-	(4,683)	(1,129)	(9,016)	-	-	(16,904)
Reclassification (Note 1)	-	19,107	-	5,155	-	613	-	(20,446)	4,429
Effect of exchange rate changes	-	7,924	732	26,421	606	3,074	2,058	-	40,815
Balance as of September 30, 2022	<b>\$ 310,476</b>	<b>1,206,611</b>	<b>28,753</b>	<b>1,238,694</b>	<b>19,072</b>	<b>495,748</b>	<b>76,685</b>	<b>7,501</b>	<b>3,383,540</b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
Depreciation and impairment loss:									
Balance as of January 1, 2023	-	519,214	9,607	912,700	13,376	405,636	38,896	-	1,899,429
Recognition in current period	-	37,568	1,616	69,999	1,174	27,275	6,772	-	144,404
Disposal and obsolescence	-	-	-	(32,538)	(642)	(6,085)	(213)	-	(39,478)
Effect of exchange rate changes	-	406	21	1,476	83	116	90	-	2,192
Balance as of September 30, 2023	<u>\$ -</u>	<u>557,188</u>	<u>11,244</u>	<u>951,637</u>	<u>13,991</u>	<u>426,942</u>	<u>45,545</u>	<u>-</u>	<u>2,006,547</u>
Balance as of January 1, 2022	-	469,062	7,387	824,346	13,085	378,664	29,335	-	1,721,879
Recognition in current period	-	36,104	1,600	69,098	847	27,879	6,920	-	142,448
Disposal and obsolescence	-	(1,326)	-	(4,418)	(1,128)	(8,878)	-	-	(15,750)
Effect of exchange rate changes	-	6,367	186	18,534	432	2,058	908	-	28,485
Balance as of September 30, 2022	<u>\$ -</u>	<u>510,207</u>	<u>9,173</u>	<u>907,560</u>	<u>13,236</u>	<u>399,723</u>	<u>37,163</u>	<u>-</u>	<u>1,877,062</u>
Carrying amounts:									
Balance as of January 1, 2023	<u>\$ 310,476</u>	<u>698,747</u>	<u>18,780</u>	<u>323,225</u>	<u>5,427</u>	<u>94,121</u>	<u>37,146</u>	<u>73</u>	<u>1,487,995</u>
Balance as of September 30, 2023	<u>\$ 310,476</u>	<u>671,364</u>	<u>17,202</u>	<u>327,287</u>	<u>6,252</u>	<u>91,580</u>	<u>30,857</u>	<u>8,305</u>	<u>1,463,323</u>
Balance as of September 30, 2022	<u>\$ 310,476</u>	<u>696,404</u>	<u>19,580</u>	<u>331,134</u>	<u>5,836</u>	<u>96,025</u>	<u>39,522</u>	<u>7,501</u>	<u>1,506,478</u>

Note 1: From January 1 to September 30, 2023 and 2022, the amount transferred from equipment prepayment was NT\$412 thousand and NT\$4,429 thousand, respectively.

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of September 30, 2023, December 31, 2021 and September 30, 2021.

(XI) Right-of-use assets

The changes in the costs and depreciation of land, buildings and construction and transportation equipment leased by the Group were as follows:

	Land	Housing and Construction	Transportation Equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2023	\$ 27,784	1,119,990	3,497	1,151,271
Addition	-	98,260	2,511	100,771
Reduction (contract expired and early termination of contract)	-	(2,276)	(389)	(2,665)
Effect of exchange rate changes	26	4,852	26	4,904
Balance as of September 30, 2023	<u>\$ 27,810</u>	<u>1,220,826</u>	<u>5,645</u>	<u>1,254,281</u>
Balance as of January 1, 2022	\$ 27,546	1,046,660	3,451	1,077,657
Addition	-	53,851	-	53,851

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
(Continued)

	<b>Land</b>	<b>Housing and Construction</b>	<b>Transportation Equipment</b>	<b>Total</b>
Reduction (contract expired and early termination of contract)	-	(88)	(1,971)	(2,059)
Effect of exchange rate changes	480	33,749	20	34,249
Balance as of September 30, 2022	<b>\$ 28,026</b>	<b>1,134,172</b>	<b>1,500</b>	<b>1,163,698</b>
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	\$ 4,106	618,627	1,041	623,774
Depreciation in current period	767	134,941	1,287	136,995
Reduction (contract expired and early termination of contract)	-	(1,899)	(389)	(2,288)
Effect of exchange rate changes	4	2,638	10	2,652
Balance as of September 30, 2023	<b>\$ 4,877</b>	<b>754,307</b>	<b>1,949</b>	<b>761,133</b>
Balance as of January 1, 2022	\$ 3,062	437,245	1,917	442,224
Depreciation in current period	769	130,797	609	132,175
Reduction (contract expired and early termination of contract)	-	-	(1,451)	(1,451)
Effect of exchange rate changes	46	15,131	9	15,186
Balance as of September 30, 2022	<b>\$ 3,877</b>	<b>583,173</b>	<b>1,084</b>	<b>588,134</b>
Carrying amounts:				
Balance as of January 1, 2023	<b>\$ 23,678</b>	<b>501,363</b>	<b>2,456</b>	<b>527,497</b>
Balance as of September 30, 2023	<b>\$ 22,933</b>	<b>466,519</b>	<b>3,696</b>	<b>493,148</b>
Balance as of September 30, 2022	<b>\$ 24,149</b>	<b>550,999</b>	<b>416</b>	<b>575,564</b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

(XII) Intangible assets

The changes in costs, amortization and impairment loss of intangible assets from January 1 to September 30, 2023 and 2022 were as follows:

	<u>Goodwill</u>	<u>Software cost</u>	<u>Patent</u>	<u>Total</u>
Costs:				
Balance as of January 1, 2023	\$ 218,672	18,846	16,507	254,025
Addition in current period	-	4,032	137	4,169
Reduction in current period	-	(3,359)	(18)	(3,377)
Effect of exchange rate changes	-	-	1	1
Balance as of September 30, 2023	<u>\$ 218,672</u>	<u>19,519</u>	<u>16,627</u>	<u>254,818</u>
Balance as of January 1, 2022	\$ 218,672	15,603	15,863	250,138
Addition in current period	-	5,955	-	5,955
Reduction in current period	-	(5,496)	-	(5,496)
Reclassification (Note)	-	-	647	647
Effect of exchange rate changes	-	1	7	8
Balance as of September 30, 2022	<u>\$ 218,672</u>	<u>16,063</u>	<u>16,517</u>	<u>251,252</u>
Amortization and impairment loss:				
Balance as of January 1, 2023	\$ -	13,099	16,021	29,120
Amortization for the period	-	4,742	52	4,794
Reduction in current period	-	(3,359)	(7)	(3,366)
Balance as of September 30, 2023	<u>\$ -</u>	<u>14,482</u>	<u>16,066</u>	<u>30,548</u>
Balance as of January 1, 2022	\$ -	10,779	15,863	26,642
Amortization for the period	-	6,267	52	6,319
Reduction in current period	-	(5,496)	-	(5,496)
Reclassification (Note)	-	-	93	93
Effect of exchange rate changes	-	1	1	2
Balance as of September 30, 2022	<u>\$ -</u>	<u>11,551</u>	<u>16,009</u>	<u>27,560</u>
Carrying amounts:				
Balance as of January 1, 2023	<u>\$ 218,672</u>	<u>5,747</u>	<u>486</u>	<u>224,905</u>
Balance as of September 30, 2023	<u>\$ 218,672</u>	<u>5,037</u>	<u>561</u>	<u>224,270</u>
Balance as of September 30, 2022	<u>\$ 218,672</u>	<u>4,512</u>	<u>508</u>	<u>223,692</u>

Note: It was transferred from prepayments.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

(XIII) Short-term loans

The details of the Group's short-term borrowings are provided below:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Credit loans	\$ <u>8,035</u>	<u>7,692</u>	<u>10,930</u>
Unused facility	\$ <u>821,000</u>	<u>907,500</u>	<u>707,594</u>
Interest rate range (%)	<u>7.26</u>	<u>4.95</u>	<u>1.00~4.02</u>

Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

(XIV) Long-term loans

The details of the Group's long-term borrowings are provided below:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Secured bank borrowings	\$ 143,201	199,334	217,961
Less: current portion of long-term debt	<u>75,443</u>	<u>74,930</u>	<u>74,760</u>
Total	\$ <u>67,758</u>	<u>124,404</u>	<u>143,201</u>
Unused facility	\$ -	-	<u>20,000</u>
Interest rate range (%)	<u>1.58</u>	<u>1.58</u>	<u>1.58</u>

1. Collateral for bank borrowings

Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

2. Government-subsidized loan with preferential interest rate

In August 2020, the Group obtained a NT\$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The drawdown period was until December 31, 2021, and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Group was NT\$296,650 thousand as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT\$6,585 thousand which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Such deferred revenue was transferred to other income amounted to NT\$233 thousand, NT\$421 thousand, NT\$771 thousand and NT\$1,055 thousand, respectively, from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

(XV) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Current	\$ 200,522	175,602	175,503
Non-current	304,665	364,713	411,841
Total	<u>\$ 505,187</u>	<u>540,315</u>	<u>587,344</u>

Please refer to Note VI(XXIV) Financial Instrument for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Interest expense on lease liabilities	<u>\$ 2,415</u>	<u>2,552</u>	<u>7,416</u>	<u>7,840</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 308</u>	<u>548</u>	<u>1,054</u>	<u>1,323</u>
Expenses of short-term leases	<u>\$ 3,020</u>	<u>3,334</u>	<u>9,548</u>	<u>8,754</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 2</u>	<u>-</u>	<u>152</u>	<u>58</u>
Rent concession arising from the COVID-19 pandemic (recognized in other income)	<u>\$ 4</u>	<u>592</u>	<u>4</u>	<u>3,866</u>

Amount recognized in the Statements of Cash Flows was as follows:

	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Total cash outflow in operating activities	\$ 18,170	17,975
Total cash outflow in financing activities	137,830	123,079
Total cash flows on lease	<u>\$ 156,000</u>	<u>141,054</u>

1. Lease of land, buildings and construction

The Group leases land, buildings, and construction as factories, office premises, staff quarters, and warehouses with lease terms ranging from 1 to 10 years. Some of these leases include the option to extend the lease term for the same period as the original contract at the end of the lease term.

The lease payments for some of the warehouses are based on the actual floor area used each month.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

For these lease contracts, the variable lease payments paid by the Group from January 1 to September 30, 2023 were as follows:

	<b>Variable payment</b>	<b>Estimated impact on lease payment for each 1% increase in the actual floor area used</b>
Lease contracts with variable payment calculated based on the actual floor area used per month	<b>\$ 1,054</b>	<b>11</b>

2. Other leases

The Group leases machinery, and transportation equipment with the lease terms ranging from one year to eight years.

The lease terms of some of the Group's leases of buildings, construction, machinery and transportation equipment are within 1 year. These leases are considered as short-term leases or leases of low-value assets and the Group elected to apply for exemption and did not recognize related right-of-use assets and lease liabilities.

(XVI) Provisions for liabilities

	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Balance as of January 1	\$ 131,155	146,223
Addition of provision during the year	45,046	50,630
Amount utilized during the year	(46,306)	(64,586)
Balance as of September 30	<b>\$ 129,895</b>	<b>132,267</b>

The provision of the Group is mainly for sales-related maintenance obligation. The provision is estimated based on historical maintenance rates and maintenance cost per unit of specific products.

(XVII) Employee benefits

1. Defined benefit plans

Since no major market fluctuations, major reductions, liquidations or other major one-off events occurred after the previous annual reporting date, the Group has measured and disclosed the pension costs for the interim period by the pension costs determined by actuary on December 31, 2022, and 2021.



**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

The details of costs and expenses presented by the Group are as follows:

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Operating costs	\$ 34	91	102	261
Selling and marketing expenses	58	123	166	370
General and administrative expenses	130	330	337	930
Research and development expenses	185	418	488	1,184
	<b><u>\$ 407</u></b>	<b><u>962</u></b>	<b><u>1,093</u></b>	<b><u>2,745</u></b>

2. Defined contribution plans

The pension expenses of the Company and its domestic consolidated subsidiaries in accordance with the Measures for Determining Pension Appropriation are as follows:

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Operating costs	\$ 559	535	1,688	1,623
Selling and marketing expenses	1,818	1,537	5,267	4,691
General and administrative expenses	2,366	2,317	7,041	6,670
Research and development expenses	4,561	3,898	12,985	11,531
	<b><u>\$ 9,304</u></b>	<b><u>8,287</u></b>	<b><u>26,981</u></b>	<b><u>24,515</u></b>

Per the above mentioned defined contribution plan, it contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

In accordance with local regulations, other consolidated subsidiaries recognized pension expenses of NT\$13,534 thousand, NT\$18,563 thousand, NT\$57,107 thousand and NT\$68,747 thousand, respectively, from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022.

3. Other short-term employee benefits

From July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022, the Group contributed NT\$14,741 thousand, NT\$3,260 thousand, NT\$21,463 thousand and NT\$9,635 thousand, respectively, to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had accrued unused leave bonuses of NT\$50,349 thousand, NT\$47,078 thousand and NT\$48,490 thousand, respectively, which were recorded under other payables.

**(XVIII) Income Tax**

The income tax expense of the Group from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022 were as below:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Income tax expense for the period	<u>\$ 53,795</u>	<u>64,990</u>	<u>127,979</u>	<u>150,297</u>

The Company's profit-seeking enterprise income tax has been approved by the tax authority to the year of 2021.

**(XIX) Capital and other equity**

Except for the following descriptions, there was no significant change in the capital and other equity of the Group from January 1 to September 30, 2023, and 2022. Please refer to Note VI(XX) of the consolidated financial statements for the year ended December 31, 2022, for details.

1. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2023	\$ (77,427)	5,628,307	5,550,880
Retroactive adjustments to new standards	78	-	78
Balance after restatement as of January 1, 2023	(77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	1,764	-	1,764
Subsidiary	549	-	549
Share of other comprehensive income of associates and joint-ventures under the equity method	2,617	-	2,617
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	566,010	566,010
Disposal of equity instruments at fair value through other comprehensive income	-	(382,531)	(382,531)
Balance as of September 30, 2023	<u>\$ (72,419)</u>	<u>5,811,786</u>	<u>5,739,367</u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

	<b>Exchange differences on translation of financial statements of foreign operations</b>	<b>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2022 (Restated)	\$ (117,703)	6,200,289	6,082,586
Exchange differences on translation of financial statements of foreign operations (restated)	71,572	-	71,572
Share of other comprehensive income of associates and joint- ventures under the equity method	4,637	-	4,637
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(595,871)	(595,871)
Disposal of equity instruments at fair value through other comprehensive income	-	(345,671)	(345,671)
Balance as of September 30, 2022 (Restated)	<u>\$ (41,494)</u>	<u>5,258,747</u>	<u>5,217,253</u>

2. Non-controlling interests (net after tax)

	<b>January to September, 2023</b>	<b>January to September, 2022 (Restated)</b>
Beginning balance	\$ 394,238	338,515
Retroactive adjustments to new standards	96	80
Opening balance after restatement	394,334	338,595
Net income for the year attributable to non- controlling interests	31,948	59,225
Exchange differences on translation of financial statements of foreign operations	2,520	7,459
Distribution of cash dividends to non- controlling interests	(32,111)	(18,591)
	<u>\$ 396,691</u>	<u>386,688</u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
(Continued)

(XX) Earnings per Share

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
<b>Basic earnings per share:</b>				
Net income attributable to the ordinary shareholders of the Company	\$ <u>371,616</u>	<u>319,500</u>	<u>580,512</u>	<u>605,017</u>
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	<u>187,262</u>	<u>187,262</u>	<u>187,262</u>	<u>187,262</u>
Basic earnings per share (Unit: In New Taiwan Dollars)	\$ <u>1.98</u>	<u>1.71</u>	<u>3.10</u>	<u>3.23</u>
<b>Diluted earnings per share:</b>				
Net income attributable to the ordinary shareholders of the Company	\$ <u>371,616</u>	<u>319,500</u>	<u>580,512</u>	<u>605,017</u>
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262	187,262	187,262
Employee compensation (Unit: Thousands of shares)	903	1,718	1,273	2,132
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	<u>188,165</u>	<u>188,980</u>	<u>188,535</u>	<u>189,394</u>
Diluted earnings per share (Unit: In New Taiwan Dollars)	\$ <u>1.97</u>	<u>1.69</u>	<u>3.08</u>	<u>3.19</u>

(XXI) Revenue from contracts with customers

1. Breakdown of revenue

	July to September, 2023					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	\$ 465,955	205,265	-	-	-	671,220
China	371,088	24,110	341,726	121,943	6,357	865,224
U.S.A.	222,298	-	-	-	166,213	388,511
Germany	546,979	11,896	-	-	-	558,875
Other countries	928,421	2,598	-	-	41,694	972,713
	<u>\$ 2,534,741</u>	<u>243,869</u>	<u>341,726</u>	<u>121,943</u>	<u>214,264</u>	<u>3,456,543</u>
Major product/service line:						
Sales of power supply	\$ <u>2,534,741</u>	<u>243,869</u>	<u>341,726</u>	<u>121,943</u>	<u>214,264</u>	<u>3,456,543</u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

July to September, 2022						
	<b>The Company and its processing subsidiaries</b>	<b>3Y Power</b>	<b>Zhong Han</b>	<b>WUXI Zhonghan</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$ 527,203	158,607	-	-	-	685,810
China	623,137	34,073	481,293	148,660	3,762	1,290,925
U.S.A.	343,459	10,276	-	-	225,858	579,593
Germany	527,579	48,751	-	-	-	576,330
Other countries	620,635	2,240	-	-	18,823	641,698
	<b><u>\$ 2,642,013</u></b>	<b><u>253,947</u></b>	<b><u>481,293</u></b>	<b><u>148,660</u></b>	<b><u>248,443</u></b>	<b><u>3,774,356</u></b>
Major product/service line:						
Sales of power supply	<b><u>\$ 2,642,013</u></b>	<b><u>253,947</u></b>	<b><u>481,293</u></b>	<b><u>148,660</u></b>	<b><u>248,443</u></b>	<b><u>3,774,356</u></b>

January to September, 2023						
	<b>The Company and its processing subsidiaries</b>	<b>3Y Power</b>	<b>Zhong Han</b>	<b>WUXI Zhonghan</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$ 1,344,102	580,138	-	-	-	1,924,240
China	1,110,184	145,148	1,048,153	375,165	13,862	2,692,512
U.S.A.	789,125	4,600	-	-	521,722	1,315,447
Germany	1,876,624	57,183	-	-	-	1,933,807
Other countries	2,286,021	12,869	-	-	119,610	2,418,500
	<b><u>\$ 7,406,056</u></b>	<b><u>799,938</u></b>	<b><u>1,048,153</u></b>	<b><u>375,165</u></b>	<b><u>655,194</u></b>	<b><u>10,284,506</u></b>
Major product/service line:						
Sales of power supply	<b><u>\$ 7,406,056</u></b>	<b><u>799,938</u></b>	<b><u>1,048,153</u></b>	<b><u>375,165</u></b>	<b><u>655,194</u></b>	<b><u>10,284,506</u></b>

January to September, 2022						
	<b>The Company and its processing subsidiaries</b>	<b>3Y Power</b>	<b>Zhong Han</b>	<b>WUXI Zhonghan</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$ 1,558,425	436,537	-	-	-	1,994,962
China	1,741,378	80,197	1,385,955	422,601	13,209	3,643,340
U.S.A.	920,771	20,874	-	-	597,313	1,538,958
Germany	1,453,281	104,165	-	-	-	1,557,446
Other countries	1,872,153	12,374	-	-	56,941	1,941,468
	<b><u>\$ 7,546,008</u></b>	<b><u>654,147</u></b>	<b><u>1,385,955</u></b>	<b><u>422,601</u></b>	<b><u>667,463</u></b>	<b><u>10,676,174</u></b>
Major product/service line:						
Sales of power supply	<b><u>\$ 7,546,008</u></b>	<b><u>654,147</u></b>	<b><u>1,385,955</u></b>	<b><u>422,601</u></b>	<b><u>667,463</u></b>	<b><u>10,676,174</u></b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

2. Contract balance

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Notes and accounts receivable (including related parties)	\$ 4,049,938	3,968,657	4,755,907
Less: Loss allowances	(12,038)	(24,641)	(26,407)
Total	<b>\$ 4,037,900</b>	<b>3,944,016</b>	<b>4,729,500</b>
Contract liabilities (recognized in other current liabilities)	<b>\$ 65,273</b>	<b>93,296</b>	<b>112,469</b>

Please refer to Note VI(V) for notes receivable, accounts receivable and related impairment.

(XXII) Remuneration of Employees and Directors

The Company's Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The accrued amounts of the Company's employee remuneration for the three months and nine months ended September 30, 2023 and 2022 were NT\$27,128 thousand, NT\$38,310 thousand, NT\$44,782 thousand, and NT\$65,125 thousand, respectively, and the accrued amounts of directors' remuneration for the periods then ended were NT\$4,384 thousand, NT\$4,509 thousand, NT\$6,443 thousand and NT\$8,076 thousand, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating expenses for the periods. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. If employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price on the day preceding the Board of Directors' meeting.

For the years ended December 31, 2022 and 2021, the Company provided its remuneration to employees amounted to NT\$66,000 thousand and NT\$65,000 thousand, respectively, and the remuneration for Directors of both NT\$7,000 thousand, respectively, which was consistent with the actual status of the distribution. The information can be obtained from the MOPS.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
(Continued)

(XXIII) Non-operating income and expenses

1. Interest income

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Bank deposits	\$ 18,430	5,550	57,898	15,194
Interest income of financial assets at amortized cost	-	-	-	539
	<b><u>\$ 18,430</u></b>	<b><u>5,550</u></b>	<b><u>57,898</u></b>	<b><u>15,733</u></b>

2. Other income

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Dividend income	\$ 192,002	126,328	192,097	126,383
Other income				
Government grant	5,200	6,040	12,520	27,446
Rent concessions reclassified to revenue	4	592	4	3,866
Tax refund	6,519	5,675	11,435	13,793
Gain on write-off of overdue payable	6	114	648	3,961
Technical service fees	570	-	1,670	-
Compliance fees	47	-	1,307	-
Others	2,086	4,317	8,518	11,064
	<b><u>\$ 206,434</u></b>	<b><u>143,066</u></b>	<b><u>228,199</u></b>	<b><u>186,513</u></b>

3. Other gains and losses

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Foreign currency exchange gain, net	\$ 77,580	119,863	88,089	235,476
Gain on financial assets measured at fair value through profit or loss	801	383	5,468	2,155
Gain (loss) on disposal of property, plant and equipment, net	283	(800)	(306)	(701)
Loss on disposal of intangible assets	(11)	-	(11)	-
Loss on disposal of subsidiary	(549)	-	(549)	-

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Gains on lease modifications	(4)	20	12	20
Others	(74)	(6,944)	(613)	(7,707)
	<b>\$ 78,026</b>	<b>112,522</b>	<b>92,090</b>	<b>229,243</b>

4. Finance costs

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Interest expense:				
Bank borrowings	\$ 5,959	1,119	8,816	5,693
Lease liabilities	2,415	2,552	7,416	7,840
	<b>\$ 8,374</b>	<b>3,671</b>	<b>16,232</b>	<b>13,533</b>

(XXIV) Financial instruments

Except for the following descriptions, there have been no significant changes in the classification and fair value of the Group's financial instruments, and the exposure to credit risk, liquidity risk and market risk arising from the financial instruments. Please refer to Note VI(XXV) of the consolidated financial statements for the year ended December 31, 2022, for relevant information.

1. Credit risk

(1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the financial assets.

(2) Concentration of credit risk

As of September 30, 2023, December 31, 2022 and September 30, 2022, top three customers accounted for 22%, 19% and 24%, respectively, of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

Please refer to Note VI(V) for credit risk exposure of notes receivable and accounts receivable. For the details of other receivables, please refer to Note VI(VI). Other financial assets measured at amortized cost include other receivables and corporate bonds. The above-mentioned financial assets are considered low credit risk financial assets, and the loss allowance is measured using 12-month expected credit loss.



**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

2. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
<b>September 30, 2023</b>							
Non-derivative financial liabilities							
Short-term loans	\$ 8,035	8,504	8,090	414	-	-	-
Long-term loans	143,201	145,453	38,640	38,518	65,170	3,125	-
Notes payable	20,948	20,948	20,948	-	-	-	-
Accounts payable	3,789,135	3,789,135	3,789,135	-	-	-	-
Accounts payable - related parties	64,678	64,678	64,678	-	-	-	-
Other payables	1,203,993	1,203,993	1,203,993	-	-	-	-
Lease liabilities	505,187	528,513	103,951	104,654	118,191	143,029	58,688
Guarantee deposits received	532	532	532	-	-	-	-
	<b>\$ 5,735,709</b>	<b>5,761,756</b>	<b>5,229,967</b>	<b>143,586</b>	<b>183,361</b>	<b>146,154</b>	<b>58,688</b>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Short-term loans	\$ 7,692	7,916	7,881	35	-	-	-
Long-term loans	199,334	203,647	38,825	38,704	77,034	49,084	-
Notes payable	13,057	13,057	13,057	-	-	-	-
Accounts payable	3,854,819	3,854,819	3,854,819	-	-	-	-
Accounts payable - related parties	151,773	151,773	151,773	-	-	-	-
Other payables	1,247,717	1,247,717	1,247,717	-	-	-	-
Lease liabilities	540,315	563,371	92,113	91,526	195,393	107,578	76,761
Guarantee deposits received	532	532	-	-	-	-	532
	<b>\$ 6,015,239</b>	<b>6,042,832</b>	<b>5,406,185</b>	<b>130,265</b>	<b>272,427</b>	<b>156,662</b>	<b>77,293</b>
<b>September 30, 2022</b>							
Non-derivative financial liabilities							
Short-term loans	\$ 10,930	11,218	7,979	3,239	-	-	-
Long-term loans	217,961	223,106	38,884	38,769	77,158	68,295	-
Notes payable	10,593	10,593	10,593	-	-	-	-
Accounts payable	4,212,896	4,212,896	4,212,896	-	-	-	-
Accounts payable - related parties	221,701	221,701	221,701	-	-	-	-
Other payables	1,164,869	1,164,869	1,164,869	-	-	-	-
Lease liabilities	587,344	613,255	92,686	91,759	204,295	139,513	85,002
Guarantee deposits received	518	518	-	-	-	-	518
	<b>\$ 6,426,812</b>	<b>6,458,156</b>	<b>5,749,608</b>	<b>133,767</b>	<b>281,453</b>	<b>207,808</b>	<b>85,520</b>

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

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Group's financial assets and liabilities exposed to significant foreign currency exchange risk were as follows:

	2023.9.30			2022.12.31			2022.9.30		
	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD
<u>Financial assets</u>									
Monetary items									
RMB	\$ 146,568	4.415	647,098	184,349	4.408	812,610	265,495	4.473	1,187,559
USD	140,126	32.270	4,521,866	152,920	30.710	4,690,173	153,654	31.750	4,878,515
HKD	5,678	4.123	23,410	5,247	3.938	20,663	4,805	4.044	19,431
EUR	107	33.910	3,628	26	32.720	851	132	31.260	4,126
Non-monetary items									
USD	2,534	28.268	71,632	2,534	28.268	71,632	3,712	29.373	109,034
RMB	6,322	4.191	264,494	6,322	4.191	26,494	6,322	4.191	26,494
HKD	2,366	4.051	9,584	2,868	3.941	11,302	3,586	3.979	14,270
<u>Financial liabilities</u>									
Monetary items									
RMB	88,396	4.415	390,268	94,167	4.408	415,088	100,118	4.473	447,828
USD	92,564	32.270	2,987,040	99,822	30.710	3,065,534	105,531	31.750	3,350,609
HKD	7,215	4.123	29,747	8,915	3.938	35,107	9,085	4.044	36,740

(2) Sensitivity analysis

The Group's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. As of September 30, 2023 and 2022, if the New Taiwan Dollar had depreciated or appreciated by 5% against the US Dollar, Renminbi, Hong Kong Dollar and Euro with all other factors remaining unchanged, net income would have increased or decreased by NT\$71,558 thousand and NT\$90,178 thousand, respectively, from January 1 to September 30, 2023 and 2022. The analysis of the two periods was conducted on the same basis.

(3) Foreign exchange gain (loss) on monetary items

As the Group has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (losses) (including realized and unrealized) from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022 were NT\$77,580 thousand, NT\$119,863 thousand, NT\$88,089 thousand and NT\$235,476 thousand, respectively.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

4. Market risk

If the prices of securities with active market quotations at the reporting date had changed (using the same basis for both periods and assuming no change in other variables), the impact on the comprehensive income would have been as follows:

<u>Security price at the reporting date</u>	<b>January to September, 2023</b>		<b>January to September, 2022</b>	
	<b>Other comprehensive income (pre-tax)</b>		<b>Other comprehensive income (pre-tax)</b>	
	<b>Pre-tax income</b>		<b>Pre-tax income</b>	
Increase by 5%	<b>\$ 316,010</b>	<b>10,604</b>	<b>290,927</b>	<b>10,122</b>
Decrease by 5%	<b>\$ (316,010)</b>	<b>(10,604)</b>	<b>(290,927)</b>	<b>(10,122)</b>

Please refer to Note VI(IV) “Measurement of the fair value of Level 3, the sensitivity analysis of the fair value using reasonably possible alternative assumptions” for details of the price changes of the Level 3 equity securities.

5. Interest rate analysis

The Group’s demand deposits, time deposits and short-term liabilities are subject to floating interest rates. However, changes in market interest rates are not significant and thus changes in interest rates do not give rise to significant cash flow risk.

6. Fair value information

(1) Category of financial instruments and their fair value

Group’s financial instruments measured at fair value on a recurring basis include the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income. Carrying amount and fair value of various financial assets and financial liabilities (including fair value level information, except for financial instruments whose carrying amount is a reasonable approximation of fair value, and lease liabilities which are not required to disclose their fair value information) were as follows:

	<b>2023.9.30</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 212,085	212,085	-	-	212,085
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	286,525	-	-	286,525	286,525
Subtotal	<u>638,787</u>	<u>212,085</u>	<u>-</u>	<u>426,702</u>	<u>638,787</u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

	2023.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,310,619	6,310,619	-	-	6,310,619
Foreign listed stock	9,584	9,584	-	-	9,584
Non-publicly quoted equity instruments measured at fair value	260,379	-	-	260,379	260,379
Subtotal	<u>6,580,582</u>	<u>6,320,203</u>	<u>-</u>	<u>260,379</u>	<u>6,580,582</u>
Financial assets at amortized cost					
Cash and cash equivalents	3,955,962	-	-	-	-
Notes receivable and accounts receivable	4,037,900	-	-	-	-
Other receivables	77,377	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	49,157	-	-	-	-
Subtotal	<u>8,120,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 15,339,865</b></u>	<u><b>6,532,288</b></u>	<u><b>-</b></u>	<u><b>687,081</b></u>	<u><b>7,219,369</b></u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 151,236	-	-	-	-
Notes payable and accounts payable	3,874,761	-	-	-	-
Other payables	1,203,993	-	-	-	-
Lease liabilities	505,187	-	-	-	-
Guarantee deposits received	532	-	-	-	-
Total	<u><b>\$ 5,735,709</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

	2022.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 206,617	206,617	-	-	206,617
Private equity funds	18,000	-	-	18,000	18,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	264,200	-	-	264,200	264,200
Subtotal	<u>560,449</u>	<u>206,617</u>	<u>-</u>	<u>353,832</u>	<u>560,449</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,176,226	6,176,226	-	-	6,176,226
Foreign listed stock	11,302	11,302	-	-	11,302
Non-publicly quoted equity instruments measured at fair value	189,286	-	-	189,286	189,286
Subtotal	<u>6,376,814</u>	<u>6,187,528</u>	<u>-</u>	<u>189,286</u>	<u>6,376,814</u>
Financial assets at amortized cost					
Cash and cash equivalents	3,695,970	-	-	-	-
Notes receivable and accounts receivable	3,944,016	-	-	-	-
Other receivables	91,330	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	41,120	-	-	-	-
Subtotal	<u>7,772,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 14,709,799</b></u>	<u><b>6,394,145</b></u>	<u><b>-</b></u>	<u><b>543,118</b></u>	<u><b>6,937,263</b></u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 207,026	-	-	-	-
Notes payable and accounts payable	4,019,649	-	-	-	-
Other payables	1,247,717	-	-	-	-
Lease liabilities	540,315	-	-	-	-
Guarantee deposits received	532	-	-	-	-
Total	<u><b>\$ 6,015,239</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

	2022.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 202,439	202,439	-	-	202,439
Private equity funds	18,000	-	-	18,000	18,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	44,300	-	-	44,300	44,300
Subtotal	<u>336,371</u>	<u>202,439</u>	<u>-</u>	<u>133,932</u>	<u>336,371</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	5,804,254	5,804,254	-	-	5,804,254
Foreign listed stock	14,270	14,270	-	-	14,270
Non-publicly quoted equity instruments measured at fair value	189,286	-	-	189,286	189,286
Subtotal	<u>6,007,810</u>	<u>5,818,524</u>	<u>-</u>	<u>189,286</u>	<u>6,007,810</u>
Financial assets at amortized cost					
Corporate bond	11,700	-	-	-	-
Cash and cash equivalents	3,280,125	-	-	-	-
Notes receivable and accounts receivable	4,729,500	-	-	-	-
Other receivables	100,058	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	40,695	-	-	-	-
Subtotal	<u>8,162,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 14,506,359</b></u>	<u><b>6,020,963</b></u>	<u><b>-</b></u>	<u><b>323,218</b></u>	<u><b>6,344,181</b></u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 228,891	-	-	-	-
Notes payable and accounts payable	4,445,190	-	-	-	-
Other payables	1,164,869	-	-	-	-
Lease liabilities	587,344	-	-	-	-
Guarantee deposits received	518	-	-	-	-
Total	<u><b>\$ 6,426,812</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

(2) Valuation techniques for financial instruments measured at fair value - non-derivative financial instruments

If there is an active market for a financial instrument, the fair value is based on the quoted price in the active market. The market prices announced by major exchanges are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments that are publicly quoted in the active market.

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agencies or competent authority in a timely manner and on a regular basis, and if the price fairly represents actual and frequent market transactions. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Among the financial instruments held by the Group, the listed stocks and beneficiary certificates are financial assets with standard terms and conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by referencing to quoted prices from counterparties. The fair value of financial instruments measured by using valuation techniques can refer to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the Consolidated Balance Sheets date.

The fair value of financial instruments held by the Group that are not publicly quoted equity instruments with no active market is estimated using the market method and net asset value method. The market method is measured by reference to the recent fundraising activities of the investee or based on the earnings or equity net worth multiplier derived from the quoted market prices of comparable listed companies, adjusted for the effect of discount on the lack of marketability of the equity securities. Net assets value method is based on the assumption that the net worth of the investee is measured on a per share basis.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

(3) Quantitative information of significant unobservable inputs (Level 3) relating to fair value measurement

The Level 3 of fair value measurements mainly includes financial assets measured at fair value through profit or loss - investments in equity securities, investments in private equity funds and financial assets measured at fair value through other comprehensive income.

The Group's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Because the correlation between significant unobservable input value and fair value cannot be fully identified in practice, Group's structured deposits are not included in the disclosure of quantitative information of significant unobservable input values and the sensitivity analysis of fair value for reasonably possible alternative assumptions.

Table of quantitative information of significant unobservable inputs is provided below:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the net assets value, the higher the fair value</li> </ul>
	Comparable company valuation method	<ul style="list-style-type: none"> <li>• Net worth multiple (2.80 as of 2022.9.30)</li> <li>• Discount for lack of market liquidity (29.39% as of 2022.9.30)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiple, the higher the fair value</li> <li>• The higher the discount for lack of market liquidity, the lower the fair value</li> </ul>



**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
(Continued)

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the net assets value, the higher the fair value</li> </ul>
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	<ul style="list-style-type: none"> <li>• P/E ratio multiple (3.02, 14.56 and 9.69 as of 2023.9.30, 2022.12.31 and 2022.9.30, respectively)</li> <li>• Net worth multiple (2.62~3.22, 2.27~4.54 and 2.32~4.63 as of 2023.9.30, 2022.12.31 and 2022.9.30, respectively)</li> <li>• Discount for lack of market liquidity (29.39% as of 2023.9.30、2022.12.31 and 2022.9.30)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiple, the higher the fair value</li> <li>• The higher the discount for lack of market liquidity, the lower the fair value</li> </ul>

(4) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is considered reasonable. However, the fair value may change if different valuation models or inputs are used. For financial instruments classified in Level 3, changing the valuation assumptions would have the following effects on other comprehensive income:

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

	<u>Input</u>	<u>Upward or downward change</u>	<u>Fair value change reflected in current profit or loss</u>		<u>Fair value change reflected in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
<b>September 30, 2023</b>						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,438	(3,438)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	7,472	(7,472)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,143	(2,143)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	8,370	(8,370)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	680	(680)
<b>December 31, 2022</b>						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,313	(3,313)	-	-

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

	<u>Input</u>	<u>Upward or downward change</u>	<u>Fair value change reflected in current profit or loss</u>		<u>Fair value change reflected in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	1,608	(1,608)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,895	(2,895)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	276	(276)
<b>September 30, 2022</b>						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	5,407	(5,407)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	569	(569)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,802	(2,802)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	298	(298)

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using the valuation technique. If the fair value of a financial instrument is subject to more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXV) Financial risk management

There were no significant changes in the objectives and policies of the Group's financial risk management comparing to those disclosed in Note VI(XXVI) of the consolidated financial statements for the year ended December 31, 2022.

(XXVI) Capital management

The Group's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022. In addition, there were no significant changes in the aggregate quantitative information of capital management items comparing to the information disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note VI(XXVII) of the consolidated financial statements of 2022 for relevant information.

(XXVII) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities from January 1 to September 30, 2023 and 2022 was as follows:

	Cash flows		Non-cash changes				2023.9.30
			Addition	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	
	2023.1.1	from: (56,133)					
Long-term loans	\$ 199,334	(56,133)	-	-	-	-	143,201
Short-term loans	7,692	187	-	-	156	-	8,035
Lease liabilities	540,315	(137,830)	100,771	(389)	2,324	-	(4)
Total liabilities from financing activities	<b>\$ 747,341</b>	<b>(193,776)</b>	<b>100,771</b>	<b>(389)</b>	<b>2,480</b>	<b>-</b>	<b>(4)</b>

	Cash flows		Non-cash changes				2022.9.30
			Addition	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	
	2022.1.1	from: (54,387)					
Long-term loans	\$ 272,348	(54,387)	-	-	-	-	217,961
Short-term loans	16,315	(5,385)	-	-	-	-	10,930
Lease liabilities	641,754	(123,079)	53,851	(628)	19,312	-	(3,866)
Total liabilities from financing activities	<b>\$ 930,417</b>	<b>(182,851)</b>	<b>53,851</b>	<b>(628)</b>	<b>19,312</b>	<b>-</b>	<b>(3,866)</b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

**VII. Related Party Transactions**

(I) Related party name and relationship

Related parties that had transactions with the Group during the reporting periods were listed below:

<u>Related Party</u>	<u>Relationship with the Group</u>
FSP Group USA Corp.	Group's associate
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. ("Amacrox")	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. ("Voltronic")	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
3Y Power Exchange Inc.	Substantive related party
Cheng, Ya-Jen	Chairman of the Company

(II) Significant related party transactions

1. Operating revenue

The amounts of significant sales to related parties were as follows:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Associate	\$ 17,963	11,333	55,099	46,875
Other related party	377,557	663,997	1,466,906	1,855,482
	<u>\$ 395,520</u>	<u>675,330</u>	<u>1,522,005</u>	<u>1,902,357</u>

The prices and credit terms of the Group's sales to the above related parties were not significantly different from those of its regular customers.

2. Purchases

The amounts of purchases from related parties were as follows:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Other related party	\$ 40,044	142,290	293,321	278,640

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

The Group purchased goods from the above-mentioned related parties, and did not purchase similar products from other manufacturers, so there was no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

3. Receivables from related parties

The details of the receivables of the Group arising from sales transactions, business needs and disbursement fee were as follows:

<b>Accounting Subject</b>	<b>Related party category/name</b>	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Accounts receivable	Associate	\$ 18,687	2,254	15,256
	Other related party	588,034	719,584	1,043,079
		<u>606,721</u>	<u>721,838</u>	<u>1,058,335</u>
Other receivables	Associate	423	36	123
	Other related party			
	FSP Power Solution GmbH	18,527	11,508	14,982
	Others	9,096	9,697	7,888
		<u>28,046</u>	<u>21,241</u>	<u>22,993</u>
		<b><u>\$ 634,767</u></b>	<b><u>743,079</u></b>	<b><u>1,081,328</u></b>

For the details of the loss allowance for accounts receivable related party as of September 30, 2023, December 31, 2022 and September 30, 2022, please refer to Note VI(V). Please refer to Note VI(VI) for the details of the loss allowance for other receivables - other related party, 3Y Power Exchange.

4. Payables to related parties

The details of the payables arising from the purchase of goods and the purchase via related parties were as follows:

<b>Accounting Subject</b>	<b>Related party category/name</b>	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Accounts payable	Other related party	\$ 64,678	151,773	221,701

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

5. Purchase of services from related parties

The details of the technical service fee, labor fee and commission paid by the Group to the related parties were as follows:

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Associate				
FSP Group USA Corp.	\$ 2,690	2,002	7,921	6,580
Other related party				
Amacrox	2,213	2,596	7,339	5,890
FSP Power Solution GMBH	1,791	26	2,500	77
Others	2,123	2,343	3,202	3,996
	<b><u>\$ 8,817</u></b>	<b><u>6,967</u></b>	<b><u>20,962</u></b>	<b><u>16,543</u></b>

The details of the Group's recognized payable amounts due to related parties as a result of the above transactions and payments/collections on behalf of related parties were as follows:

<b>Accounting Subject</b>	<b>Related party category/name</b>	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Other payables	Associate	\$ 2,003	934	-
	Other related party	8,368	10,944	4,452
		<b><u>\$ 10,371</u></b>	<b><u>11,878</u></b>	<b><u>4,452</u></b>

6. Leases

The Group leased an office to the Chairman of the Company. The balance of lease liabilities as of September 30, 2023, December 31, 2022, and September 30, 2022, were NT\$6,116 thousand, NT\$6,805 thousand, and NT\$7,033 thousand, respectively. The recognized interest expense from July 1 to September 30 and January 1 to September 30, 2023 and 2022 was NT\$27 thousand, NT\$31 thousand, NT\$86 thousand and NT\$98 thousand, respectively.

(III) Compensation for key management personnel

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Short-term employee benefits	\$ 36,156	33,987	54,323	50,983
Post-employment benefits	165	155	492	496
	<b><u>\$ 36,321</u></b>	<b><u>34,142</u></b>	<b><u>54,815</u></b>	<b><u>51,479</u></b>

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

**VIII. Pledged Assets**

The carrying amount of pledged assets for custom duty performance guarantee, litigation guarantee and borrowings was as follows:

<u>Assets</u>	<u>Pledged to secure</u>	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	\$ 100	100	100
Land	Long-term loan and short-term loan facilities	161,077	161,077	161,077
Housing and Construction	Long-term loan and short-term loan facilities	172,453	178,451	180,449
Total		<u>\$ 333,630</u>	<u>339,628</u>	<u>341,626</u>

**IX. Significant Contingent Liabilities and Unrecognized Contract Commitments**

- (I) As of September 30, 2023, December 31, 2022 and September 30, 2022, the guarantee facilities extended by banks for customs and excise duties were NT\$215,000 thousand, and utilized facilities were all NT\$33,000 thousand.
- (II) The Group purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Group in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).
- O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US\$2,268,402.22, should be borne jointly by the Group, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals,



**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court.

The litigation between the Group and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the Group has not yet received a notice of hearing from the US Court.

The Group was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products were involved in such disputes, we have switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the Group and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the Group as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the Group. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the Group's financial statements. The Group recognized the aforementioned expenses as expenses for the year in which they occurred based on fiscal conservatism.

- (III) The customer of the consolidated company, Zebra Technology Inc. (referred to as Zebra), the printers sold to end customers experienced a fire incident on July 10, 2021, resulting in property losses for the end customers. Some parts of the Zebra printers were sold by the consolidated company to the related party, FSP North America Inc. and then sold to Zebra by FSP North America Inc. Therefore, the insurance company of the end customer, Great American Insurance Company, filed a damage claim against the consolidated company, FSP North America Inc., and Zebra on February 16, 2023, in the United States District Court for the Southern District of Texas, Galveston Division. The claim seeks compensation of USD 4,933 thousand. The legal proceedings related to this claim are still ongoing.

The Group has taken out product liability insurance for all of its product lines. The case is currently being handled by an attorney. The amount of the aforementioned claim is still within the limits of the Group's product liability insurance. The Group's product liability insurance company will be responsible for the damages in the event of any subsequent damages.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

- (IV) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had entered into purchase agreements for property, plant and equipment amounting to NT\$21,478 thousand, NT\$0 thousand and NT\$13,000 thousand, respectively, and had paid NT\$9,298 thousand, NT\$0 thousand and NT\$7,429 thousand, respectively, which were recorded as construction in progress of property, plant and equipment as well as other non-current assets.

**X. Significant Disaster Loss: None.**

**XI. Significant Events after the Balance Sheet Date: None.**

**XII. Others**

- (I) A summary of employee benefits, depreciation, and amortization by function is provided below:

By function By nature	July to September, 2023			July to September, 2022		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	199,906	299,962	499,868	353,577	289,086	642,663
Insurance expense	8,223	21,406	29,629	1,424	19,151	20,575
Pension expense	12,256	10,989	23,245	18,975	8,837	27,812
Other employee benefit expense	13,179	8,517	21,696	9,884	9,126	19,010
Depreciation expenses	70,551	24,566	95,117	69,668	22,762	92,430
Amortization expenses	84	1,484	1,568	86	1,512	1,598

By function By nature	January to September, 2023			January to September, 2022		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	876,025	775,088	1,651,113	1,109,318	743,459	1,852,777
Insurance expense	12,050	59,489	71,539	4,802	53,058	57,860
Pension expense	52,441	32,740	85,181	65,350	30,657	96,007
Other employee benefit expense	34,890	29,925	64,815	33,464	28,012	61,476
Depreciation expenses	210,518	70,881	281,399	207,018	67,605	274,623
Amortization expenses	278	4,516	4,794	434	5,885	6,319

- (II) Seasonality in Operation

The operation of the Group is not subject to impacts from seasonal or cyclical factors.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

**XIII. Supplementary Disclosures**

(I) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, information on significant transactions from January 1 to September 30, 2023 is disclosed as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Shares units: Shares

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock:							
	Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	
	Beneficiary certificates:							
	Fuh Hwa Money Market Fund			7,038,414	103,786	-	103,786	
	Fuh Hwa Guardian Fund	—	"	3,504,199	69,457	-	69,457	
	Fuh Hwa Ruei Hua Fund	—	"	1,961,169	22,732	-	22,732	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund		"	400,000	13,116	-	13,116	
	Private equity fund:							
	Heshunhsing Intelligent Mobile LP		"	44,545,455	44,545	1.11	44,545	
Mesh Cooperative Ventures Fund LP			"	24,000,000	24,000	2.46	24,000	
					349,268		349,268	
3Y Power	Beneficiary certificates:							
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	—	"	300,000	2,994	-	2,994	
					<b>352,262</b>		<b>352,262</b>	
The Company	Stock:							
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,447,822	5,464,798	3.93	5,464,798	
	JESS-LINK Products Co., Ltd.	—	"	10,000,000	728,000	8.19	728,000	
	WT Microelectronics Co., Ltd.	—	"	1,000,000	44,100	0.74	44,100	
	Taiwan Cement Corp.	—	"	54,996	1,829	-	1,829	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	"	10,000	5,230	-	5,230	
	Coretronic Corporation		"	868,000	66,662	0.22	66,662	
	TOT BIOPHARM International Co., Ltd.	—	"	1,195,200	9,584	0.15	9,584	
Eastern Union Interactive Corp.	—	"	880,000	42,867	4.43	42,867		

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
	Guoyu Global Co., Ltd.	—	"	-	-	16.67	-	
	Taiwan Truewin Technology Co., Ltd.		"	1,704,525	167,408	3.85	167,408	
	Liwatt X Inc.		"	1,000,000	13,610	14.29	13,610	
	Champ-ray Industrial Co., Ltd.	—	"	200,000	10,000	0.78	10,000	
	Beyond Innovation Technology Co., Ltd.	—	"	1,000,000	-	2.96	-	
					6,554,088		6,554,088	
WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	—	"	-	-	12.04	-	
FSP Jiangsu	Powerland Technology Inc.	—	"	-	26,494	3.42	26,494	
					6,580,582		6,580,582	

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT\$300,000 thousand or 20% of the paid-in capital:

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale			Ending Balance		Shares units: Shares	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount	
The Company	Stock: Volttronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			3,666,822	5,665,240	-	-	219,000	382,740	1,033	381,707	3,447,822	5,464,798	(Note)

Note: Ending balance includes unrealized valuation gain (loss) of financial assets.

5. Acquisition of real estate at costs which exceed NT\$300,000 thousand or 20% of the paid-in capital: None.
6. Disposal of real estate at prices which exceed NT\$300,000 thousand or 20% of the paid-in capital: None.
7. Total purchases from and sales to related parties which exceed NT\$100,000 thousand or 20% of the paid-in capital:

Company	Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(268,395)	(3.29)	Note 1			97,125	3.24	
The Company	FSP North America Inc.	Substantive related party of the Company	(Sales)	(301,347)	(3.69)	Note 1			85,119	2.84	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(490,826)	(6.01)	Note 1			237,820	7.93	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(253,300)	(3.10)	Note 1			64,594	2.15	
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	(Sales)	(193,770)	(2.37)	Note 1			76,384	2.55	Note 6

## Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Company	Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	541,037	10.77	Note 4		Note 4	(30,077) (Note 3)	(4.19)	Note 6
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	232,301	4.63	Note 4		Note 4	(26,081) (Note 3)	(3.64)	Note 6
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	162,637	3.24	Note 4		Note 4	(37,738) (Note 3)	(5.26)	Note 6
The Company	Voltronic	The Company is the Director of this company	Purchases	293,321	5.84	Note 5			(64,678)	(9.02)	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	296,634	5.91	Note 1			(94,019)	(13.11)	Note 6
The Company	Zhong Han	100% owned investment via indirect shareholding	(Sales)	(500,677)	(6.14)	Note 1			-	-	
3Y Power	3Y Power Technology Inc.	100% owned investment via direct shareholding	(Sales)	(304,472)	(16.98)	Note 1			49,481	7.90	Note 6
3Y Power	Huili	Affiliate	Purchases (Note 2)	242,440	21.32	Note 4		Note 4	- (Note 3)	-	Note 6
3Y Power	Zhong Han	Affiliate	(Sales)	(343,165)	(19.14)	Note 1			-	-	

Note 1: The Company's trading terms for this related party are not significantly different from those of other customers.

Note 2: Including purchases of products, purchases of raw materials and processing.

Note 3: Including accounts payable arising from purchases of products and raw materials and processing fee.

Note 4: The transaction price is not available for regular customers for comparison, and the credit term is 5 days after the monthly settlement.

Note 5: The Group does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

Note 6: Eliminated under consolidation.

### 8. Receivables from related parties which exceed NT\$100,000 thousand or 20% of the paid-in capital:

Company with accounts receivable	Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note 1)	Loss allowance
					Amount	Action taken		
The Company	FSP Power Solution GmbH	Substantive related party of the Company	237,820	2.32	-		1,034	-

Note 1: As of October 25, 2023.

Note 2: Eliminated under consolidation.

### 9. Derivative instruments transactions: None.

### 10. Business relationship and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Nature of Relationship (Note 2)	Ledger Account	Description of Transactions		Percentage of total consolidated operating revenue or total assets (Note 3)
					Amount	Transaction Term	
0	The Company	3Y Power	1	Cost of goods sold	296,634	No significant difference from other suppliers	2.89%
0	The Company	Huili	1	Cost of goods sold	541,037	No comparison is available	5.27%
0	The Company	Zhonghan	1	Cost of goods sold	232,301	No comparison is available	2.26%

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries**  
**(Continued)**

Number (Note 1)	Company	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			Percentage of total consolidated operating revenue or total assets (Note 3)
				Ledger Account	Amount	Transaction Term	
0	The Company	WUXI SPI	1	Cost of goods sold	162,637	No comparison is available	1.58%
0	The Company	WUXI Zhonghan	1	Operating revenue	193,770	No significant difference from other customers	1.89%
0	The Company	Zhong Han	1	Operating revenue	500,677	No significant difference from other customers	4.87%
1	3Y Power	3Y Power Technology Inc.	3	Operating revenue	304,472	No significant difference from other customers	2.96%
1	3Y Power	Huili	3	Cost of goods sold	242,440	No comparison is available	2.36%
1	3Y Power	Zhong Han	3	Operating revenue	343,165	No significant difference from other customers	3.34%

Note 1: Fill in the number as per below:

1. 0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: The relationships with counterparty are as follows:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: Information is disclosed only for the amounts that exceed 1% of total consolidated assets (balance sheet items) and 1% of total revenue (income statement items).

**(II) Information on Invested Companies:**

Reinvestment information from January 1 to September 30, 2023 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment gain (loss)/recognized for the period	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount			
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,241,751	1,241,751	32,202,500	100.00	2,076,174	(61,195) (Note 1)	(61,195) (Note 1)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	308	9 (Note 2)	9 (Note 2)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	74,408	1,525 (Note 2)	1,525 (Note 2)	Subsidiary
	3Y Power Technology (Taiwan) Inc.	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	789,002	108,961 (Note 2)	108,961 (Note 2)	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	2,036	109 (Note 2)	109 (Note 2)	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	5,707	3,518 (Note 2)	3,518 (Note 2)	Subsidiary
The Company	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	16,656	11,666 (Note 2)	10,664 (Note 2)	Subsidiary
	FSP Technology Vietnam Co., Ltd.	Vietnam	Manufacturing of power supply	61,200	-	-	100.00	57,905	(2,983) (Note 2)	(2,983) (Note 2)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	105,938	(7,777) (Note 2)	-	Sub- subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	183,242	(22,050) (Note 1)	-	Sub- subsidiary

# Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment gain (loss) recognized for the period	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount			
FSP International Inc. (BVI)	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,364,805	(11,795) (Note 1)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	37,011	5,059 (Note 2)	-	Sub-subsidiary
	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	50,227	(10,004) (Note 2)	-	Sub-subsidiary
	Amacrox Technology Co., Ltd. (BVI)	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,054	4 (Note 2)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	38,517	4,812 (Note 2)	2,165 (Note 2)	Associate
	Proteck Power North America Inc.	U.S.A.	Investment holdings	-	3,279	1,000	100.00	-	- (Note 2)	-	Sub-subsidiary
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	276,847	(7,820) (Note 2)	-	Sub-subsidiary
	Luckyfield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	5,816	2,485 (Note 2)	-	Sub-subsidiary

Note 1: The investment profit or loss of the company was recognized based on the financial statements of the investee company for the same period audited by the independent auditors of Taiwan's parent company, accounted for and valued by the equity method.

Note 2: The investment profit or loss of the company was recognized based on the financial statements of the investee company for the same period without being reviewed by the independent auditors, accounted for and valued by the equity method.

Note 3: The profit and loss of the sub-subsidiary has been consolidated into the profit and loss of the subsidiary. The transactions between the Company and each subsidiary of the Group including sales transaction amount, accounts receivable and payable, carrying amount of long-term equity investment, except for the associates and investment profit and loss recognized in the current period, have been eliminated in preparing the consolidated financial statements.

### (III) Information on investment in Mainland China:

#### 1. Information on the name of investee company in Mainland China and their main businesses and products

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	Percentage of ownership of direct or indirect investment	Share of profits/losses for the period	Carrying amount of investment at the end of the period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Huili	Processing of power supply	147,461	(II), 1	176,873	-	-	176,873	(15,357)	100.00	(15,357)	236,361	197,299
Zhonghan	Processing of power supply	227,776 (Note 2)	(II), 1	104,342	-	-	104,342	(22,077)	100.00	(22,077)	181,334	75,044
WUXI SPI	Processing of power supply	734,170 (Note 2)	(II), 1	508,326	-	-	508,326	(4,890)	100.00	(4,890)	84,065	-
WUXI Zhonghan	Manufacturing and trading of power supply	422,900	(II), 1	380,595	-	-	380,595	(6,862)	100.00	(6,862)	1,283,059	-
Zhong Han	Manufacturing and trading of power supply	132,450	(II), 1	20,196	-	-	20,196	(9,034)	100.00	(9,034)	767,882	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II), 1	13,380	-	-	13,380	(7,777)	100.00	(7,777)	107,625	-
Protek Dongguan	Processing of power supply	40,035	(II), 1	38,038	-	-	38,038	5,048	100.00	5,048	36,803	-
Hao Han	Transformer processing	166,348 (Note 2)	(II), 1	-	-	-	-	(10,004)	100.00	(10,004)	50,227	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,190	(II), 2	-	-	-	-	2,485	65.87	1,637 (Note 4 & 5)	5,816 (Note 4 & 5)	-

Note 1: Method of investment can be divided into the following 3 categories:

- (I) Direct investment in mainland China.
- (II) Indirect investment in mainland China through a holding company established in other countries
  1. Through FSP International Inc. to invest in mainland China.
  2. Through 3Y Power to invest in mainland China.
- (III) Others.

Note 2: This includes the amount of capital contributed by a foreign subsidiary from its earnings or dividends from an investee company in China.

## Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Note 3: The investment profit or loss of the company and the carrying amount of the investment at the end of the period were recognized based on the financial statements of the investee company audited by the independent auditors of Taiwan's parent company, accounted for and valued by the equity method.

Note 4: The investment profit or loss of the company and the carrying amount of the investment at the end of the period were recognized based on the financial statements of the investee company for the same period without being reviewed by the independent auditors, accounted for and valued by the equity method.

Note 5: Eliminated under consolidation.

### 2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK\$12,500 thousand and US\$35,640 thousand)	1,733,127 (Note 2) (HK\$12,500 thousand and US\$52,110 thousand)	8,261,465 (Note 1)

Note 1: 60% of net worth.

Note 2: For the amounts of the above investment in mainland China, except that the accumulated investment amount remitted from Taiwan to mainland China at the end of the current period is based on the historical exchange rate, the investment profit and loss recognized in the current period is based on the weighted average exchange rate (USD/TWD: 1:30.9280, CNY/TWD: 1:4.3939, HKD/TWD: 1:3.9479). Paid-in capital, investment amount approved by the Investment Commission of MOEA, and the carrying amount at the end of the period are based on the exchange rates on September 30, 2023 (USD/TWD: 1:32.2700, CNY/TWD: 1:4.4150, HKD/TWD: 1:4.1230).

### 3. Significant transactions with the investee company in mainland China:

Please refer to the "Information on Significant Transactions" for direct or indirect material transactions between the Group and investees in China (which have been eliminated during the preparation of consolidated financial statements) from January 1 to September 30, 2023.

#### (IV) Information on Major Shareholders:

Name of Major Shareholders	Shareholding	Shares	Percentage of Ownership
Chuan Han Investment Co., Ltd.		15,091,766	8.05%
Cheng, Ya-Jen		11,167,477	5.96%
Yang, Fu-An		11,792,834	6.29%

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury shares) were disclosed. The number of shares recorded in the Company's financial statements and



**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries  
(Continued)**

the number of shares actually delivered by the Company without physical registration may differ due to different basis of preparation of the calculations.

2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider declaration for shareholding more than 10% of total shares in accordance with the Securities and Exchange Act, their shareholding shall include the shares held by themselves plus the shares that they have delivered to the trust and have the right to exercise decision-making power over the trust property. For more information, please refer to Market Observation Post System website.
3. The percentage of shareholding is calculated by rounding to two decimal places.

**XIV. Segment Information**

The Group's operating segment information and reconciliation were as follows:

	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Adjustment and elimination	Total
<b>July to September, 2023</b>							
Revenue:							
Revenue from external customers	\$ 2,534,741	243,869	341,726	121,943	214,264	-	3,456,543
Intersegment revenue	656,118	304,933	2,364	5,317	19,733	(988,465)	-
<b>Total revenues</b>	<b>\$ 3,190,859</b>	<b>548,802</b>	<b>344,090</b>	<b>127,260</b>	<b>233,997</b>	<b>(988,465)</b>	<b>3,456,543</b>
<b>Reportable segment profit or loss</b>	<b>\$ 392,651</b>	<b>44,384</b>	<b>3,887</b>	<b>(5,913)</b>	<b>10,409</b>	<b>(6,226)</b>	<b>439,192</b>
<b>July to September, 2022</b>							
Revenue:							
Revenue from external customers	\$ 2,642,013	253,947	481,293	148,660	248,443	-	3,774,356
Intersegment revenue	296,242	13,963	807	2,027	16,921	(329,960)	-
<b>Total revenues</b>	<b>\$ 2,938,255</b>	<b>267,910</b>	<b>482,100</b>	<b>150,687</b>	<b>265,364</b>	<b>(329,960)</b>	<b>3,774,356</b>
<b>Reportable segment profit or loss</b>	<b>\$ 317,559</b>	<b>70,039</b>	<b>6,591</b>	<b>82</b>	<b>13,731</b>	<b>4</b>	<b>408,006</b>
<b>January to September, 2023</b>							
Revenue:							
Revenue from external customers	\$ 7,406,056	799,938	1,048,153	375,165	655,194	-	10,284,506
Intersegment revenue	1,955,480	998,074	11,131	10,631	57,696	(3,033,012)	-
<b>Total revenues</b>	<b>\$ 9,361,536</b>	<b>1,798,012</b>	<b>1,059,284</b>	<b>385,796</b>	<b>712,890</b>	<b>(3,033,012)</b>	<b>10,284,506</b>
<b>Reportable segment profit or loss</b>	<b>\$ 615,570</b>	<b>142,265</b>	<b>(9,781)</b>	<b>2,173</b>	<b>(3,545)</b>	<b>(6,243)</b>	<b>740,439</b>
<b>January to September, 2022</b>							
Revenue:							
Revenue from external customers	\$ 7,546,008	654,147	1,385,955	422,601	667,463	-	10,676,174
Intersegment revenue	1,632,414	682,495	2,984	8,846	47,762	(2,374,501)	-
<b>Total revenues</b>	<b>\$ 9,178,422</b>	<b>1,336,642</b>	<b>1,388,939</b>	<b>431,447</b>	<b>715,225</b>	<b>(2,374,501)</b>	<b>10,676,174</b>
<b>Reportable segment profit or loss</b>	<b>\$ 589,543</b>	<b>177,924</b>	<b>12,816</b>	<b>(3,629)</b>	<b>38,313</b>	<b>(428)</b>	<b>814,539</b>

The significant adjustment items of the above reportable segment information are described as follows:

The sum of reportable segment revenue should be deducted by the intersegment revenue amounted to NT\$988,465 thousand, NT\$329,960 thousand, NT\$3,033,012 thousand and NT\$2,374,501 thousand, respectively, for the three months and nine months ended September 30, 2023 and 2022.