

FSP Technology Inc. and Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report

For the Six Months Ended June 30, 2024 and 2023

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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 June 30, 2024 and 2023, and the Consolidated Statements of Comprehensive Income from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, 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 June 30, 2024 and 2023. 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 June 30, 2024 and 2023, these subsidiaries had the total assets of NT\$2,492,361 thousand and NT\$2,476,295 thousand, respectively, representing 11.39% and 11.25% of the consolidated total assets, had the total liabilities of NT\$853,104 thousand and NT\$1,035,800 thousand, respectively, representing 15.15% and 14.74% of the consolidated total liabilities, and realized the comprehensive profit (loss) of NT\$(4,020) thousand, NT\$15,259 thousand, NT\$22,670 thousand and NT\$62,627 thousand from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, respectively, representing (0.24)%, 1.35%, 1.03% and 3.14% of the consolidated comprehensive profit (loss), respectively.

In addition to the above, Note VI(VII) of the consolidated financial statements states that FSP Technology Inc. and its subsidiaries accounted for investments using the equity method amounting to NT\$35,795 thousand and NT\$37,661 thousand as of June 30, 2024 and 2023, respectively. The share of income from associated companies and joint ventures recognized using the equity method for the period from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023 was NT\$312 thousand, NT\$682 thousand, NT\$308 thousand and NT\$1,738 thousand, respectively, based on the unaudited financial statements of the investee companies 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 June 30, 2024 and 2023, and their consolidated financial performance from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, and their consolidated cash flows 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 Chiang, Chia-Chi.

KPMG

Taipei, Taiwan (Republic of China)

August 5, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

FSP Technology Inc. and Subsidiaries

Consolidated Balance Sheets

As of June 30, 2024, December 31, 2023 and June 30, 2023

Unit: NT\$ thousands

Assets		2024.6.30		2023.12.31		2023.6.30		Liabilities and Equity		2024.6.30		2023.12.31		2023.6.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx	Current Assets:							21xx	Current Liabilities:						
1100	Cash and cash equivalents (Note VI(I))	\$ 3,794,697	17	4,225,848	21	4,274,635	19	2100	Short-term borrowings (Notes VI(VIII) and (XI), and VIII)	\$ 2,839	-	1,536	-	7,697	-
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	873,487	4	698,828	3	598,703	3	2150	Notes payable	15,266	-	11,450	-	15,246	-
1150	Notes receivable, net (Notes VI(IV) and (XIX))	114,391	1	126,773	1	47,774	-	2170	Accounts payable	2,559,237	12	2,993,921	15	3,696,561	16
1170	Accounts receivable, net (Notes VI(V) and (XIX))	2,559,393	12	2,331,178	11	3,213,168	15	2180	Accounts payable - related parties (Note VII)	78,721	-	87,065	-	161,154	1
1180	Accounts receivable - related parties, net (Notes VI(IV), (XIX) and VII)	711,038	3	541,208	3	760,358	4	2200	Other payables (Notes VI(XV), (XX) and VII)	1,402,923	5	1,535,992	8	1,155,418	5
1200	Other receivables (Notes VI(III), (V) and VII)	384,710	2	430,235	2	56,443	-	2216	Dividends payable (Note VI(XVII))	624,590	3	-	-	743,706	4
1220	Current income tax assets	9,770	-	8,351	-	8,910	-	2230	Current income tax liabilities	114,071	1	133,695	1	123,279	1
130x	Inventories (Note VI(VI))	1,993,129	9	2,540,765	12	2,644,094	12	2250	Provisions - current (Note VI(XIV))	130,940	1	130,311	1	136,265	1
1410	Prepayments	74,203	-	63,325	-	50,460	-	2280	Lease liabilities - current (Notes VI(XIII) and VII)	147,648	1	190,025	1	182,923	1
1470	Other current assets	33,055	-	23,537	1	19,870	-	2300	Other current liabilities (Notes VI(XII) and (XIX))	162,170	1	200,961	1	213,620	1
	Total current assets	10,547,873	48	10,990,048	54	11,674,415	53	2320	Long-term liabilities - current portion (Notes VI(VIII) and (XII), and VIII)	75,966	-	75,616	-	75,269	-
15xx	Non-current Assets:								Total current liabilities	5,314,371	24	5,360,572	27	6,511,138	30
1510	Financial assets at fair value through profit or loss - non-current (Note VI(II))	31,025	-	-	-	-	-	25xx	Non-current Liabilities:						
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(III))	8,787,648	40	7,016,906	34	7,882,292	36	2540	Long-term borrowings (Notes VI(VIII) and (XII), and VIII)	10,717	-	48,788	-	86,683	-
1550	Investment under equity method (Note VI(VII))	35,795	-	34,561	-	37,661	-	2570	Deferred income tax liabilities	91,838	1	86,100	-	119,114	1
1600	Property, plant and equipment (Notes VI(VIII), (XI), (XII), VIII and IX)	1,578,172	7	1,481,716	7	1,439,042	7	2580	Lease liabilities - non-current (Notes VI(XIII) and VII)	211,651	1	255,209	2	303,903	1
1755	Right-of-use assets (Notes VI(IX), (XIII) and VII)	350,932	2	434,682	3	474,905	2	2640	Net defined benefit liabilities - non-current	-	-	-	-	4,288	-
1780	Intangible assets (Note VI(X))	224,567	1	223,440	1	223,127	1	2645	Guarantee deposits received	516	-	500	-	514	-
1840	Deferred income tax assets	178,332	1	171,954	1	189,821	1	2670	Other non-current liabilities (Note VI(XII))	2,785	-	2,429	-	2,660	-
1900	Other non-current assets (Notes VI(VIII), VIII and IX)	152,186	1	69,515	-	59,591	-		Total non-current liabilities	317,507	2	393,026	2	517,162	2
	Total non-current assets	11,338,657	52	9,432,774	46	10,306,439	47		Total liabilities	5,631,878	26	5,753,598	29	7,028,300	32
1xxx	Total assets	\$ 21,886,530	100	20,422,822	100	21,980,854	100	2xxx	Equity Attributable to Owners of the Parent (Note VI(III), (VII) & (XVII)):						
								3100	Capital Stock	1,872,620	9	1,872,620	9	1,872,620	9
								3200	Capital Surplus	864,425	4	861,207	4	861,207	4
								3300	Retained earnings:						
								3310	Legal reserve	1,411,213	6	1,301,707	6	1,301,706	6
								3350	Unappropriated earnings	3,814,437	17	4,126,229	20	3,545,679	16
									Total retained earnings	5,225,650	23	5,427,936	26	4,847,385	22
								34xx	Other Equity:						
								3410	Exchange differences on translation of financial statements of foreign operations	(72,478)	-	(126,335)	(1)	(133,726)	(1)
								3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	7,970,097	36	6,232,008	31	7,124,598	32
									Total other equity	7,897,619	36	6,105,673	30	6,990,872	31
									Total equity attributable to shareholders of the parent	15,860,314	72	14,267,436	69	14,572,084	66
								36xx	Non-controlling Interests (Note VI(XVII))	394,338	2	401,788	2	380,470	2
								3xxx	Total Equity	16,254,652	74	14,669,224	71	14,952,554	68
								2-3xxx	Total Liabilities and Equity	\$ 21,886,530	100	20,422,822	100	21,980,854	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
April 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 and 2023

Unit: NT\$ thousands

	April to June, 2024		April to June, 2023		January to June, 2024		January to June, 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes VI(XIX) and VII)							
	\$ 2,898,071	100	3,393,104	100	5,604,597	100	6,827,963	100
5000	Operating costs (Notes VI(VI), (VIII), (IX), (X), (XIII), (XIV), (XV), VII and XII)							
	2,356,950	81	2,766,707	82	4,602,171	82	5,651,260	83
5920	Add: Realized (Unrealized) Profit on Sales							
	(1,566)	-	(766)	-	(1,314)	-	546	-
5900	Gross Profit							
	539,555	19	625,631	18	1,001,112	18	1,177,249	17
6000	Operating expenses (Notes VI(IV), (V), (VIII), (IX), (X), (XIII), (XV), (XX), VII and XII):							
6100	Selling and marketing expenses							
	147,723	5	183,145	5	290,565	5	327,773	5
6200	General and administrative expenses							
	172,669	6	170,990	5	339,007	6	327,947	5
6300	Research and development expenses							
	159,931	6	137,007	4	312,454	6	276,367	4
6450	Expected credit impairment losses							
	4,939	-	23,092	-	10,080	-	13,092	-
	Total operating expenses							
	485,262	17	514,234	14	952,106	17	945,179	14
6900	Net Operating Margin							
	54,293	2	111,397	4	49,006	1	232,070	3
7000	Non-operating income and expenses (Notes VI(II), (III), (VII), (VIII), (IX), (X), (XII), (XIII), (XXI), and VII):							
7100	Interest income							
	15,500	1	23,117	-	34,522	1	39,468	1
7010	Other income							
	11,684	-	9,757	-	54,719	1	21,765	-
7020	Other gains and losses							
	32,643	1	30,605	1	130,617	2	14,064	-
7050	Finance costs							
	(2,473)	-	(4,500)	-	(5,583)	-	(7,858)	-
7060	Share of profits (losses) of associates and joint ventures under equity method							
	312	-	682	-	308	-	1,738	-
	Total non-operating income and expenses							
	57,666	2	59,661	1	214,583	4	69,177	1
7900	Income before income tax from continuing operations							
	111,959	4	171,058	5	263,589	5	301,247	4
7950	Less: Income tax expense (Note VI(XVI))							
	24,194	1	46,588	1	52,651	1	74,184	1
8200	Current Net Income							
	87,765	3	124,470	4	210,938	4	227,063	3
8300	Other comprehensive income:							
8310	Items that will not be reclassified to profit or loss							
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income							
	1,585,850	54	1,042,920	31	1,938,272	34	1,801,909	27
8349	Less: Income tax related to components that will not be reclassified to profit or loss							
	-	-	-	-	-	-	-	-
	Total items that will not be reclassified to profit or loss							
	1,585,850	54	1,042,920	31	1,938,272	34	1,801,909	27
8360	Items that may be reclassified subsequently to profit or loss (Note VI(VII) and (XVII))							
8361	Exchange differences on translation of financial statements of foreign operations							
	17,107	1	(65,192)	(2)	55,049	1	(57,474)	(1)
8370	Share of other comprehensive income (losses) of associates and joint ventures under equity method							
	582	-	1,487	-	2,239	-	1,177	-
8399	Less: Income tax related to items that may be reclassified subsequently							
	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss							
	17,689	1	(63,705)	(2)	57,288	1	(56,297)	(1)
8300	Other Current Comprehensive Income							
	1,603,539	55	979,215	29	1,995,560	35	1,745,612	26
8500	Total Current Comprehensive Income							
	\$ 1,691,304	58	1,103,685	33	2,206,498	39	1,972,675	29
	Current net income attributable to:							
8610	Shareholders of the parent							
	\$ 82,776	3	125,401	4	196,769	4	208,896	3
8620	Non-controlling Interests							
	4,989	-	(931)	-	14,169	-	18,167	-
	\$ 87,765	3	124,470	4	210,938	4	227,063	3
	Total comprehensive income (losses) attributable to:							
8710	Shareholders of the parent							
	\$ 1,685,408	58	1,103,921	33	2,188,898	39	1,954,428	29
8720	Non-controlling Interests							
	5,896	-	(236)	-	17,600	-	18,247	-
	\$ 1,691,304	58	1,103,685	33	2,206,498	39	1,972,675	29
	Earnings per share (unit: NT\$) (Note VI(XVIII))							
9750	Basic earnings per share							
	\$ 0.44		0.67		1.05		1.12	
9850	Diluted earnings per share							
	\$ 0.44		0.67		1.05		1.11	

(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 June 30, 2024 and 2023

Unit: NT\$ thousands

	Equity Attributable to Owners of the Parent										
						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			
Balance as of January 1, 2023				3,713,296	4,888,618					394,238	
Retroactive adjustments to new standards	\$ 1,872,620	1,011,016	1,175,322	6,039	6,039	(77,427)	5,628,307	5,550,880	13,323,134	96	13,717,372
Balance after restatement as of January 1, 2023	-	-	-	6,039	6,039	78	-	78	6,117	6,213	6,213
	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				(126,384)	-					-	-
Cash dividends of common stock	-	-	126,384	(561,786)	(561,786)	-	-	-	-	-	-
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	-	-	-	-					-	-
Current Net Income	-	(149,809)	-	208,896	208,896	-	-	-	(149,809)	18,167	(149,809)
Other Current Comprehensive Income	-	-	-	-	-	-	-	-	208,896	80	227,063
Total Current Comprehensive Income	-	-	-	208,896	208,896	(56,377)	1,801,909	1,745,532	1,745,532	18,247	1,745,612
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	305,618	305,618	-	(305,618)	(305,618)	-	-	-
Distribution of cash dividends for non-controlling interests	-	-	-	-	-	-	-	-	-	(32,111)	(32,111)
Balance as of June 30, 2023	\$ 1,872,620	861,207	1,301,706	3,545,679	4,847,385	(133,726)	7,124,598	6,990,872	14,572,084	380,470	14,952,554
Balance as of January 1, 2024	\$ 1,872,620	861,207	1,301,707	4,126,229	5,427,936	(126,335)	6,232,008	6,105,673	14,267,436	401,788	14,669,224
Appropriation and distribution of earnings:											
Legal reserve				(109,506)	-					-	-
Cash dividends of common stock	-	-	109,506	(599,238)	(599,238)	-	-	-	-	-	-
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	-	-	-	-				(599,238)	(599,238)	(599,238)

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

Changes in other capital surplus				-	-					302	
	-	3,218	-			-	-	-	3,218		3,520
Current Net Income				196,769	196,769					14,169	
	-	-	-			-	-	-	196,769		210,938
Other Current Comprehensive Income										<u>3,431</u>	
	-	-	-			53,857	1,938,272	1,992,129	1,992,129		1,995,560
Total Current Comprehensive Income				<u>196,769</u>	<u>196,769</u>					<u>17,600</u>	
	-	-	-			53,857	1,938,272	1,992,129	2,188,898		2,206,498
Disposal of equity instruments at fair value through other comprehensive income				200,183	200,183					-	
	-	-	-			-	(200,183)	(200,183)	-		-
Distribution of cash dividends for non-controlling interests										<u>(25,352)</u>	
	-	-	-			-	-	-	-		(25,352)
Balance as of June 30, 2024				<u>3,814,437</u>	<u>5,225,650</u>					<u>394,338</u>	
	<u>\$ 1,872,620</u>	<u>864,425</u>	<u>1,411,213</u>			<u>(72,478)</u>	<u>7,970,097</u>	<u>7,897,619</u>	<u>15,860,314</u>		<u>16,254,652</u>

(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 June 30, 2024 and 2023

Unit: NT\$ thousands

	January to June, 2024	January to June, 2023
Cash flows from operating activities:		
Income before income tax	\$ 263,589	301,247
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	198,532	186,282
Amortization expenses	3,025	3,226
Expected credit impairment losses	10,080	13,092
Net income from financial assets measured at fair value through profit or loss	(10,551)	-
Interest expense	5,583	7,858
Interest income	(34,522)	(39,468)
Dividend income	(2,614)	(95)
Share of profits (losses) of associates and joint ventures under equity method	(308)	(1,738)
Loss (gain) on disposal and scrap of property, plant and equipment	(6,063)	589
Expenses transfer from property, plant and equipment	177	-
Loss on disposal of intangible assets	36	-
Unrealized (Realized) profit on sales	1,314	(546)
Lease modification loss (gains)	2,043	(16)
Total adjustments for profit or loss	166,732	169,184
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(195,133)	(38,254)
Notes receivable	12,382	33,794
Accounts receivable	(238,295)	(57,696)
Accounts receivable - related parties	(169,830)	(38,520)
Other receivables	55,799	18,640
Inventories	550,653	414,545
Prepayments	(10,878)	(5,882)
Other current assets	(9,518)	10,988
Other non-current assets	4,329	(858)
Total changes in operating assets	(491)	336,757
Changes in operating liabilities:		
Notes payable	3,816	2,189
Accounts payable	(434,684)	(158,258)
Accounts payable - related parties	(8,344)	9,381
Other payables	(129,097)	(95,397)
Provisions for liabilities	629	5,110
Other current liabilities	(38,435)	45,030
Net defined benefit liabilities	-	(4,223)
Total changes in operating liabilities	(606,115)	(196,168)
Total changes in operating assets and liabilities	(606,606)	140,589
Total adjustments	(439,874)	309,773
Cash inflows (outflows) generated from operations	(176,285)	611,020
Interest received	36,380	37,604
Interest paid	(5,584)	(7,837)
Income tax paid	(73,694)	(110,691)
Net cash inflows (outflows) provided by operating activities	(219,183)	530,096
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(82,901)	(10,000)
Disposal of financial assets at fair value through other comprehensive income	238,299	296,615
Acquisition of property, plant, and equipment	(196,316)	(54,291)
Disposal of property, plant and equipment	9,805	-
Acquisition of intangible assets	(4,171)	(1,462)
Increase in refundable deposits	(1,231)	(3,619)
Increase in prepayments for equipment	(54,018)	(2,861)
Dividends received	2,614	68
Increase in restricted time deposits	(32,450)	-
Net cash flows generated from (used in) investing activities	(120,369)	224,450
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,217	-
Repayment of long-term loans	(37,721)	(37,382)
Decrease in guarantee deposits received	(7)	(4)
Repayment of the principal of lease liabilities	(100,882)	(90,837)
Net cash flows used in financing activities	(137,393)	(128,223)
Effects of exchange rate changes on the balance of cash held in foreign currencies	45,794	(47,658)
Net increase (decrease) in cash and cash equivalents	(431,151)	578,665
Cash and cash equivalents at the beginning of the period	4,225,848	3,695,970
Cash and cash equivalents at the end of the period	\$ 3,794,697	4,274,635

(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 Three Months Ended June 30, 2024 and 2023
(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 August 5, 2024.

III. Application of New and Amended Standards and Interpretations

(I) The consolidated company has adopted the International Financial Reporting Standards (IFRS) accounting standards, which have been approved by the Financial Supervisory Commission (referred to as the FSC), along with their revised guidelines and interpretations. These revisions have been in effect since January 1, 2024, and have not had a significant impact on the consolidated financial statements.

- Amendments to IAS 1 “Classification of liabilities as current or non-current”
- Amendment to IAS 1, “Non-current Liabilities with Contractual Provisions”
- Amendment to IAS 7 and IFRS 7 “Supplier Financing Arrangements”
- Amendment to IFRS 16 “Lease Liabilities in Sales and Leaseback”

(II) The impact of IFRS endorsed by the FSC but not yet adopted by the Group
The Group assesses that the adoption of the following new amendments effective from January 1, 2025 will not have a significant impact on the Consolidated Financial Statements.

- IAS 21 "Lack of Exchangeability"

(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:

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

New or Amended Standards	Content of Amendment	Effective Date per International Accounting Standards Board
International Financial Reporting Standard No. 18 'Presentation and Disclosure of Financial Statements'	<p>The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.</p> <ul style="list-style-type: none"> • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called 'operating profit' and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes. 	January 1, 2027

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

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.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Ventures"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- IFRS19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards

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, 2023. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2023 for details.

(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, 2023. Please refer to Note IV(III) of the consolidated financial statements for the year ended December 31, 2023 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
			2024.6.30	2023.12.31	2023.6.30	
The Company	FSP International	Investment	100.00%	100.00%	100.00%	Note 5

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
			2024.6.30	2023.12.31	2023.6.30	
	Inc. (BVI)	holdings				
"	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	100.00%	Note 4
"	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
"	FSP Technology Vietnam Co., Ltd. ("FSP VN")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 1 and 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%	Note 5
"	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)	Protek Electronics (China) Corp.	Manufacturing of power supplies and related	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
			2024.6.30	2023.12.31	2023.6.30	
Corp.	(“Protek Dongguan”)	electronic products				
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
WUXI Zhonghan Technology Co., Ltd.	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%	Note 2 and 4
3Y Power	3Y Power Technology Inc. (“3Y Power”)	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 3 and 4

Note 1: 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 2: 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.

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

Note 3: 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 June 30, 2024, December 31, 2023 and June 30, 2023 were all 65.87%.

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

Note 5: On February 1, 2024, the Company received approval from the Investment Commission to increase the capital of our subsidiary, FSP International Inc. (BVI), by US\$10,000 thousand. Subsequently, FSP International Inc. (BVI) increased the capital of Shenzhen Huili Electronic Co., Ltd. in mainland China by US\$10,000 thousand. As of June 30, 2024, a total of US\$7,000 thousand has been remitted through FSP International Inc. (BVI) for the capital increase of Shenzhen Huili Electronic Co., Ltd. in mainland China.

2. Subsidiaries which are not included in the Consolidated Financial Statements:
None.

(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."

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, 2023.

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

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, 2023. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2023 for relevant information.

(I) Cash and cash equivalents

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Cash on hand	\$ 6,806	9,808	9,579
Cash equivalents			
Repurchase agreements	114,278	105,842	13,701
Deposits in saving accounts and checking accounts	2,178,039	1,544,510	2,030,265
Time deposits	1,495,574	2,565,688	2,221,090
	<u>\$ 3,794,697</u>	<u>4,225,848</u>	<u>4,274,635</u>

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Financial assets mandatorily measured at fair value through profit or loss - current:			
Non-derivative financial assets			
Beneficiary certificates	\$ 360,548	277,366	211,284
Private equity funds	85,682	68,545	45,841
Foreign unlisted stocks	71,632	71,632	71,632
Structured deposits	355,625	281,285	269,946
Subtotal	<u>873,487</u>	<u>698,828</u>	<u>598,703</u>
Financial assets mandatorily measured at fair value through profit or loss - non-current:			
Non-derivative financial assets			
Structured products	31,025	-	-
Total	<u>\$ 904,512</u>	<u>698,828</u>	<u>598,703</u>

As of June 30, 2024, December 31, 2023, and June 30, 2023, the Group held structured deposits and expected yields ranged from 1.20% to 2.45%, 1.30% to 2.70%, and 1.30% to 3.00% with maturity from September 2024, February 2024 to March 2024, and August 2023, respectively.

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

The Group recognized dividend income of NT\$861 thousand and NT\$13 thousand for the aforementioned financial assets at fair value through profit or loss from January 1 to June 30, 2024 and 2023, respectively.

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

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

(III) Financial assets at fair value through other comprehensive income	2024.6.30	2023.12.31	2023.6.30
Equity instruments at fair value through other comprehensive income			
Domestic listed (OTC) stocks	\$ 8,575,867	6,748,094	7,672,478
Foreign listed stocks	10,889	9,253	10,528
Foreign unlisted stocks	26,493	26,493	26,494
Domestic unlisted stocks	174,399	233,066	172,792
Total	\$ 8,787,648	7,016,906	7,882,292

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\$1,753 thousand and NT\$82 thousand for the aforementioned investments in equity instruments at fair value through other comprehensive income from January 1 to June 30, 2024 and 2023, respectively.

In order to meet the needs of funding plan, the Group divested the financial assets designated at fair value through other comprehensive income from January 1, 2024 to June 30, 2024 and the fair value at the time of disposal totaled NT\$250,431 thousand and with disposal gains totaled NT\$200,183 thousand. As of June 30, 2024, the outstanding disposal price was NT\$20,574 thousand, which was recorded as other receivables. In order to meet the needs of funding plan, the Group divested the financial assets designated at fair value through other comprehensive income from January 1, 2024 to June 30, 2023 and the fair value at the time of disposal was NT\$306,431 thousand and with disposal gains of NT\$305,618. As of June 30, 2023, the outstanding proceeds from disposal amounted to NT\$9,816 thousand, which was recognized under other receivables.

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

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

(IV) Notes receivable and accounts receivable		2024.6.30	2023.12.31	2023.6.30
Notes receivable	\$	114,391	126,773	47,774
Accounts receivable		2,584,286	2,345,626	3,225,194
Accounts receivable - related parties		711,038	541,208	760,358
Less: Loss allowances		(24,893)	(14,448)	(12,026)
	\$	3,384,822	2,999,159	4,021,300

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:

	2024.6.30		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 2,475,209	0~0.11	1,758
Past due within 30 days	68,842	6.27	4,316
Past due 31~60 days	7,569	19.29	1,460
Past due 61~90 days	74	36.53	27
Past due over 121 days	3,966	100	3,966
	\$ 2,555,660		11,527

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

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 2,047,808	0.24	4,533
Past due within 30 days	48,729	6.30	3,068
Past due 31~60 days	1,452	19.88	289
Past due 91~120 days	1,303	45.45	592
Past due over 121 days	1,645	100.00	1,645
	\$ 2,100,937		10,127

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT\$2,381 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT\$476 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.

	2023.6.30		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 3,142,682	0~0.11	2,953
Past due within 30 days	115,041	6.88	7,913
Past due 31~60 days	89	21.72	20
Past due 61~90 days	221	41.88	92
	\$ 3,258,033		10,978

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

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT\$3,380 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT\$676 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.

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:

	2024.6.30		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 627,484	0.06	376
Past due within 30 days	13,969	0.06	8
Past due 31~60 days	3	0.06	-
Past due 61~90 days	2,004	0.06	1
Past due 91~120 days	-	0.06	-
Past due 181~365 days	<u>1,294</u>	0.06	<u>1</u>
	<u>\$ 644,754</u>		<u>386</u>
			<u>386</u>
	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 720,132	0.05	362
Past due within 30 days	14,133	0.05	7
Past due 31~60 days	10,105	0.05	5

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

Past due 61~90 days	2,077	0.05	1
Past due 121~180 days	604	0.05	-
Past due 181~over 360 days	656	-	-
Past due over a year above	376	-	1
	<u>\$ 748,083</u>		<u>376</u>

2023.6.30

	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 564,791	0.06	367
Past due within 30 days	6,446	0.06	4
Past due 61~90 days	464	0.06	-
Past due over 121 days	1,098	0.06	1
	<u>\$ 572,799</u>		<u>372</u>

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

2024.6.30

	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 130,350	-	-
Past due within 30 days	33,604	-	-
Past due 31~60 days	5,459	-	-
Past due 61~90 days	1,434	-	-
Past due 91~120 days	4,368	-	-

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

Past due 121~180 days	8,897	-	-
Past due over a year above	<u>25,189</u>	51.53	<u>12,980</u>
	<u>\$ 209,301</u>		<u>12,980</u>

2023.12.31

	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 107,133	-	-
Past due within 30 days	22,222	-	-
Past due 31~60 days	13,523	-	-
Past due 61~90 days	8,559	-	-
Past due 91~120 days	10,371	0.30	3,071
Past due over 121 days	<u>398</u>	100.00	<u>398</u>
	<u>\$ 162,206</u>		<u>3,469</u>

2023.6.30

	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 135,646	-	-
Past due within 30 days	26,460	-	-
Past due 31~60 days	10,762	-	-
Past due 61~90 days	7,700	-	-
Past due 91~120 days	7,921	-	-
Past due over 121 days	<u>11,255</u>	-	<u>-</u>
	<u>\$ 199,744</u>		<u>-</u>

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:

	January to June, 2024	January to June, 2023
Beginning balance	\$ 14,448	24,641
Recoveries from write-off in previous years	-	2,258
Impairment losses recognized (reversed)	10,080	(14,862)
Effect of foreign exchange rate changes	365	(11)
Ending balance	<u>\$ 24,893</u>	<u>12,026</u>

(V) Other receivables

	2024.6.30	2023.12.31	2023.6.30
Other receivables	\$ 414,941	458,840	85,454
Less: Loss allowances	(30,231)	(28,605)	(29,011)
	<u>\$ 384,710</u>	<u>430,235</u>	<u>56,443</u>

Changes in loss allowance for other receivables:

	January to June, 2024	January to June, 2023
Beginning balance	\$ 28,605	510
Impairment losses recognized	-	27,954
Effect of foreign exchange rate changes	1,626	547
Ending balance	<u>\$ 30,231</u>	<u>29,011</u>

(VI) Inventories

	2024.6.30	2023.12.31	2023.6.30
Finished goods	\$ 1,215,606	1,503,290	1,585,645
Work in process	367,543	434,453	452,171
Raw materials	409,980	603,022	606,278
	<u>\$ 1,993,129</u>	<u>2,540,765</u>	<u>2,644,094</u>

Breakdown of cost of goods sold:

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Inventories sold	\$ 2,308,607	2,721,135	4,514,613	5,598,057
Loss on inventory write-down	23,193	22,335	40,865	17,547
Loss on inventory	-	18	-	18
Unallocated manufacturing expense	21,927	17,852	43,445	30,099
Loss on inventory obsolescence	3,223	5,367	3,248	5,539
	<u>\$ 2,356,950</u>	<u>2,766,707</u>	<u>4,602,171</u>	<u>5,651,260</u>

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group did not pledge any inventories as collateral.

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

(VII) Investments Recognized Through the Equity Method

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Associate	<u>\$ 35,795</u>	<u>34,561</u>	<u>37,661</u>

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:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
The carrying amount of investments in associates that were not individually material to the Group at the end of the period	<u>\$ 35,795</u>	<u>34,561</u>	<u>37,661</u>

	<u>April to June, 2024</u>	<u>April to June, 2023</u>	<u>January to June, 2024</u>	<u>January to June, 2023</u>
Attributable to the Group:				
Income from Continuing Operations	\$ 312	682	308	1,738
Other Comprehensive Income	582	1,487	2,239	1,177
Total Comprehensive Income	<u>\$ 894</u>	<u>2,169</u>	<u>2,547</u>	<u>2,915</u>

2. Collateral

As of June 30, 2024, December 31, 2023 and June 30, 2023, 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.

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

(VIII) Property, Plant, and Equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment from January 1 to June 30, 2024 and 2023 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, 2024	\$ 310,476	1,224,490	27,949	1,307,563	22,060	517,402	89,879	9,348	3,509,167
Addition	-	7,356	-	68,145	1,315	15,536	995	98,998	192,345
Disposal and obsolescence	(2,597)	(6,749)	-	(12,262)	(898)	(12,478)	-	-	(34,984)
Reclassification (Note)	-	6,436	-	1,587	-	-	-	(7,324)	699
Effect of exchange rate changes	-	7,240	662	24,403	479	3,236	2,049	699	38,768
Balance as of June 30, 2024	<u>\$ 307,879</u>	<u>1,238,773</u>	<u>28,611</u>	<u>1,389,436</u>	<u>22,956</u>	<u>523,696</u>	<u>92,923</u>	<u>101,721</u>	<u>3,705,995</u>
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	-	2,922	-	37,010	1,949	13,870	327	1,290	57,368
Disposal and obsolescence	-	-	-	(28,632)	(642)	(2,947)	(213)	-	(32,434)
Reclassification (Note)	-	-	-	320	-	73	-	(73)	320
Effect of exchange rate changes	-	(7,731)	(676)	(24,956)	(418)	(3,324)	(2,039)	-	(39,144)
Balance as of June 30, 2023	<u>\$ 310,476</u>	<u>1,213,152</u>	<u>27,711</u>	<u>1,219,667</u>	<u>19,692</u>	<u>507,429</u>	<u>74,117</u>	<u>1,290</u>	<u>3,373,534</u>
Depreciation and impairment loss:									
Balance as of January 1, 2024	\$ -	564,899	11,598	960,777	14,277	428,499	47,401	-	2,027,451
Recognition in current period	-	25,845	1,081	49,297	1,735	18,001	6,058	-	102,017
Disposal and obsolescence	-	(6,620)	-	(12,149)	(899)	(11,397)	-	-	(31,065)
Effect of exchange rate changes	-	6,457	256	18,809	361	2,299	1,238	-	29,420
Balance as of June 30, 2024	<u>\$ -</u>	<u>590,581</u>	<u>12,935</u>	<u>1,016,734</u>	<u>15,474</u>	<u>437,402</u>	<u>54,697</u>	<u>-</u>	<u>2,127,823</u>
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	-	25,156	1,079	46,601	766	18,006	4,516	-	96,124
Disposal and obsolescence	-	-	-	(28,074)	(642)	(2,916)	(213)	-	(31,845)
Effect of exchange rate changes	-	(6,664)	(237)	(18,546)	(275)	(2,305)	(1,189)	-	(29,216)
Balance as of June 30, 2023	<u>\$ -</u>	<u>537,706</u>	<u>10,449</u>	<u>912,681</u>	<u>13,225</u>	<u>418,421</u>	<u>42,010</u>	<u>-</u>	<u>1,934,492</u>
Carrying amounts:									
Balance as of January 1, 2024	<u>\$ 310,476</u>	<u>659,591</u>	<u>16,351</u>	<u>346,786</u>	<u>7,783</u>	<u>88,903</u>	<u>42,478</u>	<u>9,348</u>	<u>1,481,716</u>
Balance as of June 30, 2024	<u>\$ 307,879</u>	<u>648,192</u>	<u>15,676</u>	<u>372,702</u>	<u>7,482</u>	<u>86,294</u>	<u>38,226</u>	<u>101,721</u>	<u>1,578,172</u>
Balance as of June 30, 2023	<u>\$ 310,476</u>	<u>675,446</u>	<u>17,262</u>	<u>306,986</u>	<u>6,467</u>	<u>89,008</u>	<u>32,107</u>	<u>1,290</u>	<u>1,439,042</u>

Note: From January 1 to June 30, 2024 and 2023, the amount transferred from equipment prepayment was NTS699 thousand and NTS320 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 June 30, 2024, December 31, 2023 and June 30, 2023.

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

(IX) 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:

	<u>Land</u>	<u>Housing and Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
Costs of right-of-use assets:				
Balance as of January 1, 2024	\$ 27,483	1,194,676	5,618	1,227,777
Addition	-	1,009	1,719	2,728
Lease modification	-	3,331	-	3,331
Reduction (contract expired and contract modification)	(1,486)	-	(716)	(2,202)
Effect of exchange rate changes	437	30,317	29	30,783
Balance as of June 30, 2024	<u>\$ 26,434</u>	<u>1,229,333</u>	<u>6,650</u>	<u>1,262,417</u>
Balance as of January 1, 2023	\$ 27,784	1,119,990	3,497	1,151,271
Addition	-	46,133	2,511	48,644
Reduction (contract expired and early termination of contract)	-	(2,279)	(389)	(2,668)
Effect of exchange rate changes	(469)	(28,410)	7	(28,872)
Balance as of June 30, 2023	<u>\$ 27,315</u>	<u>1,135,434</u>	<u>5,626</u>	<u>1,168,375</u>
Depreciation of right-of-use assets:				
Balance as of January 1, 2024	\$ 5,087	785,603	2,405	793,095
Depreciation in current period	481	94,946	1,088	96,515
Lease modification	-	1,139	-	1,139
Reduction (contract expired and contract modification)	(37)	-	(716)	(753)
Effect of exchange rate changes	65	21,407	17	21,489
Balance as of June 30, 2024	<u>\$ 5,596</u>	<u>903,095</u>	<u>2,794</u>	<u>911,485</u>
Balance as of January 1, 2023	\$ 4,106	618,627	1,041	623,774
Depreciation in current period	512	88,829	817	90,158
Reduction (contract expired and early termination of contract)	-	(1,901)	(389)	(2,290)
Effect of exchange rate changes	(62)	(18,113)	3	(18,172)
Balance as of June 30, 2023	<u>\$ 4,556</u>	<u>687,442</u>	<u>1,472</u>	<u>693,470</u>
Carrying amounts:				
Balance as of January 1, 2024	<u>\$ 22,396</u>	<u>409,073</u>	<u>3,213</u>	<u>434,682</u>
Balance as of June 30, 2024	<u>\$ 20,838</u>	<u>326,238</u>	<u>3,856</u>	<u>350,932</u>
Balance as of June 30, 2023	<u>\$ 22,759</u>	<u>447,992</u>	<u>4,154</u>	<u>474,905</u>

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

(X) Intangible Assets

The changes in costs, amortization and impairment loss of intangible assets from January 1 to June 30, 2024 and 2023 were as follows:

	Goodwill	Software cost	Patent	Total
Costs:				
Balance as of January 1, 2024	\$ 218,672	15,376	16,715	250,763
Addition in current period	-	4,129	42	4,171
Disposal in current period	-	-	(88)	(88)
Effect of exchange rate changes	-	-	23	23
Balance as of June 30, 2024	<u>\$ 218,672</u>	<u>19,505</u>	<u>16,692</u>	<u>254,869</u>
Balance as of January 1, 2023	\$ 218,672	18,846	16,507	254,025
Addition in current period	-	1,398	64	1,462
Effect of exchange rate changes	-	-	(20)	(20)
Balance as of June 30, 2023	<u>\$ 218,672</u>	<u>20,244</u>	<u>16,551</u>	<u>255,467</u>
Amortization and impairment loss:				
Balance as of January 1, 2024	\$ -	11,237	16,086	27,323
Amortization for the period	-	2,983	42	3,025
Disposal in current period	-	-	(52)	(52)
Effect of exchange rate changes	-	-	6	6
Balance as of June 30, 2024	<u>\$ -</u>	<u>14,220</u>	<u>16,082</u>	<u>30,302</u>
Balance as of January 1, 2023	\$ -	13,099	16,021	29,120
Amortization for the period	-	3,193	33	3,226
Effect of exchange rate changes	-	-	(6)	(6)
Balance as of June 30, 2023	<u>\$ -</u>	<u>16,292</u>	<u>16,048</u>	<u>32,340</u>
Carrying amounts:				
Balance as of January 1, 2024	<u>\$ 218,672</u>	<u>4,139</u>	<u>629</u>	<u>223,440</u>
Balance as of June 30, 2024	<u>\$ 218,672</u>	<u>5,285</u>	<u>610</u>	<u>224,567</u>
Balance as of June 30, 2023	<u>\$ 218,672</u>	<u>3,952</u>	<u>503</u>	<u>223,127</u>

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

(XI) Short-term loans

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Secured bank borrowings	\$ 1,217	-	-
Credit loans	1,622	1,536	7,697
Total	<u>\$ 2,839</u>	<u>1,536</u>	<u>7,697</u>
Unused facility	<u>\$ 833,750</u>	<u>818,000</u>	<u>804,500</u>
Interest rate range	<u>5.83~6.96</u>	<u>7.42</u>	<u>6.6</u>

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

(XII) Long-term loans

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Secured bank borrowings	\$ 86,683	124,404	161,952
Less: current portion of long-term debt	75,966	75,616	75,269
Total	<u>\$ 10,717</u>	<u>48,788</u>	<u>86,683</u>
Unused facility	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>1.58</u>	<u>1.40</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\$155 thousand, NT\$259 thousand, NT\$334 thousand and NT\$538 thousand, respectively, from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023.

**Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries
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(XIII) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Current	\$ 147,648	190,025	182,923
Non-current	211,651	255,209	303,903
Total	<u>\$ 359,299</u>	<u>445,234</u>	<u>486,826</u>

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

The amounts recognized in profit or loss were as follows:

	<u>April to June, 2024</u>	<u>April to June, 2023</u>	<u>January to June, 2024</u>	<u>January to June, 2023</u>
Interest expense on lease liabilities	<u>\$ 1,957</u>	<u>2,542</u>	<u>4,075</u>	<u>5,001</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 982</u>	<u>385</u>	<u>1,144</u>	<u>746</u>
Expenses of short-term leases	<u>\$ 3,813</u>	<u>3,108</u>	<u>7,299</u>	<u>6,528</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 38</u>	<u>27</u>	<u>139</u>	<u>150</u>

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

	<u>January to June, 2024</u>	<u>January to June, 2023</u>
Total cash outflow in operating activities	\$ 12,657	12,425
Total cash outflow in financing activities	100,882	90,837
Total cash flows on lease	<u>\$ 113,539</u>	<u>103,262</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.

For these lease contracts, the variable lease payments paid by the Group from January 1 to June 30, 2024 were as follows:

<u>Variable payment</u>	<u>Estimated impact on</u>
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Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries
(Continued)

		lease payment for each 1% increase in the actual floor area used
Lease contracts with variable payment calculated based on the actual floor area used per month	\$ 1,144	11

2. Other leases

The Group leases machinery, and transportation equipment with the lease terms ranging from 1 year to 8 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.

(XIV) Provisions for liabilities

	January to June, 2024	January to June, 2023
Balance as of January 1	\$ 130,311	131,155
Addition of provision during the year	28,939	28,666
Amount utilized during the year	(28,310)	(23,556)
Balance as of June 30	\$ 130,940	136,265

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.

(XV) 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, 2023, and 2022.

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

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

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Operating Costs	\$ 30	34	59	68
Selling and marketing expenses	47	50	95	108
General and administrative expenses	108	76	215	207
Research and development expenses	152	118	305	303
	\$ 337	278	674	686

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:

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Operating Costs	\$ 559	560	1,149	1,129
Selling and marketing expenses	1,780	1,768	3,532	3,449
General and administrative expenses	2,360	2,277	5,057	4,675
Research and development expenses	4,708	4,295	9,265	8,424
	\$ 9,407	8,900	19,003	17,677

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\$26,833 thousand, NT\$21,459 thousand, NT\$50,130 thousand and NT\$43,573 thousand, respectively, from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023.

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

3. Other short-term employee benefits

From April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, the Group contributed NT\$3,726 thousand, NT\$3,383 thousand, NT\$8,653 thousand and NT\$6,722 thousand, respectively, to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of June 30, 2024, December 31, 2023, and June 30, 2023, the Group had accrued unused leave bonuses of NT\$48,979 thousand, NT\$48,304 thousand and NT\$44,866 thousand, respectively, which were recorded under other payables.

(XVI) Income Tax

The income tax expense of the Group from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023 were as below:

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Income tax expense for the period	\$ 24,194	46,588	52,651	74,184

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

(XVII) 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 June 30, 2024 and 2023. Please refer to Note VI(XVIII) of the consolidated financial statements for the year ended December 31, 2023, for details.

1. Capital Surplus

The Company's capital surplus was as follows:

	2024.6.30	2023.12.31	2023.6.30
Paid-in capital in excess of \$ par value	856,427	856,427	856,427
Adjustments arising from changes in percentage of ownership in subsidiaries	4,780	4,780	4,780
Others	3,218	-	-
	\$ 864,425	861,207	861,207

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the

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

issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

Furthermore, on March 10, 2023, the Company resolved during a board meeting to distribute the cash capital surplus of NT\$149,809 thousand at a rate of NT\$0.8 per share.

2. Earning distribution

On March 14, 2024 and March 10, 2023, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended December 31, 2023 and 2022, respectively, and the amount of dividends distributed to shareholders was as follows:

	2023	2022
Cash dividend distributed to the shareholders of common stock	\$ 599,238	561,786

The surplus allocated for the fiscal years 2023 and 2022 has not been paid as of June 30, 2024 and 2023, and was recorded under dividends payable.

3. 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, 2024	\$ (126,335)	6,232,008	6,105,673
Exchange differences on translation of financial statements of foreign operations	51,618	-	51,618
Share of other comprehensive income of associates and joint-ventures under the equity method	2,239	-	2,239
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,938,272	1,938,272
Disposal of equity instruments at fair value through other comprehensive income	-	(200,183)	(200,183)
Balance as of June 30, 2024	\$ (72,478)	7,970,097	7,897,619
Balance as of January 1, 2023	\$ (77,427)	5,628,307	5,550,880

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

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
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	(57,554)	-	(57,554)
Share of other comprehensive income of associates and joint-ventures under the equity method	1,177	-	1,177
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,801,909	1,801,909
Disposal of equity instruments at fair value through other comprehensive income	-	(305,618)	(305,618)
Balance as of June 30, 2023	<u>\$ (133,726)</u>	<u>7,124,598</u>	<u>6,990,872</u>

4. Non-controlling interests (net after tax)

	January to June, 2024	January to June, 2023
Beginning balance	\$ 401,788	394,238
Retroactive adjustments to new standards	-	96
Opening balance after restatement	401,788	394,334
Changes in capital surplus attributable to non-controlling interests	302	-
Net income for the year attributable to non-controlling interests	14,169	18,167
Exchange differences on translation of financial statements of foreign operations	3,431	80
Distribution of cash dividends to non-controlling interests	(25,352)	(32,111)
	<u>\$ 394,338</u>	<u>380,470</u>

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

(XVIII) Earnings per Share

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Basic earnings per share:				
Net income attributable to the ordinary shareholders of the Company	\$ 82,776	125,401	196,769	208,896
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262	187,262	187,262
Basic earnings per share (Unit: In New Taiwan Dollars)	\$ 0.44	0.67	1.05	1.12
Diluted earnings per share:				
Net income attributable to the ordinary shareholders of the Company	\$ 82,776	125,401	196,769	208,896
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)	243	368	703	927
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,505	187,630	187,965	188,189
Diluted earnings per share (Unit: In New Taiwan Dollars)	\$ 0.44	0.67	1.05	1.11

(XIX) Revenue from contracts with customers

1. Breakdown of revenue

	April to June, 2024					
	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Total
Primary geographical markets:						
Taiwan	\$ 448,536	129,095	-	-	-	577,631
China	410,236	27,161	322,843	145,571	3,273	909,084
U.S.A.	237,106	8,156	-	-	138,269	383,531
Germany	387,285	23,483	-	-	-	410,768
Other countries	571,436	9,268	-	-	36,353	617,057
	<u>\$ 2,054,599</u>	<u>197,163</u>	<u>322,843</u>	<u>145,571</u>	<u>177,895</u>	<u>2,898,071</u>

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

Major product/service line:						
Sales of power supply	<u>\$ 2,054,599</u>	<u>197,163</u>	<u>322,843</u>	<u>145,571</u>	<u>177,895</u>	<u>2,898,071</u>

April to June, 2023

	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Total
Primary geographical markets:						
Taiwan	\$ 407,187	212,907	-	-	-	620,094
China	323,488	60,196	376,528	130,505	4,372	895,089
U.S.A.	268,510	195	-	-	155,537	424,242
Germany	658,345	23,608	-	-	-	681,953
Other countries	719,843	9,222	-	-	42,661	771,726
	<u>\$ 2,377,373</u>	<u>306,128</u>	<u>376,528</u>	<u>130,505</u>	<u>202,570</u>	<u>3,393,104</u>

Major product/service line:						
Sales of power supply	<u>\$ 2,377,373</u>	<u>306,128</u>	<u>376,528</u>	<u>130,505</u>	<u>202,570</u>	<u>3,393,104</u>

January to June, 2024

	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Total
Primary geographical markets:						
Taiwan	\$ 861,908	257,502	-	-	-	1,119,410
China	755,929	50,066	589,718	278,414	6,187	1,680,314
U.S.A.	485,854	10,302	-	-	305,335	801,491
Germany	722,820	46,547	-	-	-	769,367
Other countries	1,136,366	12,515	-	-	85,134	1,234,015
	<u>\$ 3,962,877</u>	<u>376,932</u>	<u>589,718</u>	<u>278,414</u>	<u>396,656</u>	<u>5,604,597</u>

Major product/service line:						
Sales of power supply	<u>\$ 3,962,877</u>	<u>376,932</u>	<u>589,718</u>	<u>278,414</u>	<u>396,656</u>	<u>5,604,597</u>

January to June, 2023

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

	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Total
Primary geographical markets:						
Taiwan	\$ 878,147	374,873	-	-	-	1,253,020
China	739,096	121,038	706,427	253,222	7,505	1,827,288
U.S.A.	566,827	4,600	-	-	355,509	926,936
Germany	1,329,645	45,287	-	-	-	1,374,932
Other countries	1,357,600	10,271	-	-	77,916	1,445,787
	\$ 4,871,315	556,069	706,427	253,222	440,930	6,827,963
Major product/service line:						
Sales of power supply	\$ 4,871,315	556,069	706,427	253,222	440,930	6,827,963

2. Contract balance

	2024.6.30	2023.12.31	2023.6.30
Notes and accounts receivable (including related parties)	\$ 3,409,715	3,013,607	4,033,326
Less: Loss allowances	(24,893)	(14,448)	(12,026)
Total	\$ 3,384,822	2,999,159	4,021,300
Contract liabilities (recognized in other current liabilities)	\$ 75,352	61,491	53,107

The change in contractual liabilities primarily occurs due to the discrepancy between the timing of fulfilling contractual obligations and the timing of customer payments.

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

(XX) 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

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

remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The Company accrued NT\$6,256 thousand, NT\$11,233 thousand, NT\$14,786 thousand, and NT\$17,654 thousand as employee compensation and NT\$460 thousand, NT\$1,283 thousand, NT\$1,788 thousand, and NT\$2,059 thousand as remuneration for Directors from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, 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, 2023 and 2022, the Company provided its remuneration to employees amounted to NT\$66,000 thousand, and the remuneration for Directors of NT\$7,000 thousand, which was consistent with the actual status of the distribution. The information can be obtained from the MOPS.

(XXI) Non-operating Income and Expenses

1. Interest income

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Bank deposits	\$ 15,500	23,117	34,522	39,468

2. Other income

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Dividend income	\$ 2,226	40	2,614	95
Other income				
Compensation payment	-	-	30,000	-
Government grant	3,915	3,581	6,264	7,320
Tax refund	1,613	1,162	6,322	4,916
Technical service fees	1,206	709	1,206	1,100
Compliance fees	102	1,187	102	1,260
Others	2,622	3,078	8,211	7,074
	\$ 11,684	9,757	54,719	21,765

3. Other gains and losses

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

	<u>April to</u> <u>June, 2024</u>	<u>April to</u> <u>June, 2023</u>	<u>January to</u> <u>June, 2024</u>	<u>January to</u> <u>June, 2023</u>
Foreign currency exchange gain, net	\$ 28,063	29,099	116,341	10,509
Gain on financial assets measured at fair value through profit or loss	6,599	2,166	10,551	4,667
Gain (loss) on disposal of property, plant and equipment, net	(63)	(581)	6,063	(589)
Loss on disposal of intangible assets, net	(36)	-	(36)	-
Lease modification gains (loss)	(1,827)	16	(2,043)	16
Others	(93)	(95)	(259)	(539)
	<u>\$ 32,643</u>	<u>30,605</u>	<u>130,617</u>	<u>14,064</u>

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

4. Finance costs

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Interest expense:				
Bank borrowings	\$ 516	1,958	1,508	2,857
Lease liabilities	1,957	2,542	4,075	5,001
	\$ 2,473	4,500	5,583	7,858

(XXII) 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(XXIII) of the consolidated financial statements for the year ended December 31, 2023, 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 June 30, 2024, December 31, 2023, and June 30, 2023, the top three customers accounted for 17%, 19%, and 20%, respectively, of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

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

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.

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

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
June 30, 2024							
Non-derivative financial liabilities							
Short-term loans	\$ 2,839	2,876	2,876	-	-	-	-
Long-term loans	86,683	87,539	38,455	38,330	10,754	-	-
Notes payable	15,266	15,266	15,266	-	-	-	-
Accounts payable	2,559,237	2,559,237	2,559,237	-	-	-	-
Accounts payable - related parties	78,721	78,721	78,721	-	-	-	-
Other payables	1,402,923	1,402,923	1,402,923	-	-	-	-
Dividends payable	624,950	624,950	624,950	-	-	-	-
Lease liabilities	359,299	375,871	97,549	55,762	70,792	118,295	33,473
Guarantee deposits received	516	516	-	-	-	-	516
	\$ 5,130,434	5,147,899	4,819,977	94,092	81,546	118,295	33,989
December 31, 2023							
Non-derivative financial liabilities							
Short-term loans	\$ 1,536	1,599	1,593	6	-	-	-
Long-term loans	124,404	124,893	38,579	38,455	47,859	-	-
Notes payable	11,450	11,450	11,450	-	-	-	-
Accounts payable	2,993,921	2,993,921	2,993,921	-	-	-	-
Accounts payable - related parties	87,065	87,065	87,065	-	-	-	-
Other payables	1,535,992	1,535,992	1,535,992	-	-	-	-
Lease liabilities	445,234	465,388	102,561	94,467	98,348	126,090	43,922
Guarantee deposits received	500	500	-	-	-	-	500
	\$ 5,200,102	5,220,808	4,771,161	132,928	146,207	126,090	44,422
June 30, 2023							
Non-derivative financial liabilities							
Short-term loans	\$ 7,697	7,744	7,744	-	-	-	-
Long-term loans	161,952	164,822	38,704	38,579	76,785	10,754	-
Notes payable	15,246	15,246	15,246	-	-	-	-
Accounts payable	3,696,561	3,696,561	3,696,561	-	-	-	-
Accounts payable - related parties	161,154	161,154	161,154	-	-	-	-
Other payables	1,155,418	1,155,418	1,155,418	-	-	-	-
Dividends payable	743,706	743,706	743,706	-	-	-	-
Lease liabilities	486,826	509,650	94,553	96,347	136,273	118,418	64,059
Guarantee deposits received	514	514	-	-	-	-	514
	\$ 6,429,074	6,454,815	5,913,086	134,926	213,058	129,172	64,573

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:

	2024.6.30			2023.12.31			2023.6.30		
	Foreign currencies	Exchange Rate	NT\$	Foreign currencies	Exchange Rate	NT\$	Foreign currencies	Exchange Rate	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB	\$ 108,516	4.445	482,354	169,439	4.327	733,163	174,345	4.282	746,545
USD	88,072	32.450	2,857,936	137,572	30.705	4,224,148	146,260	31.140	4,554,536
HKD	4,947	4.155	20,555	1,976	3.929	7,764	5,132	3.974	20,395
EUR	50	34.710	1,736	36	33.980	1,223	42	33.810	1,420
<u>Non-monetary items</u>									
USD	2,534	28.268	71,632	2,534	28.268	71,632	2,534	28.268	71,632
RMB	6,322	4.191	26,494	6,322	4.191	26,494	6,322	4.191	264,494
HKD	2,617	4.161	10,899	2,355	3.929	9,253	2,665	3.950	10,528
<u>Financial liabilities</u>									
<u>Monetary items</u>									
RMB	72,389	4.445	321,769	122,215	4.327	528,824	80,878	4.282	346,320
USD	66,336	32.450	2,152,603	84,642	30.705	2,598,933	100,090	31.140	3,116,803
HKD	8,181	4.155	33,992	6,747	3.929	26,505	8,452	3.974	33,588

(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 June 30, 2024 and 2023, 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\$34,169 thousand and NT\$73,047 thousand, respectively, from January 1 to June 30, 2024 and 2023. 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 April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and

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

2023 were NT\$28,063 thousand, NT\$29,099 thousand, NT\$116,341 thousand and NT\$10,509 thousand, respectively.

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:

	January to June, 2024		January to June, 2023	
Security price at the reporting date	Other comprehensive income (pre-tax)	Pre-tax income	Other comprehensive income (pre-tax)	Pre-tax income
Increase by 5%	\$ 429,338	18,027	384,150	10,564
Decrease by 5%	\$ (429,338)	(18,027)	(384,150)	(10,564)

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:

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

	2024.6.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 360,548	360,548	-	-	360,548
Private equity funds	85,682	-	-	85,682	85,682
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	355,625	-	-	355,625	355,625
Structured products	31,025	-	31,025	-	31,025
Subtotal	<u>904,512</u>	<u>360,548</u>	<u>31,025</u>	<u>512,939</u>	<u>904,512</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	8,575,867	8,575,867	-	-	8,575,867
Foreign listed stock	10,889	10,889	-	-	10,889
Non-publicly quoted equity instruments measured at fair value	200,892	-	-	200,892	200,892
Subtotal	<u>8,787,648</u>	<u>8,586,756</u>	<u>-</u>	<u>200,892</u>	<u>8,787,648</u>
Financial assets at amortized cost					
Cash and cash equivalents	3,794,697	-	-	-	-
Notes receivable and accounts receivable	3,384,822	-	-	-	-
Other receivables	384,710	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	32,550	-	-	-	-
Refundable deposits (classified in other non-current assets)	48,151	-	-	-	-
Subtotal	<u>7,644,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,337,090</u>	<u>8,947,304</u>	<u>31,025</u>	<u>713,831</u>	<u>9,692,160</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 89,522	-	-	-	-
Notes payable and accounts payable	2,653,224	-	-	-	-
Other payables	1,402,923	-	-	-	-
Dividends payable	624,950	-	-	-	-
Lease liabilities	359,299	-	-	-	-
Guarantee deposits received	516	-	-	-	-
Total	<u>\$ 5,130,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2023.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 277,366	277,366	-	-	277,366
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	281,285	-	-	281,285	281,285
Subtotal	<u>698,828</u>	<u>277,366</u>	<u>-</u>	<u>421,462</u>	<u>698,828</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,748,094	6,748,094	-	-	6,748,094
Foreign listed stock	9,253	9,253	-	-	9,253
Non-publicly quoted equity instruments measured at fair value	259,559	-	-	259,559	259,559
Subtotal	<u>7,016,906</u>	<u>6,757,347</u>	<u>-</u>	<u>259,559</u>	<u>7,016,906</u>
Financial assets at amortized cost					
Cash and cash equivalents	4,225,848	-	-	-	-
Notes receivable and accounts receivable	2,999,159	-	-	-	-
Other receivables	430,235	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	46,920	-	-	-	-
Subtotal	<u>7,702,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 15,417,996</u>	<u>7,034,713</u>	<u>-</u>	<u>681,021</u>	<u>7,715,734</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 125,940	-	-	-	-
Notes payable and accounts payable	3,092,436	-	-	-	-
Other payables	1,535,992	-	-	-	-
Lease liabilities	445,234	-	-	-	-
Guarantee deposits received	500	-	-	-	-
Total	<u>\$ 5,200,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2023.6.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 211,284	211,284	-	-	211,284
Private equity funds	45,841	-	-	45,841	45,841
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	269,946	-	-	269,946	269,946
Subtotal	<u>598,703</u>	<u>211,284</u>	<u>-</u>	<u>387,419</u>	<u>598,703</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	7,672,478	7,672,478	-	-	7,672,478
Foreign listed stock	10,528	10,528	-	-	10,528
Non-publicly quoted equity instruments measured at fair value	199,286	-	-	199,286	199,286
Subtotal	<u>7,882,292</u>	<u>7,683,006</u>	<u>-</u>	<u>199,286</u>	<u>7,882,292</u>
Financial assets at amortized cost					
Cash and cash equivalents	4,274,635	-	-	-	-
Notes receivable and accounts receivable	4,021,300	-	-	-	-
Other receivables	56,443	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	44,739	-	-	-	-
Subtotal	<u>8,397,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,878,212</u>	<u>7,894,290</u>	<u>-</u>	<u>586,705</u>	<u>8,480,995</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 169,649	-	-	-	-
Notes payable and accounts payable	3,872,961	-	-	-	-
Other payables	1,155,418	-	-	-	-
Dividends payable	743,706	-	-	-	-
Lease liabilities	486,826	-	-	-	-
Guarantee deposits received	514	-	-	-	-
Total	<u>\$ 6,429,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value

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

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable to the Company Law	<ul style="list-style-type: none"> • The P/E ratios as of June 30, 2024, December 31, 2023, and June 30, 2023 were 2.32, 2.34, and 10.65, respectively. • Net worth multiple (as of June 30, 2024, December 31, 2023, and June 30, 2023, are respectively 2.65~4.72, 2.57~25.9, and 2.19~4.63) • Lack of market liquidity discount (as of June 30, 2024, December 31, 2023, and June 30, 2023, all at 29.39%) 	<ul style="list-style-type: none"> • The higher the multiple, the higher the fair value • The higher the multiple, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value

(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:

	Input	Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
June 30, 2024						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,410	(3,410)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	3,641	(3,641)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	512	(512)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	7,725	(7,725)

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

	Input	Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	834	(834)
December 31, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,258	(3,258)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	6,313	(6,313)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,155	(2,155)
June 30, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,333	(3,333)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	1,143	(1,143)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,868	(2,868)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	255	(255)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	4,380	(4,380)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	887	(887)

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.

(XXIII) 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(XXIV) of the consolidated financial statements for the year ended December 31, 2023.

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

(XXIV) 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, 2023. 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, 2023. Please refer to Note VI(XXV) of the consolidated financial statements of 2023 for relevant information.

(XXV) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities from January 1 to June 30, 2024 and 2023 was as follows:

	2024.1.1	Cash flows from	Non-cash changes				2024.6.30
			Addition	Contract Termination and Reassessment	Changes in foreign exchange rate	Changes in lease payment	
Long-term loans	\$ 124,404	(37,721)	-	-	-	-	86,683
Short-term loans	1,536	1,217	-	-	86	-	2,839
Lease liabilities	445,234	(100,882)	2,728	2,786	9,433	-	359,299
Total liabilities from financing activities	\$ 571,174	(137,386)	2,728	2,786	9,519	-	448,821

	2023.1.1	Cash flows from	Non-cash changes				2023.6.30
			Addition	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	
Long-term loans	\$ 199,334	(37,382)	-	-	-	-	161,952
Short-term loans	7,692	-	-	-	5	-	7,697
Lease liabilities	540,315	(90,837)	48,644	(394)	(10,902)	-	486,826
Total liabilities from financing activities	\$ 747,341	(128,219)	48,644	(394)	(10,897)	-	656,475

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:

Related Party	Relationship with the Group
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

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

<u>Related Party</u>	<u>Relationship with the Group</u>
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>April to</u> <u>June, 2024</u>	<u>April to</u> <u>June, 2023</u>	<u>January to</u> <u>June, 2024</u>	<u>January to</u> <u>June, 2023</u>
Associate	\$ 16,279	16,164	36,150	37,136
Other related party	468,847	466,052	886,572	1,089,349
	<u>\$ 485,126</u>	<u>482,216</u>	<u>922,722</u>	<u>1,126,485</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>April to</u> <u>June, 2024</u>	<u>April to</u> <u>June, 2023</u>	<u>January to</u> <u>June, 2024</u>	<u>January to</u> <u>June, 2023</u>
Other related party	\$ 39,040	69,000	76,812	253,277

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.

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

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:

Accounting Subject	Related party category/name	2024.6.30	2023.12.31	2023.6.30
Accounts receivable - related parties, net	Associate	\$ 16,456	19,427	16,537
	Other related party	<u>694,582</u>	<u>521,781</u>	<u>743,821</u>
		<u>711,038</u>	<u>541,208</u>	<u>760,358</u>
Other receivables	Associate	741	347	62
	Other related party			
	FSP Power Solution GmbH	12,054	22,252	16,593
	Others	<u>6,602</u>	<u>8,608</u>	<u>4,476</u>
		<u>19,397</u>	<u>31,207</u>	<u>21,131</u>
		<u>\$ 730,435</u>	<u>572,415</u>	<u>781,489</u>

For the details of the loss allowance for accounts receivable related party as of June 30, 2024, December 31, 2023 and June 30, 2023, please refer to Note VI(IV). For the details of the loss allowance for other receivables - other related party as of June 30, 2023, please refer to Note VI(V). As of June 30, 2024, and December 31, 2023, there were no circumstances requiring the provision for loss allowance for other receivables - other related party.

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:

Accounting Subject	Related party category/name	2024.6.30	2023.12.31	2023.6.30
Accounts payable - related parties	Other related party	<u>\$ 78,721</u>	<u>87,065</u>	<u>161,154</u>

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:

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Associate				
FSP Group USA Corp.	\$ 2,896	2,527	5,584	5,231
Other related party				
Others	4,310	3,328	6,731	6,914
	\$ 7,206	5,855	12,315	12,145

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:

Accounting Subject	Related party category/name	2024.6.30	2023.12.31	2023.6.30
Other payables	Associate	\$ 712	1,279	1,010
	Other related party	6,809	5,332	6,115
		\$ 7,521	6,611	7,125

6. Leases

The Group leased an office to the Chairman of the Company. The balance of lease liabilities as of June 30, 2024, December 31, 2023, and June 30, 2023, were NT\$5,417 thousand, NT\$5,883 thousand, and NT\$6,347 thousand, respectively. The recognized interest expense from April 1 to June 30 and January 1 to June 30, 2024 and 2023 was NT\$24 thousand, NT\$29 thousand, NT\$50 thousand and NT\$59 thousand, respectively.

(III) Compensation for key management personnel

	April to June, 2024	April to June, 2023	January to June, 2024	January to June, 2023
Short-term employee benefits	\$ 8,878	9,382	19,149	18,167
Post-employment benefits	169	166	338	327
	\$ 9,047	9,548	19,487	18,494

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>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	\$ 100	100	100
Restricted time deposits (recognized in other non-current assets)	Long-term loan and short-term loan facilities	32,450	-	-
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	166,456	170,455	174,453
Total		<u>\$ 360,083</u>	<u>331,632</u>	<u>335,630</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of June 30, 2024, December 31, 2023, and June 30, 2023, the guarantee facilities extended by banks for customs and excise duties were NT\$203,000 thousand, NT\$215,000 thousand, and NT\$215,000 thousand, and utilized facilities were NT\$30,000 thousand, NT\$33,000 thousand, and NT\$33,000 thousand, respectively.

(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 merged company, Beyond Innovation, and Lien Chang Electronic

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries
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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, 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 merged company and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the merged company 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

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

the consolidated company, FSP North America Inc., and Zebra on February 16, 2023, in the United States District Court of the Southern District of Texas, Galveston Division. The claim seeks compensation of USD 4,933 thousand from Zebra. 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.

- (IV) As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had entered into purchase agreements for property, plant and equipment amounting to NT\$491,571 thousand, NT\$16,534 thousand and NT\$6,680 thousand, respectively, and had paid NT\$53,072 thousand, NT\$8,045 thousand and NT\$2,535 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	April to June, 2024			April to June, 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	320,418	249,321	569,739	347,536	235,022	582,558
Insurance expense	5,456	21,157	26,613	1,837	17,903	19,740
Pension expense	25,071	11,506	36,577	19,777	10,860	30,637
Other employee benefit expense	11,149	10,607	21,756	11,281	11,192	22,473
Depreciation expenses	73,115	26,572	99,687	69,737	23,280	93,017
Amortization expenses	64	1,579	1,643	96	1,381	1,477

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

By function By nature	January to June, 2024			January to June, 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	596,472	503,959	1,100,431	676,119	475,126	1,151,245
Insurance expense	10,049	42,541	52,590	3,827	38,083	41,910
Pension expense	47,286	22,521	69,807	40,185	21,751	61,936
Other employee benefit expense	24,731	19,618	44,349	21,711	21,408	43,119
Depreciation expenses	145,735	52,797	198,532	139,967	46,315	186,282
Amortization expenses	131	2,894	3,025	194	3,032	3,226

(II) Seasonality in Operation

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

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 June 30, 2024 is disclosed as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties:

Unit: NT\$ thousands

Number	Endorser's company name	Endorsee		Endorsement and guarantee limit for a single enterprise (Note 1)	Highest endorsement and guarantee balance for the current period	Ending balance of endorsement and guarantee	Actual amount disbursed	Endorsement and guarantee amount secured by assets	Accumulated endorsement and guarantee amount as a percentage of the latest financial statement's net worth (Note 2)	Maximum endorsement and guarantee limit (Note 1)	Endorsement and guarantee by parent company for subsidiary	Endorsement and guarantee by subsidiaries to the parent company	Endorsement and guarantee for Mainland China
		Name of Company	Relationship										
0	The Company	FSP Technology Vietnam Co.,Ltd.	(Note 3)	3,172,063	32,000	32,000	1,219	32,000	0.20%	6,344,126	Y	N	N

Note 1: According to the Company's endorsement and guarantee policy, the total amount of external endorsements and guarantees, including those made by the Company and its subsidiaries, shall not exceed 40% of the Company's net worth for the current period. The limit for endorsements and guarantees for a single enterprise shall not exceed 20% of the Company's net worth for the current period.

Note 2: It is based on the ratio of the endorsement and guarantee balance at the end of the period to the Company's net worth as reported in the latest financial statements.

Note 3: A subsidiary in which more than 50% of the common stock is directly owned.

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

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Year-end				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
Shares units: Shares								
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	
	Fuh Hwa Guardian Fund	—	"	3,504,199	71,619	-	71,619	
	Fuh Hwa Ruei Hua Fund	—	"	1,961,169	23,432	-	23,432	
	Taiwan Technology High Dividend Fund A			8,000,000	83,120	-	83,120	
	The maturity of the Fu Hua three to eight-year floating rate notes and bonds (in New Taiwan Dollars)		"	5,000,000	52,191	-	52,191	
	The maturity of the Fu Hua three to eight-year floating rate notes and bonds (in USD)		"	200,000	67,419	-	67,419	
	0056 Yuanta High Dividend		"	200,000	8,224	-	8,224	
	00933B Cathay 10-Year+ Financial Bond		"	200,000	3,364	-	3,364	
	00919 Capital Taiwan High Dividend		"	300,000	7,755	-	7,755	
	00939 Unified Taiwan High Interest		"	1,000,000	14,850	-	14,850	
	00940 Yuanta Taiwan High-yield Value		"	1,000,000	10,170	-	10,170	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund		"	400,000	18,404	-	18,404	
	Private equity fund:							
	Heshunhsing Intelligent Mobile LP		"	55,681,818	55,682	1.39	55,682	
	Mesh Cooperative Ventures Fund LP		"	30,000,000	30,000	3.08	30,000	
	Structured products:							
	Credit Agricole CIB Financial Solutions Eight-Year Callable (non-callable in the first twelve months) USD-denominated Structured Product Linked to Equity Indices (Unsecured)		"	500,000	31,025	-	31,025	
					548,887		548,887	
The Company	Stock:							
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,274,822	6,304,032	0.37	6,304,032	
	JESS-LINK Products Co., Ltd.	—	"	10,000,000	1,930,000	11.40	1,930,000	
	WT Microelectronics Co., Ltd. (Preferred stock)	—	"	1,000,000	47,300	0.74	47,300	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	"	10,000	9,660	-	9,660	
	Coretronic Corporation		"	400,000	36,400	0.10	36,400	

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries
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Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Year-end				Remark	
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value		
FSP Jiangsu	TOT BIOPHARM International Co., Ltd.	—	"	1,195,200	10,889	0.15	10,889		
	Eastern Union Interactive Corp.	—	"	830,000	157,285	3.34	157,285		
	WT Microelectronics Co., Ltd.		"	250,000	31,000	0.02	31,000		
	Delta Electronics Inc.		"	15,000	5,813	-	5,813		
	Taiwan Truewin Technology Co., Ltd.		"	1,965,317	147,399	3.67	147,399		
	StockSense Media Technology Co., Ltd.		"	340,000	17,000	3.30	17,000		
	Liwatt X Inc.		"	1,000,000	10,000	14.29	10,000		
	Chenbro Micom Co., Ltd.		"	100,000	30,100	-	30,100		
	Champ-ray Industrial Co., Ltd.	—	"	200,000	20,512	0.75	20,512		
	Channel Well Technology Co., Ltd.	—	"	50,000	3,765	0.02	3,765		
					8,761,155			8,761,155	
						26,493	3.39	26,493	
					8,787,648		8,787,648		

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: None.

5. Acquisition of real estate at costs which exceed NT\$300,000 thousand or 20% of the paid-in capital:

Company acquiring property	Property name	Date of occurrence	Transaction amount	Payment situation	Counterparty	Relationship	For transactions with related parties, the detail of the previous transfer is as follows				Reference basis for price determination	Purpose of acquisition and circumstances of use	Other terms and conditions
							Owner	Relationship with the Issuer	Transfer date	Amount			
3Y Power	Housing and Construction	2024.6.7	481,300	49,480	Li, Chien-Lung, Zhongsen Construction Co., Ltd.	None				-	Reference to real estate appraisal report	In response to operational planning needs	

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	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(253,539)	(5.76)	Note 1			222,627	8.60	
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	287,668	11.58	Note 4		Note 4	(51,098) (Note 3)	(2.38)	Note 5
The Company	WUXI Zhonghan Technology Co., Ltd.	100% owned investment via indirect shareholding	(Sales)	(120,838)	(2.75)	Note 1			88,670	3.42	Note 5

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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	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(115,619)	(2.63)	Note 1			82,294	3.18	Note 5
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(172,843)	(3.93)	Note 1			131,627	5.08	
The Company	FSP North America Inc.	Substantive related party of the Company	(Sales)	(166,666)	(3.79)	Note 1			117,512	4.54	
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(220,486)	(5.01)	Note 1			165,482	6.39	
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	142,236	5.73	Note 4		Note 4	(2,890) (Note 3)	0.13	Note 5
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	101,790	4.10	Note 4		Note 4	(38,437) (Note 3)	1.79	Note 5
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	146,292	5.89	Note 1			(95,739)	4.46	Note 5
3Y Power	Zhonghan Tech.	Affiliate	(Sales)	(260,065)	(5.91)	Note 1			-	-	Note 5
3Y Power	3Y Power Technology Inc.	100% owned investment via direct shareholding	(Sales)	(109,053)	(2.48)	Note 1			26,775	1.03	Note 5
3Y Power	Huili	Affiliate	Purchases	105,010	22.75	Note 1		Note 4	(18,160) (Note 3)	0.81	Note 5

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: 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)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	131,627	2.85	-		33,395	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	222,627	2.46	-		29,704	-
The Company	FSP North America Inc.	Substantive related party of the Company	117,512	3.19	-		27,425	-
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	165,482	3.88	-		29,002	-

Note: As of July 26, 2024.

9. Derivative instruments transactions: None.

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

10. Business relationship and significant intercompany transactions:

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	3Y Power	1	Cost of goods sold	146,292	No significant difference from other suppliers	2.61%
0	The Company	Huili	1	Cost of goods sold	287,668	No comparison is available	5.13%
0	The Company	Zhonghan	1	Cost of goods sold	142,236	No comparison is available	2.54%
0	The Company	WUXI SPI	1	Cost of goods sold	101,790	No comparison is available	1.82%
0	The Company	WUXI Zhonghan Technology Co., Ltd.	1	Operating revenue	120,838	No significant difference from other customers	2.16%
0	The Company	Zhonghan Tech.	1	Operating revenue	94,200	No significant difference from other customers	1.68%
0	The Company	FSP Technology USA Inc.	1	Operating revenue	115,619	No significant difference from other customers	2.06%
1	3Y Power	3Y Power Technology Inc.	3	Operating revenue	109,053	No significant difference from other customers	1.95%
1	3Y Power	Huili	3	Cost of goods sold	105,010	No comparison is available	1.87%
1	3Y Power	Zhonghan Tech.	3	Operating revenue	260,065	No significant difference from other customers	4.64%

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).

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

(II) Information on Invested Companies:

Reinvestment information from January 1 to June 30, 2024 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Year-End Holdings			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	1,468,081	1,241,751	39,202,500	100.00	2,151,023	(151,602)	(151,602)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	318	19	19	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	74,165	2,755	2,755	Subsidiary
	3Y Power Technology (Taiwan) Inc.	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	772,951	39,557	26,057	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	2,074	124	124	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	15,074	8,581	8,581	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	18,357	4,248	3,883	Subsidiary
	FSP Technology Vietnam Co.,Ltd.	Vietnam	Manufacturing of power supply	70,500	70,500	70,500,000	100.00	61,371	(14,431)	(14,431)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	97,506	(5,385)	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	139,022	(21,845)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,352,769	(29,261)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	28,965	(4,553)	-	Sub-subsidiary
FSP International Inc. (BVI)	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	41,964	(5,413)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,060	(17)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	35,795	685	308	Associate
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	268,567	(8,268)	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	4,939	2,012	-	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.

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

(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	373,336	(II), 1	176,873	226,330	-	403,203	(89,386)	100.00	(89,386)	391,996	197,299
Zhonghan	Processing of power supply	229,318	(II), 1	104,342	-	-	104,342	(21,900)	100.00	(21,900)	137,084	75,044
WUXI SPI	Processing of power supply	739,159	(II), 1	508,326	-	-	508,326	(2,598)	100.00	(2,598)	85,450	-
WUXI Zhonghan Technology Co., Ltd.	Manufacturing and trading of power supply	425,773	(II), 1	380,595	-	-	380,595	(26,662)	100.00	(26,662)	887,860	-
Zhonghan Tech.	Manufacturing and trading of power supply	133,350	(II), 1	20,196	-	-	20,196	(21,702)	100.00	(21,702)	762,930	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009	(II), 1	13,380	-	-	13,380	(5,385)	100.00	(5,385)	99,193	-
Protex Dongguan	Processing of power supply	40,307	(II), 1	38,038	-	-	38,038	(4,565)	100.00	(4,565)	28,753	-
Hao Han	Transformer processing	167,479	(II), 1	-	-	-	-	(5,413)	100.00	(5,413)	41,964	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,218	(II), 2	-	-	-	-	2,012	65.87	1,325	4,939	-

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. 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.

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
1,435,606 (Note 2) (HK\$12,500 thousand and US\$42,640 thousand)	2,067,407 (Note 2) (HK\$12,500 thousand and US\$62,110 thousand)	9,516,188 (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

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

rate, the investment profit and loss recognized in the current period is based on the weighted average exchange rate (USD/TWD: 1:31.9012, CNY/TWD: 1:4.4120, HKD/TWD: 1:4.0796). 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 June 30, 2024 (USD/TWD: 1:32.4500, CNY/TWD: 1:4.4450, HKD/TWD: 1:4.1550).

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 June 30, 2024.

(IV) Information on Major Shareholders:

Name of Major Shareholders	Shareholding	Holding (Shares)	Percentage of Ownership
Chuan Han Investment Co., Ltd.		15,191,766	8.11%
Yang, Fu-An		11,792,834	6.29%
Cheng, Ya-Jen		11,167,477	5.96%

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 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.

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

XIV. Segment Information

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

	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Adjustment and elimination	Total
April to June, 2024							
Revenue:							
Revenue from external customers	\$ 2,054,600	197,162	322,843	145,570	177,896	-	2,898,071
Intersegment revenue	591,510	268,039	7,359	5,730	37,463	(910,101)	-
Total revenues	\$ 2,646,110	465,201	330,202	151,300	215,359	(910,101)	2,898,071
Reportable segment profit or loss	\$ 105,386	23,702	(10,213)	(2,456)	(3,986)	(474)	111,959
April to June, 2023							
Revenue:							
Revenue from external customers	\$ 2,377,373	306,128	376,528	130,505	202,570	-	3,393,104
Intersegment revenue	639,020	299,122	5,172	2,751	19,395	(965,460)	-
Total revenues	\$ 3,016,393	605,250	381,700	133,256	221,965	(965,460)	3,393,104
Reportable segment profit or loss	\$ 149,947	42,932	(3,274)	5,162	(23,186)	(523)	171,058
January to June, 2024							
Revenue:							
Revenue from external customers	\$ 3,962,877	376,932	589,718	278,414	396,656	-	5,604,597
Intersegment revenue	1,078,284	528,599	12,153	7,142	77,994	(1,704,172)	-
Total revenues	\$ 5,041,161	905,531	601,871	285,556	474,650	(1,704,172)	5,604,597
Reportable segment profit or loss	\$ 238,892	59,344	(21,702)	(4,960)	(8,288)	303	263,589
January to June, 2023							
Revenue:							
Revenue from external customers	\$ 4,871,315	556,069	706,427	253,222	440,930	-	6,827,963
Intersegment revenue	1,299,362	693,141	8,767	5,314	37,963	(2,044,547)	-
Total revenues	\$ 6,170,677	1,249,210	715,194	258,536	478,893	(2,044,547)	6,827,963
Reportable segment profit or loss	\$ 222,919	97,881	(13,668)	8,086	(13,954)	(17)	301,247

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

The total revenue of the reportable segment and the inter-segment revenue to be eliminated were NT\$910,101 thousand, NT\$965,460 thousand, NT\$1,704,172 thousand, and NT\$2,044,547 thousand from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, respectively.