

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

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*Notice to Reader:*

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

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## **Independent Auditors' Report**

To the Board of Directors of FSP Technology Inc.:

### **Preface**

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

### **Scope**

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

### **Basis for Qualified Conclusion**

As stated in Note IV(II) to the consolidated financial statements, it has included part of its insignificant subsidiaries in the aforesaid consolidated financial statements based on the financial statements of these invested companies not reviewed by the independent auditors for the same period. As of June 30, 2023 and June 30, 2022 (restated), these subsidiaries had the total assets of NT\$2,476,295 thousand and NT\$2,227,068 thousand, respectively, representing 11.25% and 11.04% of the consolidated total assets, had the total liabilities of NT\$1,035,800 thousand and NT\$928,052 thousand, respectively,

representing 14.74% and 12.63% of the consolidated total liabilities, and realized the comprehensive profit (loss) of NT\$15,259 thousand, NT\$61,083 thousand, NT\$62,627 thousand and NT\$112,144 thousand from April 1 to June 30, 2023 and April 1 to June 30, 2022 (restated), and from January 1 to June 30, 2023 and January 1 to June 30, 2022 (restated), respectively, representing 1.35%, 374.33%, 3.14% and (123.49)% of the consolidated comprehensive profit (loss), respectively.

Besides the above-mentioned in the previous paragraph, as stated in Note VI(VIII) of the consolidated financial statements, investments accounted for under the equity method of FSP Technology Inc. and subsidiaries amounted to NT\$37,661 thousand and NT\$29,737 thousand as of June 30, 2023 and 2022, respectively. The share of corporate profit recognized under the equity method were NT\$682 thousand, NT\$(39) thousand, NT\$1,738 thousand and NT\$1,805 thousand from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022, respectively. Those amounts were recognized based on financial statements of the investees for the same period and have not been reviewed by the independent auditors.

### **Qualified Conclusion**

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

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

KPMG

Taipei, Taiwan (Republic of China)

May 2, 2023

FSP Technology Inc. and Subsidiaries

Consolidated Balance Sheets

As of June 30, 2023, December 31, 2022, June 30, 2022 and January 1, 2022

Unit: NT\$ thousands

Assets	2023.6.30		2022.12.31 (restated)		2022.6.30(restated)		2022.1.1(restated)			Liabilities and Equity	2023.6.30		2022.12.31 (restated)		2022.6.30(restated)		2022.1.1(restated)		
	Amount	%	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	Amount	%	Amount
11xx <b>Current Assets:</b>									21xx <b>Current Liabilities:</b>										
1100 Cash and cash equivalents (Note VI(I))	\$ 4,274,635	19	3,695,970	18	3,040,757	15	2,794,253	13	2100 Short-term borrowings (Notes VI(IX), (XII) and VIII)	\$ 7,697	-	7,692	-	10,514	-	16,315	-		
1110 Financial assets at fair value through profit or loss - current (Note VI(II))	598,703	3	560,449	3	469,058	2	516,074	3	2150 Notes payable	15,246	-	13,057	-	10,909	-	14,445	-		
1136 Financial assets at amortized cost - current (Note VI(IV))	-	-	-	-	10,800	-	10,800	-	2170 Accounts payable	3,696,561	16	3,854,819	18	4,050,343	20	4,986,689	23		
1150 Notes receivable, net (Notes VI(V) and (XX))	47,774	-	81,568	-	61,062	-	62,112	-	2180 Accounts payable - related parties (Note VII)	161,154	1	151,773	1	114,714	-	90,024	-		
1170 Accounts receivable, net (Notes VI(V) and (XX))	3,213,168	15	3,140,610	16	3,358,484	17	3,864,730	18	2200 Other payables (Notes VI(XVI), (XXI) and VII)	1,155,418	5	1,247,717	6	1,097,179	5	1,151,339	6		
1180 Accounts receivable - related parties, net (Notes VI(V), (XX) and VII)	760,358	4	721,838	4	917,759	5	801,748	4	2216 Dividends payable	743,706	4	-	-	636,555	3	-	-		
1200 Other receivables (Notes VI(III), (VI) and VII)	56,443	-	91,330	-	87,027	-	73,406	-	2230 Current income tax liabilities	123,279	1	156,741	1	159,780	1	167,169	1		
1220 Current income tax assets	8,910	-	5,865	-	6,794	-	5,779	-	2250 Provisions - current (Note VI(XV))	136,265	1	131,155	1	134,945	1	146,223	1		
130x Inventories (Note VI(VII))	2,666,815	12	3,058,639	15	3,294,751	17	3,590,546	17	2280 Lease liabilities - current (Notes VI(XIV) and VII)	182,923	1	175,602	1	173,287	1	166,758	1		
1410 Prepayments	50,460	-	44,578	-	65,177	-	77,899	-	2300 Other current liabilities (Notes VI(XIII) and (XX))	213,620	1	168,256	1	130,496	1	92,137	-		
1470 Other current assets	19,870	-	30,858	-	21,452	-	34,848	-	2320 Long-term liabilities - current portion (Notes VI(IX), (XIII) and VIII)	75,269	-	74,930	-	75,091	-	73,014	-		
<b>Total current assets</b>	<b>11,697,136</b>	<b>53</b>	<b>11,431,705</b>	<b>56</b>	<b>11,333,121</b>	<b>56</b>	<b>11,832,195</b>	<b>55</b>	<b>Total current liabilities</b>	<b>6,511,138</b>	<b>30</b>	<b>5,981,742</b>	<b>29</b>	<b>6,593,813</b>	<b>32</b>	<b>6,904,113</b>	<b>32</b>		
15xx <b>Non-current Assets:</b>									25xx <b>Non-current Liabilities:</b>										
1517 Financial assets at fair value through other comprehensive income - non-current (Notes VI(III) and (XVIII))	7,882,292	36	6,376,814	32	6,195,295	31	6,763,138	32	2540 Long-term borrowings (Notes VI(IX) and (XIII), and VIII)	86,683	-	124,404	1	162,405	1	199,334	1		
1550 Investment under equity method (Note VI(VIII))	37,661	-	34,200	-	29,737	-	26,947	-	2570 Deferred income tax liabilities (Note III)	119,114	1	121,940	-	150,272	1	146,792	1		
1600 Property, plant and equipment (Notes VI(IX), (XII), and (XIII), VIII and IX)	1,439,042	7	1,487,995	7	1,527,798	8	1,544,427	8	2580 Lease liabilities - non-current (Notes VI(XIV) and VII)	303,903	1	364,713	2	397,673	2	474,996	2		
1755 Right-of-use assets (Notes VI(X), (XIV) and VII)	474,905	2	527,497	3	560,900	3	635,433	3	2640 Net defined benefit liabilities non-current	4,288	-	8,511	-	41,238	-	44,234	-		
1780 Intangible assets (Note VI(XI))	223,127	1	224,905	1	223,718	1	223,496	1	2645 Guarantee deposits received	514	-	532	-	510	-	500	-		
1840 Deferred income tax assets (Note III)	189,821	1	192,732	1	234,921	1	230,824	1	2670 Other non-current liabilities (Note VI(XIII))	2,660	-	2,994	-	2,743	-	3,970	-		
1900 Other non-current assets (Notes VI(IX), VIII and IX)	59,591	-	52,573	-	67,985	-	69,666	-	<b>Total non-current liabilities</b>	<b>517,162</b>	<b>2</b>	<b>623,094</b>	<b>3</b>	<b>754,841</b>	<b>4</b>	<b>869,826</b>	<b>4</b>		
<b>Total non-current assets</b>	<b>10,306,439</b>	<b>47</b>	<b>8,896,716</b>	<b>44</b>	<b>8,840,354</b>	<b>44</b>	<b>9,493,931</b>	<b>45</b>	<b>Total liabilities</b>	<b>7,028,300</b>	<b>32</b>	<b>6,604,836</b>	<b>32</b>	<b>7,348,654</b>	<b>36</b>	<b>7,773,939</b>	<b>36</b>		
									31xx <b>Equity Attributable to Owners of the Parent (Notes III, VI(III), (VIII) and (XVIII)):</b>										
									3100 Capital Stock	1,872,620	9	1,872,620	9	1,872,620	9	1,872,620	9		
									3200 Capital Surplus	861,207	4	1,011,016	5	1,011,016	5	1,011,016	5		
									3300 Retained earnings:										
									3310 Legal reserve	1,301,706	6	1,175,322	6	1,175,322	6	1,033,544	5		
									3350 Unappropriated earnings	3,561,715	16	3,719,335	18	3,009,663	15	3,213,826	15		
									Total retained earnings	4,863,421	22	4,894,657	24	4,184,985	21	4,247,370	20		
									34xx Other Equity:										
									3410 Exchange differences on translation of financial statements of foreign operations	(133,726)	(1)	(77,349)	-	(68,021)	-	(117,703)	(1)		
									3420 Unrealized gains (losses) on financial assets at fair value through other comprehensive income	7,124,598	32	5,628,307	28	5,465,136	27	6,200,289	29		
									Total other equity	6,990,872	31	5,550,958	28	5,397,115	27	6,082,586	28		
									Total equity attributable to shareholders of the parent	14,588,120	66	13,329,251	66	12,465,736	62	13,213,592	62		
									36xx <b>Non-controlling Interests</b>	387,155	2	394,334	2	359,085	2	338,595	2		
									3xxx <b>Total equity</b>	<b>14,975,275</b>	<b>68</b>	<b>13,723,585</b>	<b>68</b>	<b>12,824,821</b>	<b>64</b>	<b>13,552,187</b>	<b>64</b>		
1xxx <b>Total assets</b>	<b>\$ 22,003,575</b>	<b>100</b>	<b>20,328,421</b>	<b>100</b>	<b>20,173,475</b>	<b>100</b>	<b>21,326,126</b>	<b>100</b>	2-3xxx <b>Total liabilities and equity</b>	<b>\$ 22,003,575</b>	<b>100</b>	<b>20,328,421</b>	<b>100</b>	<b>20,173,475</b>	<b>100</b>	<b>21,326,126</b>	<b>100</b>		

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

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

**April 1 to June 30, 2023 and 2022 and January 1 to June 30, 2023 and 2022**

Unit: NT\$ thousands

	April to June, 2023		April to June, 2022 (Restated)		January to June, 2023		January to June, 2022 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue (Notes VI(XX) and VII)</b>	\$ 3,598,621	100	3,766,192	100	7,254,751	100	7,483,208	100
5000 <b>Operating costs (Notes VI(VII), (IX), (X), (XI), (XIV), (XV), and (XVI), VII and XII)</b>	2,949,503	82	3,212,137	85	6,055,327	83	6,370,106	85
5920 Add: Realized (Unrealized) Profit on Sales:	(766)	-	(1,923)	-	546	-	(1,281)	-
5900 <b>Gross profit</b>	648,352	18	552,132	15	1,199,970	17	1,111,821	15
6000 <b>Operating expenses (Notes VI(V), (VI), (IX), (X), (XI), (XIV), (XVI), (XXI), VII and XII):</b>								
6100 Selling and marketing expenses	183,145	5	161,345	4	327,773	5	321,769	5
6200 General and administrative expenses	170,990	5	166,498	5	327,947	5	312,461	4
6300 Research and development expenses	137,007	4	121,021	3	276,367	4	239,379	3
6450 Gain on expected credit loss	23,092	-	(6,027)	-	13,092	-	(6,027)	-
<b>Total operating expenses</b>	514,234	14	442,837	12	945,179	14	867,582	12
6900 <b>Net operating income</b>	134,118	4	109,295	3	254,791	3	244,239	3
7000 <b>Non-operating income and expenses (Notes VI(II), (III), (VIII), (IX), (XIII), (XIV), (XXII), and VII):</b>								
7100 Interest income	23,117	-	6,134	-	39,468	1	10,183	-
7010 Other income	9,757	-	28,746	1	21,765	-	43,447	1
7020 Other gains and losses	30,605	1	78,379	2	14,064	-	116,721	1
7050 Finance costs	(4,500)	-	(4,757)	-	(7,858)	-	(9,862)	-
7060 Share of profits (losses) of associates and joint ventures under equity method	682	-	(39)	-	1,738	-	1,805	-
<b>Total non-operating income and expenses</b>	59,661	1	108,463	3	69,177	1	162,294	2
7900 <b>Income before income tax from continuing operations</b>	193,779	5	217,758	6	323,968	4	406,533	5
7950 <b>Less: Income tax expense (Note VI(XVII))</b>	46,588	1	46,086	1	74,184	1	85,307	1
8200 <b>Net Income</b>	147,191	4	171,672	5	249,784	3	321,226	4
8300 <b>Other comprehensive income:</b>								
8310 <b>Items that will not be reclassified to profit or loss (Note (XVIII))</b>								
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,042,920	29	(131,875)	(3)	1,801,909	25	(465,091)	(6)
8349 Less: Income tax related to components that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
<b>Total items that will not be reclassified to profit or loss</b>	1,042,920	29	(131,875)	(3)	1,801,909	25	(465,091)	(6)
8360 <b>Items that may be reclassified subsequently to profit or loss (Note III, VI(VIII) and (XVIII))</b>								
8361 Exchange differences on translation of financial statements of foreign operations	(65,192)	(2)	(24,683)	(1)	(57,474)	(1)	50,788	1
8370 Share of other comprehensive income (losses) of associates and joint ventures under equity method	1,487	-	1,204	-	1,177	-	2,266	-
8399 Less: Income tax related to items that may be reclassified subsequently	-	-	-	-	-	-	-	-
<b>Total items that may be reclassified subsequently to profit or loss</b>	(63,705)	(2)	(23,479)	(1)	(56,297)	(1)	53,054	1
8300 <b>Other Comprehensive Income</b>	979,215	27	(155,354)	(4)	1,745,612	24	(412,037)	(5)
8500 <b>Total Comprehensive Income</b>	\$ 1,126,406	31	16,318	1	1,995,396	27	(90,811)	(1)
<b>Net income (losses) attributable to:</b>								
8610 Shareholders of the parent	\$ 141,437	4	152,549	4	224,932	3	285,517	4
8620 Non-controlling Interests	5,754	-	19,123	1	24,852	-	35,709	-
<b>Total comprehensive income (losses) attributable to:</b>	\$ 147,191	4	171,672	5	249,784	3	321,226	4
8710 Shareholders of the parent	\$ 1,119,957	31	(4,666)	-	1,970,464	27	(129,892)	(2)
8720 Non-controlling Interests	6,449	-	20,984	1	24,932	-	39,081	1
<b>Total comprehensive income (losses) attributable to:</b>	\$ 1,126,406	31	16,318	1	1,995,396	27	(90,811)	(1)
<b>Earnings per share (unit: NT\$) (Note VI(XIX))</b>								
9750 Basic earnings per share	\$ 0.76		0.81		1.20		1.52	
9850 Diluted earnings per share	\$ 0.75		0.81		1.20		1.51	

(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, 2023 and 2022**

Unit: NT\$ thousands

	Equity Attributable to Owners of the Parent										
	Retained earnings					Other equity items			Total equity attributable to shareholders of the parent	Non-controlling Interests	Total Equity
	Capital stock - common shares	Capital Surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total			
<b>Balance as of January 1, 2022</b>	\$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	13,208,961	338,515	13,547,476
Retroactive adjustments to new standards	-	-	-	4,631	4,631	-	-	-	4,631	80	4,711
Balance after restatement as of January 1, 2022	1,872,620	1,011,016	1,033,544	3,213,826	4,247,370	(117,703)	6,200,289	6,082,586	13,213,592	338,595	13,552,187
Appropriation and distribution of earnings:											
Legal reserve	-	-	141,778	(141,778)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(617,964)	(617,964)	-	-	-	(617,964)	-	(617,964)
Net Income	-	-	-	285,517	285,517	-	-	-	285,517	35,709	321,226
Other Comprehensive Income	-	-	-	-	-	49,682	(465,091)	(415,409)	(415,409)	3,372	(412,037)
Total Comprehensive Income	-	-	-	285,517	285,517	49,682	(465,091)	(415,409)	(129,892)	39,081	(90,805)
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(18,591)	(18,591)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	270,062	270,062	-	(270,062)	(270,062)	-	-	-
<b>Balance as of June 30, 2022</b>	<b>\$ 1,872,620</b>	<b>1,011,016</b>	<b>1,175,322</b>	<b>3,009,663</b>	<b>4,184,985</b>	<b>(68,021)</b>	<b>5,465,136</b>	<b>5,397,115</b>	<b>12,465,736</b>	<b>359,085</b>	<b>12,824,821</b>
<b>Balance as of January 1, 2023</b>	\$ 1,872,620	1,011,016	1,175,322	3,713,296	4,888,618	(77,427)	5,628,307	5,550,880	13,323,134	394,238	13,717,372
Retroactive adjustments to new standards	-	-	-	6,039	6,039	78	-	78	6,117	96	6,213
Balance after restatement as of January 1, 2023	1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251	394,334	13,723,581
Appropriation and distribution of earnings:											
Legal reserve	-	-	126,384	(126,384)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)	-	(561,786)
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)	-	(149,809)
Net Income	-	-	-	224,932	224,932	-	-	-	224,932	24,852	249,784
Other Comprehensive Income	-	-	-	-	-	(56,377)	1,801,909	1,745,532	1,745,532	80	1,745,612
Total Comprehensive Income	-	-	-	224,932	224,932	(56,377)	1,801,909	1,745,532	1,970,464	24,932	1,995,396
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(32,111)	(32,111)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	305,618	305,618	-	(305,618)	(305,618)	-	-	-
<b>Balance as of June 30, 2023</b>	<b>\$ 1,872,620</b>	<b>861,207</b>	<b>1,301,706</b>	<b>3,561,715</b>	<b>4,863,421</b>	<b>(133,726)</b>	<b>7,124,598</b>	<b>6,990,872</b>	<b>14,588,120</b>	<b>387,155</b>	<b>14,975,246</b>

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

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

**Unit: NT\$ thousands**

	<b>January to June, 2023</b>	<b>January to June, 2022</b>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 323,968	406,533
<b>Adjustments for:</b>		
Adjustments to reconcile profit or loss		
Depreciation expenses	186,282	182,193
Amortization expenses	3,226	4,721
Expected credit impairment losses (gains)	13,092	(6,027)
Interest expenses	7,858	9,862
Interest income	(39,468)	(10,183)
Dividend income	(95)	(55)
Share of profits (losses) of associates and joint ventures under equity method	(1,738)	(1,805)
Loss (gain) on disposal and scrap of property, plant and equipment	589	(99)
Unrealized (Realized) sales gains (losses)	(546)	1,281
Gains on lease modifications	(16)	-
Rent concessions reclassified to revenue	-	(3,274)
Total adjustments for profit or loss	169,184	176,614
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(38,254)	47,016
Notes receivable	33,794	1,050
Accounts receivable	(57,696)	512,273
Accounts receivable - related parties	(38,520)	(116,011)
Other receivables	18,640	(13,385)
Inventories	391,824	295,795
Prepayments	(5,882)	12,191
Other current assets	10,988	13,396
Other Non-Current Assets	(858)	(833)
Total changes in operating assets	314,036	751,492
Changes in operating liabilities:		
Notes payable	2,189	(3,536)
Accounts payable	(158,258)	(936,346)
Accounts payable - related parties	9,381	24,690
Other payables	(95,397)	(53,367)
Provisions for liabilities	5,110	(11,278)
Other current liabilities	45,030	38,221
Net defined benefit liabilities	(4,223)	(2,996)
Total changes in operating liabilities	(196,168)	(944,612)
Total changes in operating assets and liabilities	117,868	(193,120)
Total adjustments	287,052	(16,506)
Cash flows generated by operating activities	611,020	390,027
Interest received	37,604	9,947
Interest paid	(7,837)	(9,867)
Income tax paid	(110,691)	(94,216)
<b>Net cash flows generated from operating activities</b>	530,096	295,891
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(10,000)	(168,198)
Disposal of financial assets at fair value through other comprehensive income	296,615	270,950
Acquisition of property, plant, and equipment	(54,291)	(65,209)
Disposal of property, plant and equipment	-	294
Acquisition of intangible assets	(1,462)	(4,408)
Increase in refundable deposits	(3,619)	(678)
Increase in prepayments for equipment	(2,861)	(812)
Dividends received	68	55
<b>Net cash flows from investing activities</b>	224,450	31,994
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	-	(5,801)
Repayments of long-term loans	(37,382)	(35,941)
Decrease in guarantee deposits received	(4)	-
Repayment of the principal of lease liabilities	(90,837)	(80,828)
<b>Net cash flows used in financing activities</b>	(128,223)	(122,570)
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>	(47,658)	41,189
<b>Increase in cash and cash equivalents for the period</b>	578,665	246,504
<b>Cash and cash equivalents at the beginning of the year</b>	3,695,970	2,794,253
<b>Cash and cash equivalents at the end of the year</b>	<b>\$ 4,274,635</b>	<b>3,040,757</b>

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun



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

**I. Company History**

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on August 3, 2023.

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

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

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

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

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

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

non-controlling interests by NT\$152,176 thousand, NT\$147,353 thousand, NT\$4,631 thousand, NT\$106 thousand and NT\$86 thousand, respectively, as of June 30, 2022; and increased (decreased) exchange differences on translation of financial statements of foreign operating companies by NT\$(59) thousand and NT\$112 thousand from April 1 to June 30, 2022 and January 1 to June 30, 2022, respectively, which had no effect on basic earnings per share, diluted earnings per share and cash flow statement. If the Group had followed the previous accounting policy in the second quarter of 2023, the deferred income tax assets, deferred income tax liabilities, retained earnings, exchange differences on translation of financial statements of foreign operations attributable to owners' equity of the parent and non-controlling interests as of June 30, 2023 would have been increased (decreased) by NT\$(120,665) thousand, NT\$(114,613) thousand, NT\$(6,039) thousand, NT\$84 thousand and NT\$(97) thousand, respectively. The exchange differences on translation of the financial statements of foreign operations for the period from April 1 to June 30, 2023 and January 1 to June 30, 2023 would have been increased by NT\$189 thousand and NT\$161 thousand, respectively, which had no effect on basic earnings per share, diluted earnings per share and cash flow statement.

2. Others

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

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

(II) 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)**

<u>New or Amended Standards</u>	<u>Content of Amendment</u>	<u>Effective Date per International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	When the investor sells or contributes its subsidiary to an associate or a joint venture and the asset sold or contributed constitutes a business, full gain or loss should be recognized on the loss of control of a business. If the asset sold or contributed does not constitute a business, unrealized gains and losses should be calculated according to the shareholding percentage and partial gain or loss should be recognized.	To be determined by International Accounting Standards Board
Amendments to IAS 1 “Classification of liabilities as current or non-current”	<p>Current IAS 1 requires a liability to be classified as current if the enterprise does not have an unconditional right to defer settlement for at least 12 months after the reporting period. The amendment removes the requirement that the right be unconditional and instead requires the right to exist at the end of the reporting period and to be substantive.</p> <p>The amendment clarifies how an enterprise should classify liabilities that are settled by the issuance of its own equity instruments (e.g., convertible corporate bonds).</p>	January 1, 2024

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.

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendment to IAS 1, “Non-current Liabilities with Contractual Provisions”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendment to IFRS 16 “Lease Liabilities in Sales and Leaseback”
- Amendment to IAS 7 and IFRS 7 “Supplier Financing Arrangements”
- Amendment to IFRS 12 “International Rental Tax Reform-Pillar Two Model Rules”

**IV. Summary of Significant Accounting Policies**

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

(I) Compliance declaration

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

(II) Basis of consolidation

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

1. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description
			2023.6.30	2022.12.31	2022.6.30	
The Company	FSP International Inc. (BVI)	Investment holdings	100.00%	100.00%	100.00%	
“	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	100.00%	Note 4

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

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description
			2023.6.30	2022.12.31	2022.6.30	
"	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%	- %	- %	Note 3 and Note 4
FSP International Inc. (BVI)	Shenzhen Huili Electronic Co., Ltd. ("Huili")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
"	FSP Technology Inc. (BVI)	Investment holdings	100.00%	100.00%	100.00%	Note 4
"	Proteck Electronics (Samoa) Corp.	Investment holdings	100.00%	100.00%	100.00%	Note 4
"	Power Electronics Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	100.00%	
"	Famous Holding Ltd.	Investment holdings	100.00%	100.00%	100.00%	
"	FSP International (HK) Ltd.	Investment holdings	100.00%	100.00%	100.00%	Note 4

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

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description
			2023.6.30	2022.12.31	2022.6.30	
FSP Technology Inc. (BVI)	FSP-C R&D Center (“FSP Jiangsu”)	Research & development and design of various energy saving technology	100.00%	100.00%	100.00%	Note 4
Protek Electronics (Samoa) Corp.	Protek Electronics (China) Corp. (“Protek Dongguan”)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
Power Electronics Co., Ltd. (BVI)	Zhonghan Electronics (Shenzhen) Co., Ltd. (“Zhonghan”)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
Famous Holding Ltd.	WUXI SPI Technology Co., Ltd. (“WUXI SPI”)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
”	WUXI Zhonghan Technology Co., Ltd. (“WUXI Zhonghan”)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. (“Hao Han”)	Trading and manufacturing of electronic components	100.00%	100.00%	100.00%	Note 4
WUXI Zhonghan	Shenzhen Zhonghan Technology Co., Ltd. (“Zhonghan Tech.”)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	

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

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description
			2023.6.30	2022.12.31	2022.6.30	
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
"	Proteck Power North America, Inc.	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 1 and Note 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 2 and Note 4

Note 1: The liquidation of Proteck Power North America, Inc. was approved by the Board of Directors on January 5, 2023. The related liquidation procedures are still in progress.

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

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

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

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

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

period and fully recognized as income tax expense of the current period.

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

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

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

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

**VI. Details of Significant Accounts**

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

(I) Cash and cash equivalents

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Cash on hand	\$ 9,579	9,302	9,764
Cash equivalents			
Money market funds	-	24,567	-
Repurchase agreements	13,701	-	200,000
Deposits in saving accounts and checking accounts	2,030,265	2,104,779	1,804,622
Time deposits	<u>2,221,090</u>	<u>1,557,322</u>	<u>1,026,371</u>
	<u>\$ 4,274,635</u>	<u>3,695,970</u>	<u>3,040,757</u>



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

(II)	Financial assets at fair value through profit or loss	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
	Financial assets mandatorily measured at fair value through profit or loss			
	Non-derivative financial assets			
	Beneficiary certificates	\$ 211,284	206,617	202,056
	Private equity funds	45,841	18,000	18,000
	Foreign unlisted stocks	71,632	71,632	71,632
	Structured deposits	<u>269,946</u>	<u>264,200</u>	<u>177,370</u>
	Total	<u>\$ 598,703</u>	<u>560,449</u>	<u>469,058</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group held structured deposits and expected yields ranged from 1.30% to 3.00%, 1.75% to 3.30%, and 1.40% to 3.35% with maturity from August 2023, January 2023 to February 2023, and July 2022 to September 2022, respectively.

The Group recognized dividend income of NT\$13 thousand and NT\$0 for the aforementioned financial assets at fair value through profit or loss from January 1 to June 30, 2023 and 2022, respectively.

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

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

(III)	Financial assets at fair value through other comprehensive income	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
	Equity instruments at fair value through other comprehensive income			
	Domestic listed stock - Voltronic Power Technology Corp.	\$ 6,867,325	5,665,240	5,536,983
	Domestic listed stock - JESS-LINK Products Co., Ltd.	676,000	400,000	368,499
	Domestic listed stock - WT Microelectronics Co., Ltd.	48,100	47,750	48,350
	Domestic listed stock - Taiwan Cement Corp.	2,093	1,851	1,975
	Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.	5,760	4,485	4,760
	Domestic over-the-counter (OTC) stock - Coretronic Corporation	73,200	56,900	50,200

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

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Foreign listed stocks	10,528	11,302	14,367
Foreign unlisted stocks	26,494	26,494	26,494
Domestic unlisted stocks	172,792	162,792	143,667
Total	<u>\$ 7,882,292</u>	<u>6,376,814</u>	<u>6,195,295</u>

- 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\$82 thousand and NT\$55 thousand for the aforementioned investments in equity instruments at fair value through other comprehensive income from January 1 to June 30, 2023 and 2022, respectively.  
In order to meet the needs of funding plan, the Group divested the shares of Voltronic Power Technology Corp. designated at fair value through other comprehensive income from January 1 to June 30, 2023 and 2022 and the fair value at the time of disposal was NT\$306,431 thousand and NT\$270,950 thousand with disposal gains of NT\$305,618 thousand and NT\$270,062 thousand, respectively. As of June 30, 2023, the outstanding proceeds from disposal amounted to NT\$9,816 thousand, which was recognized under other receivables.
- Please refer to Note VI(XXIII) for the information on market risk.

(IV) Financial assets at amortized cost

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Corporate bond - Novaland Group (NVL)	\$ -	-	10,800
Less: Loss allowances	-	-	-
Total	<u>\$ -</u>	<u>-</u>	<u>10,800</u>

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

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

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

(V) Notes receivable and accounts receivable

	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Notes receivable	\$ 47,774	81,568	61,062
Accounts receivable	3,225,194	3,165,251	3,383,391
Accounts receivable - related parties	760,358	721,838	917,759
Less: Loss allowances	(12,026)	(24,641)	(24,907)
	<b>\$ 4,021,300</b>	<b>3,944,016</b>	<b>4,337,305</b>

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

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

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

	<b>2023.6.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted-ave rage expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
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
	<b>\$ 3,258,033</b>		<b>10,978</b>

**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.

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

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

	<b>2022.6.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted-ave rage expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 3,314,234	0~0.19	5,552
Past due within 30 days	130,257	0~8.44	9,970
Past due 31-60 days	16,406	26.64	4,370
Past due 61-90 days	3,432	51.36	1,763
	<b>\$ 3,464,329</b>		<b>21,655</b>

The carrying amount of the above notes and accounts receivable did not include the account

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

receivable due from a specific customer, amounting to NT\$14,332 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT\$2,866 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:

	<b>2023.6.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted-ave rage expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
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
	<b>\$ 572,799</b>		<b>372</b>
	<b>2022.12.31</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted-ave rage expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 742,100	0.05	378
Past due within 30 days	3,424	0.05	2
Past due 31-60 days	6,489	0.05	3
Past due 61-90 days	101	0.05	-
	<b>\$ 752,114</b>		<b>383</b>

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

	<b>2022.6.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted-ave rage expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 680,699	0.06	380
Past due within 30 days	8,182	0.06	5
Past due 31-60 days	1	0.06	-
Past due 61-90 days	2,199	0.06	1
	<b>\$ 691,081</b>		<b>386</b>

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

	<b>2023.6.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted-ave rage expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
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	7,291	-	-
Past due over 121 days	11,255	-	-
	<b>\$ 199,114</b>		<b>-</b>

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

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

	<b>2022.6.30</b>		
	<b>Carrying amount of notes receivable and accounts receivable</b>	<b>Weighted-ave rage expected credit loss rate (%)</b>	<b>Allowance for expected credit loss</b>
Not Past Due	\$ 163,945	-	-
Past due within 30 days	16,414	-	-
Past due 31-60 days	9,476	-	-
Past due 61-90 days	2,628	-	-
Past due 91-120 days	7	-	-
	<b>\$ 192,470</b>		<b>-</b>

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

	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Beginning balance	\$ 24,641	39,771
Recoveries from write-off in previous years	2,258	-
Reversal of impairment loss	(14,862)	(6,027)
Write-off	-	(8,986)
Effect of exchange rate changes	(11)	149
Ending balance	<b>\$ 12,026</b>	<b>24,907</b>

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

(VI) Other receivables

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Other receivables	\$ 85,454	91,840	87,521
Less: Loss allowances	(29,011)	(510)	(494)
	<u>\$ 56,443</u>	<u>91,330</u>	<u>87,027</u>

Changes in loss allowance for other receivables:

	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Beginning balance	\$ 510	460
Impairment losses recognized	27,954	-
Effect of exchange rate changes	547	34
Ending balance	<u>\$ 29,011</u>	<u>494</u>

(VII) Inventories

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Finished goods	\$ 1,608,366	1,750,634	1,728,436
Work in process	452,171	634,291	653,915
Raw materials	606,278	673,714	912,400
	<u>\$ 2,666,815</u>	<u>3,058,639</u>	<u>3,294,751</u>

Breakdown of cost of goods sold:

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Inventories sold	\$ 2,903,931	3,136,310	6,002,124	6,264,082
Loss on inventory write-down	22,335	36,461	17,547	52,188
Loss on inventory	18	1	18	1
Unallocated manufacturing expense	17,852	33,234	30,099	47,704
Loss on inventory obsolescence	5,367	6,131	5,539	6,131
	<u>\$ 2,949,503</u>	<u>3,212,137</u>	<u>6,055,327</u>	<u>6,370,106</u>

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



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

(VIII) Investments Accounted for Using the Equity Method

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

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Associate	<u>\$ 37,661</u>	<u>34,200</u>	<u>29,737</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>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
The carrying amount of investments in associates that were not individually material to the Group at the end of the period	<u>\$ 37,661</u>	<u>34,200</u>	<u>29,737</u>

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Attributable to the Group:				
Income (Loss) from Continuing Operations	\$ 682	(39)	1,738	1,805
Other comprehensive income	<u>1,487</u>	<u>1,204</u>	<u>1,177</u>	<u>2,266</u>
Total comprehensive income	<u>\$ 2,169</u>	<u>1,165</u>	<u>2,915</u>	<u>4,071</u>

2. Collateral

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

3. Unreviewed Investments Recognized Through the Equity Method

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

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

(IX) Property, Plant, and Equipment

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

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
Cost or deemed cost:									
Balance as of January 1, 2023	\$ 310,476	1,217,961	28,38	1,235,92	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 1)	-	-	-	320	-	73	-	(73)	320
Effect of exchange rate changes	-	(7,731)	(67)	(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>27,71</u>	<u>1,219,66</u>	<u>19,692</u>	<u>507,429</u>	<u>74,117</u>	<u>1,290</u>	<u>3,373,534</u>
Balance as of January 1, 2022	\$ 310,476	1,155,739	27,58	1,177,08	19,031	474,302	74,207	27,875	3,266,306
Addition	-	25,417	38	18,238	-	19,950	358	72	64,421
Disposal and obsolescence	-	-	-	(2,630)	(1,128)	(7,975)	-	-	(11,733)
Reclassification (Note 1)	-	19,103	-	5,135	-	-	-	(19,829)	4,413
Effect of exchange rate changes	-	5,840	52	19,161	383	2,180	1,515	-	29,606
Balance as of June 30, 2022	<u>\$ 310,476</u>	<u>1,206,099</u>	<u>28,50</u>	<u>1,216,99</u>	<u>18,286</u>	<u>488,457</u>	<u>76,080</u>	<u>8,118</u>	<u>3,353,013</u>
Depreciation and impairment loss:									
Balance as of January 1, 2023	\$ -	519,214	9,60	912,700	13,376	405,636	38,896	-	1,899,429
Recognition in current period	-	25,156	1,07	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)	(23	(18,546)	(275)	(2,305)	(1,189)	-	(29,216)
Balance as of June 30, 2023	<u>\$ -</u>	<u>537,706</u>	<u>10,44</u>	<u>912,681</u>	<u>13,225</u>	<u>418,421</u>	<u>42,010</u>	<u>-</u>	<u>1,934,492</u>
Balance as of January 1, 2022	\$ -	469,062	7,38	824,340	13,085	378,664	29,335	-	1,721,879
Recognition in current period	-	23,857	1,05	45,860	554	18,538	4,620	-	94,492
Disposal and obsolescence	-	-	-	(2,521)	(1,128)	(7,889)	-	-	(11,538)
Effect of exchange rate changes	-	4,647	12	13,245	286	1,432	645	-	20,382
Balance as of June 30, 2022	<u>\$ -</u>	<u>497,566</u>	<u>8,57</u>	<u>880,93</u>	<u>12,797</u>	<u>390,745</u>	<u>34,600</u>	<u>-</u>	<u>1,825,215</u>
Carrying amounts:									
Balance as of January 1, 2023	<u>\$ 310,476</u>	<u>698,747</u>	<u>18,78</u>	<u>323,22</u>	<u>5,427</u>	<u>94,121</u>	<u>37,146</u>	<u>73</u>	<u>1,487,995</u>
Balance as of June 30, 2023	<u>\$ 310,476</u>	<u>675,446</u>	<u>17,20</u>	<u>306,980</u>	<u>6,467</u>	<u>89,008</u>	<u>32,107</u>	<u>1,290</u>	<u>1,439,042</u>
Balance as of June 30, 2022	<u>\$ 310,476</u>	<u>708,533</u>	<u>19,97</u>	<u>336,061</u>	<u>5,489</u>	<u>97,712</u>	<u>41,480</u>	<u>8,118</u>	<u>1,527,798</u>

Note 1: From January 1 to June 30, 2023 and 2022, the amount transferred from equipment prepayment was NTS320 thousand and NTS4,413 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, 2023, December 31, 2022 and June 30, 2022.

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

(X) Right-of-use assets

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

	Land	Housing and Construction	Transportati on Equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2023	\$ 27,784	1,119,990	3,497	1,151,271
Addition	-	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	<b>\$ 27,315</b>	<b>1,135,434</b>	<b>5,626</b>	<b>1,168,375</b>
Balance as of January 1, 2022	\$ 27,546	1,046,660	3,451	1,077,657
Reduction (contract modification)	-	(87)	-	(87)
Effect of exchange rate changes	354	23,113	23	23,490
Balance as of June 30, 2022	<b>\$ 27,900</b>	<b>1,069,686</b>	<b>3,474</b>	<b>1,101,060</b>
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	\$ 4,106	618,627	1,041	623,774
Depreciation in current period	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	<b>\$ 4,556</b>	<b>687,442</b>	<b>1,472</b>	<b>693,470</b>
Balance as of January 1, 2022	\$ 3,062	437,245	1,917	442,224
Depreciation in current period	513	86,737	451	87,701
Effect of exchange rate changes	31	10,193	11	10,235
Balance as of June 30, 2022	<b>\$ 3,606</b>	<b>534,175</b>	<b>2,379</b>	<b>540,160</b>
Carrying amounts:				
Balance as of January 1, 2023	<b>\$ 23,678</b>	<b>501,363</b>	<b>2,456</b>	<b>527,497</b>
Balance as of June 30, 2023	<b>\$ 22,759</b>	<b>447,992</b>	<b>4,154</b>	<b>474,905</b>
Balance as of June 30, 2022	<b>\$ 24,294</b>	<b>535,511</b>	<b>1,095</b>	<b>560,900</b>

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

(XI) Intangible assets

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

	<u>Goodwill</u>	<u>Software cost</u>	<u>Patent</u>	<u>Total</u>
Costs:				
Balance as of January 1, 2023	\$ 218,672	18,846	16,507	254,025
Addition in current period	-	1,398	64	1,462
Effect of exchange rate changes	-	-	(20)	(20)
Balance as of June 30, 2023	<b><u>\$ 218,672</u></b>	<b><u>20,244</u></b>	<b><u>16,551</u></b>	<b><u>255,467</u></b>
Balance as of January 1, 2022	\$ 218,672	15,603	15,863	250,138
Addition in current period	-	4,408	-	4,408
Reduction in current period	-	(98)	-	(98)
Reclassification (Note)	-	-	623	623
Effect of exchange rate changes	-	1	5	6
Balance as of June 30, 2022	<b><u>\$ 218,672</u></b>	<b><u>19,914</u></b>	<b><u>16,491</u></b>	<b><u>255,077</u></b>
Amortization and impairment loss:				
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	<b><u>\$ -</u></b>	<b><u>16,292</u></b>	<b><u>16,048</u></b>	<b><u>32,340</u></b>
Balance as of January 1, 2022	\$ -	10,779	15,863	26,642
Amortization for the period	-	4,684	37	4,721
Reduction in current period	-	(98)	-	(98)
Reclassification (Note)	-	-	92	92
Effect of exchange rate changes	-	1	1	2
Balance as of June 30, 2022	<b><u>\$ -</u></b>	<b><u>15,366</u></b>	<b><u>15,993</u></b>	<b><u>31,359</u></b>
Carrying amounts:				
Balance as of January 1, 2023	<b><u>\$ 218,672</u></b>	<b><u>5,747</u></b>	<b><u>486</u></b>	<b><u>224,905</u></b>
Balance as of June 30, 2023	<b><u>\$ 218,672</u></b>	<b><u>3,952</u></b>	<b><u>503</u></b>	<b><u>223,127</u></b>
Balance as of June 30, 2022	<b><u>\$ 218,672</u></b>	<b><u>4,548</u></b>	<b><u>498</u></b>	<b><u>223,718</u></b>

Note: It was transferred from prepayments.

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

(XII) Short-term loans

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

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Credit loans	\$ 7,697	7,692	10,514
Unused facility	\$ 804,500	907,500	631,748
Interest rate range	<u>6.60</u>	<u>4.95</u>	<u>1.00~2.79</u>

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

(XIII) Long-term loans

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

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Secured bank borrowings	\$ 161,952	199,334	237,496
Less: Current portion of long-term debt	75,269	74,930	75,091
Total	\$ 86,683	124,404	162,405
Unused facility	\$ -	-	20,000
Interest rate range	<u>1.58</u>	<u>1.58</u>	<u>1.58</u>

1. Collateral for bank borrowings

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

2. Government-subsidized loan with preferential interest rate

In August 2020, the Group obtained a NT\$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". 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\$259 thousand, NT\$276 thousand, NT\$538 thousand and NT\$634 thousand, respectively, from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022.

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

(XIV) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Current	\$ 182,923	175,602	173,287
Non-current	303,903	364,713	397,673
Total	<b>\$ 486,826</b>	<b>540,315</b>	<b>570,960</b>

For maturity analysis, please refer to Note VI(XXIII) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Interest expense on lease liabilities	\$ 2,542	2,560	5,001	5,288
Variable lease payments not included in the measurement of lease liabilities	\$ 385	299	746	775
Expenses of short-term leases	\$ 3,108	1,866	6,528	5,420
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	\$ 27	33	150	58
Rent concession arising from the COVID-19 pandemic (recognized in other income)	\$ -	3,274	-	3,274

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

	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Total cash outflow in operating activities	\$ 12,425	11,541
Total cash outflow in financing activities	90,837	80,828
Total cash flows on lease	<b>\$ 103,262</b>	<b>92,369</b>

1. Lease of land, buildings and construction

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

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

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

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

	<b>Variable payment</b>	<b>Estimated impact on lease payment for each 1% increase in the actual floor area used</b>
Lease contracts with variable payment calculated based on the actual floor area used per month	<b>\$ 746</b>	<b>7</b>

2. Other leases

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

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

(XV) Provisions for liabilities

	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Balance as of January 1	\$ 131,155	146,223
Addition of provision during the year	28,666	31,793
Amount utilized during the year	(23,556)	(43,071)
Balance as of June 30	<b>\$ 136,265</b>	<b>134,945</b>

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

(XVI) Employee benefits

1. Defined benefit plans

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

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

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

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Operating costs	\$ 34	98	68	170
Selling and marketing expenses	50	144	108	247
General and administrative expenses	76	332	207	600
Research and development expenses	118	432	303	766
	<u>\$ 278</u>	<u>1,006</u>	<u>686</u>	<u>1,783</u>

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:

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Operating costs	\$ 560	540	1,129	1,088
Selling and marketing expenses	1,768	1,611	3,449	3,154
General and administrative expenses	2,277	2,164	4,675	4,353
Research and development expenses	4,295	3,799	8,424	7,633
	<u>\$ 8,900</u>	<u>8,114</u>	<u>17,677</u>	<u>16,228</u>

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\$21,459 thousand, NT\$25,141 thousand, NT\$43,573 thousand and NT\$50,184 thousand, respectively, from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022.



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

3. Other short-term employee benefits

From April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022, the Group contributed NT\$3,383 thousand, NT\$3,190 thousand, NT\$6,722 thousand and NT\$6,375 thousand, respectively, to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group had accrued unused leave bonuses of NT\$44,866 thousand, NT\$47,078 thousand and NT\$44,057 thousand, respectively, which were recorded under other payables.

(XVII) Income Tax

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

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Income tax expense for the period	\$ 46,588	46,086	74,184	85,307

The Company's profit-seeking enterprise income tax has been approved by the tax authority to the year of 2020.

(XVIII) 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, 2023, and 2022. Please refer to Note VI(XX) of the consolidated financial statements for the year ended December 31, 2022, for details.

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

1. Other equity items (net after tax)

	<b>Exchange differences on translation of financial statements of foreign operations</b>	<b>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2023	\$ (77,427)	5,628,307	5,550,880
Retroactive adjustments to new standards	78	-	78
Balance after restatement as of January 1, 2023	(77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	(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><u>\$ (133,726)</u></u>	<u><u>7,124,598</u></u>	<u><u>6,990,872</u></u>
Balance as of January 1, 2022 (Restated)	\$ (117,703)	6,200,289	6,082,586
Exchange differences on translation of financial statements of foreign operations (restated)	47,416	-	47,416
Share of other comprehensive income of associates and joint-ventures under the equity method	2,266	-	2,266
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(465,091)	(465,091)
Disposal of equity instruments at fair value through other comprehensive income	-	(270,062)	(270,062)
Balance as of June 30, 2022 (Restated)	<u><u>\$ (68,021)</u></u>	<u><u>5,465,136</u></u>	<u><u>5,397,115</u></u>

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

2. Non-controlling interests (net after tax)

	<b>January to June, 2023</b>	<b>January to June, 2022 (Restated)</b>
Beginning balance	\$ 394,238	338,515
Retroactive adjustments to new standards	96	80
Opening balance after restatement	394,334	338,595
Net income for the year attributable to non-controlling interests	24,852	35,709
Exchange differences on translation of financial statements of foreign operations	80	3,372
Distribution of cash dividends to non-controlling interests	(32,111)	(18,591)
	<b>\$ 387,155</b>	<b>359,085</b>

(XIX) Earnings per Share

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
<b>Basic earnings per share:</b>				
Net income attributable to the ordinary shareholders of the Company	<b>\$ 141,437</b>	<b>152,549</b>	<b>224,932</b>	<b>285,517</b>
Weight-average number of ordinary shares outstanding (Unit : Thousands of shares)	<b>187,262</b>	<b>187,262</b>	<b>187,262</b>	<b>187,262</b>
Basic earnings per share (Unit: In New Taiwan Dollars)	<b>\$ 0.76</b>	<b>0.81</b>	<b>1.20</b>	<b>1.52</b>
<b>Diluted earnings per share:</b>				
Net income attributable to the ordinary shareholders of the Company	<b>\$ 141,437</b>	<b>152,549</b>	<b>224,932</b>	<b>285,517</b>
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)	368	732	927	1,355
Weight-average number of ordinary shares outstanding (Unit : Thousands of shares)	<b>187,630</b>	<b>187,994</b>	<b>188,189</b>	<b>188,617</b>
Diluted earnings per share (Unit: In New Taiwan Dollars)	<b>\$ 0.75</b>	<b>0.81</b>	<b>1.20</b>	<b>1.51</b>

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

(XX) Revenue from contracts with customers

1. Breakdown of revenue

		April to June, 2023					
		The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:							
	Taiwan	\$ 407,187	212,907	-	-	-	620,094
	China	403,815	185,386	376,528	130,505	4,372	1,100,606
	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
		<b>\$ 2,457,700</b>	<b>431,318</b>	<b>376,528</b>	<b>130,505</b>	<b>202,570</b>	<b>3,598,621</b>
Major product/service line:							
	Sales of power supply	<b>\$ 2,457,700</b>	<b>431,318</b>	<b>376,528</b>	<b>130,505</b>	<b>202,570</b>	<b>3,598,621</b>

		April to June, 2022					
		The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:							
	Taiwan	\$ 429,698	139,233	-	-	-	568,931
	China	769,639	159,503	455,402	155,044	4,557	1,544,145
	U.S.A.	290,993	7,226	-	-	189,614	487,833
	Germany	518,399	19,331	-	-	-	537,730
	Other countries	603,298	5,365	-	-	18,890	627,553
		<b>\$ 2,612,027</b>	<b>330,658</b>	<b>455,402</b>	<b>155,044</b>	<b>213,061</b>	<b>3,766,192</b>
Major product/service line:							
	Sales of power supply	<b>\$ 2,612,027</b>	<b>330,658</b>	<b>455,402</b>	<b>155,044</b>	<b>213,061</b>	<b>3,766,192</b>

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

January to June, 2023						
	<b>The Company and its processing subsidiaries</b>	<b>3Y Power</b>	<b>Zhong Han</b>	<b>WUXI Zhonghan</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$ 878,147	374,873	-	-	-	1,253,020
China	964,209	322,713	706,427	253,222	7,505	2,254,076
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
	<b>\$ 5,096,428</b>	<b>757,744</b>	<b>706,427</b>	<b>253,222</b>	<b>440,930</b>	<b>7,254,751</b>
Major product/service line:						
Sales of power supply	<b>\$ 5,096,428</b>	<b>757,744</b>	<b>706,427</b>	<b>253,222</b>	<b>440,930</b>	<b>7,254,751</b>

January to June, 2022						
	<b>The Company and its processing subsidiaries</b>	<b>3Y Power</b>	<b>Zhong Han</b>	<b>WUXI Zhonghan</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$ 1,031,222	277,930	-	-	-	1,309,152
China	1,451,230	294,525	904,662	273,941	9,447	2,933,805
U.S.A.	577,312	10,598	-	-	371,455	959,365
Germany	925,702	55,414	-	-	-	981,116
Other countries	1,251,518	10,134	-	-	38,118	1,299,770
	<b>\$ 5,236,984</b>	<b>648,601</b>	<b>904,662</b>	<b>273,941</b>	<b>419,020</b>	<b>7,483,208</b>
Major product/service line:						
Sales of power supply	<b>\$ 5,236,984</b>	<b>648,601</b>	<b>904,662</b>	<b>273,941</b>	<b>419,020</b>	<b>7,483,208</b>

2. Contract balance

	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Notes and accounts receivable (including related parties)	\$ 4,033,326	3,968,657	4,362,212
Less: Loss allowances	(12,026)	(24,641)	(24,907)
<b>Total</b>	<b>\$ 4,021,300</b>	<b>3,944,016</b>	<b>4,337,305</b>
Contract liabilities (recognized in other current liabilities)	<b>\$ 53,107</b>	<b>93,296</b>	<b>99,508</b>

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

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

(XXI) Remuneration of Employees and Directors

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

The accrued amounts of the Company's employee remuneration for the three months and six months ended June 30, 2023 and 2022 were NT\$11,233 thousand, NT\$16,368 thousand, NT\$17,654 thousand, and NT\$26,815 thousand, respectively, and the accrued amounts of directors' remuneration for the periods then ended were NT\$1,283 thousand, NT\$2,001 thousand, NT\$2,059 thousand and NT\$3,567 thousand, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating expenses for the periods. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. If employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price on the day preceding the Board of Directors' meeting.

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

(XXII) Non-operating income and expenses

1. Interest income

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Bank deposits	\$ 23,117	5,595	39,468	9,644
Interest income of financial assets at amortized cost	-	539	-	539
	<b><u>\$ 23,117</u></b>	<b><u>6,134</u></b>	<b><u>39,468</u></b>	<b><u>10,183</u></b>

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

2. Other income

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Dividend income	\$ 40	27	95	55
Other income				
Government grant	3,581	16,792	7,320	21,406
Rent concessions reclassified to revenue	-	3,274	-	3,274
Tax refund	1,162	4,893	4,916	8,118
Gain on write-off of overdue payable	529	-	642	3,847
Technical service fees	709	503	1,100	1,034
Compliance fees	1,187	-	1,260	-
Others	2,549	3,257	6,432	5,713
	<b>\$ 9,757</b>	<b>28,746</b>	<b>21,765</b>	<b>43,447</b>

3. Other gains and losses

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Foreign currency exchange gain, net	\$ 29,099	79,331	10,509	115,613
Gain (loss) on financial assets measured at fair value through profit or loss	2,166	(249)	4,667	1,772
Gain (loss) on disposal of property, plant and equipment, net	(581)	29	(589)	99
Gains on lease modifications	16	-	16	-
Others	(95)	(732)	(539)	(763)
	<b>\$ 30,605</b>	<b>78,379</b>	<b>14,064</b>	<b>116,721</b>

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

4. Finance costs

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Interest expense:				
Bank borrowings	\$ 1,958	2,197	2,857	4,574
Lease liabilities	2,542	2,560	5,001	5,288
	<b>\$ 4,500</b>	<b>4,757</b>	<b>7,858</b>	<b>9,862</b>

(XXIII) Financial instruments

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

1. Credit risk

(1) Exposure to credit risk

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

(2) Concentration of credit risk

As of June 30, 2023, December 31, 2022, and June 30, 2022, the top three customers accounted for 20%, 19%, and 25%, respectively, of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

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



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

2. Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
<b>June 30, 2023</b>							
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
	<b>\$ 6,429,074</b>	<b>6,454,815</b>	<b>5,913,086</b>	<b>134,926</b>	<b>213,058</b>	<b>129,172</b>	<b>64,573</b>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Short-term loans	\$ 7,692	7,916	7,881	35	-	-	-
Long-term loans	199,334	203,647	38,825	38,704	77,034	49,084	-
Notes payable	13,057	13,057	13,057	-	-	-	-
Accounts payable	3,854,819	3,854,819	3,854,819	-	-	-	-
Accounts payable - related parties	151,773	151,773	151,773	-	-	-	-
Other payables	1,247,717	1,247,717	1,247,717	-	-	-	-
Lease liabilities	540,315	563,371	92,113	91,526	195,393	107,578	76,761
Guarantee deposits received	532	532	-	-	-	-	532
	<b>\$ 6,015,239</b>	<b>6,042,832</b>	<b>5,406,185</b>	<b>130,265</b>	<b>272,427</b>	<b>156,662</b>	<b>77,293</b>
<b>June 30, 2022</b>							
Non-derivative financial liabilities							
Short-term loans	\$ 10,514	10,572	7,457	3,115	-	-	-
Long-term loans	237,496	243,572	39,234	39,057	77,606	87,675	-
Notes payable	10,909	10,909	10,909	-	-	-	-
Accounts payable	4,050,343	4,050,343	4,050,343	-	-	-	-
Accounts payable - related parties	114,714	114,714	114,714	-	-	-	-
Other payables	1,097,179	1,097,179	1,097,179	-	-	-	-
Dividends payable	636,555	636,555	636,555	-	-	-	-
Lease liabilities	570,960	594,459	90,342	91,498	180,366	170,691	61,562
Guarantee deposits received	510	510	-	-	-	-	510
	<b>\$ 6,729,180</b>	<b>6,758,813</b>	<b>6,046,733</b>	<b>133,670</b>	<b>257,972</b>	<b>258,366</b>	<b>62,072</b>

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

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

### 3. Foreign exchange risk

#### (1) Exposure to foreign exchange risk

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

	2023.6.30			2022.12.31			2022.6.30		
	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB	\$ 174,345	4.282	746,545	184,349	4.408	812,610	209,366	4.439	929,376
USD	146,260	31.140	4,554,536	152,920	30.710	4,690,173	146,917	29.720	4,366,373
HKD	5,132	3.974	20,395	5,247	3.938	20,663	8,185	3.788	31,005
EUR	42	33.810	1,420	26	32.720	851	149	31.050	4,626
<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	264,494	6,322	4.191	26,494	6,322	4.191	26,494
HKD	2,665	3.950	10,528	2,868	3.941	11,302	3,801	3.780	14,367
<u>Financial liabilities</u>									
<u>Monetary items</u>									
RMB	80,878	4.282	346,320	94,167	4.408	415,088	100,355	4.439	445,476
USD	100,090	31.140	3,116,803	99,822	30.710	3,065,534	105,105	29.720	3,123,721
HKD	8,452	3.974	33,588	8,915	3.938	35,107	10,345	3.788	39,187

#### (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, 2023 and 2022, if the New Taiwan Dollar had depreciated or appreciated by 5%, against the US Dollar, Renminbi, Hong Kong Dollar, and Euro with all other factors remaining unchanged, net income would have increased or decreased by NT\$73,047 thousand and NT\$68,920 thousand, respectively, from January 1 to June 30, 2023, and 2022. The analysis of the two periods was conducted on the same basis.

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

As the Group has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (including realized and unrealized) from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022 were NT\$29,099 thousand, NT\$79,331 thousand, NT\$10,509 thousand and NT\$115,613 thousand, respectively.

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

4. Market risk

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

	<b>January to June, 2023</b>		<b>January to June, 2022</b>	
<b>Security price at the reporting date</b>	<b>Other comprehensive income (pre-tax)</b>	<b>Pre-tax income</b>	<b>Other comprehensive income (pre-tax)</b>	<b>Pre-tax income</b>
Increase by 5%	<b>\$ 384,150</b>	<b>10,564</b>	<b>301,258</b>	<b>10,103</b>
Decrease by 5%	<b>\$ (384,150)</b>	<b>(10,564)</b>	<b>(301,258)</b>	<b>(10,103)</b>

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

5. Interest rate analysis

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

6. Fair value information

(1) Category of financial instruments and their fair value

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

**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><b>\$ 16,878,212</b></u>	<u><b>7,894,290</b></u>	<u><b>-</b></u>	<u><b>586,705</b></u>	<u><b>8,480,995</b></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><b>\$ 6,429,074</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

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

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

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

	2022.6.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 202,056	202,056	-	-	202,056
Private equity funds	18,000	-	-	18,000	18,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	177,370	-	-	177,370	177,370
Subtotal	<u>469,058</u>	<u>202,056</u>	<u>-</u>	<u>267,002</u>	<u>469,058</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,010,767	6,010,767	-	-	6,010,767
Foreign listed stock	14,367	14,367	-	-	14,367
Non-publicly quoted equity instruments measured at fair value	170,161	-	-	170,161	170,161
Subtotal	<u>6,195,295</u>	<u>6,025,134</u>	<u>-</u>	<u>170,161</u>	<u>6,195,295</u>
Financial assets at amortized cost					
Corporate bond	10,800	-	-	-	-
Cash and cash equivalents	3,040,757	-	-	-	-
Notes receivable and accounts receivable	4,337,305	-	-	-	-
Other receivables	87,027	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	19,188	-	-	-	-
Refundable deposits (classified in other non-current assets)	39,968	-	-	-	-
Subtotal	<u>7,535,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,199,398</u>	<u>6,227,190</u>	<u>-</u>	<u>437,163</u>	<u>6,664,353</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 248,010	-	-	-	-
Notes payable and accounts payable	4,175,966	-	-	-	-
Other payables	1,097,179	-	-	-	-
Dividends payable	636,555	-	-	-	-
Lease liabilities	570,960	-	-	-	-
Guarantee deposits received	510	-	-	-	-
Total	<u>\$ 6,729,180</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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the net assets value, the higher the fair value</li> </ul>
	Comparable company valuation method	<ul style="list-style-type: none"> <li>• Net worth multiple (2.77 as of 2022.6.30)</li> <li>• Discount for lack of market liquidity (29.39% as of 2022.6.30)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiple, the higher the fair value</li> <li>• The higher the discount for lack of market liquidity, the lower the fair value</li> </ul>
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the net assets value, the higher the fair value</li> </ul>



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

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	<ul style="list-style-type: none"> <li>• P/E ratio multiple (10.65, 14.56 and 9.69 as of 2023.6.30, 2022.12.31 and 2022.6.30, respectively)</li> <li>• Net worth multiple (2.19~4.63, 2.27~4.54 and 2.70~5.71 as of 2023.6.30, 2022.12.31 and 2022.6.30, respectively)</li> <li>• Discount for lack of market liquidity (29.39% as of 2023.6.30、2022.12.31 and 2022.6.30)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiple, the higher the fair value</li> <li>• The higher the discount for lack of market liquidity, the lower the fair value</li> </ul>

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

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

	<u>Input</u>	<u>Upward or downward change</u>	<u>Fair value change reflected in current profit or loss</u>		<u>Fair value change reflected in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
<b>June 30, 2023</b>						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,333	(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)

**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%	-	-	887	(887)
<b>December 31, 2022</b>						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,313	(3,313)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	1,608	(1,608)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,895	(2,895)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	276	(276)
<b>June 30, 2022</b>						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	5,009	(5,009)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	564	(564)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	3,346	(3,346)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	366	(366)

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.

(XXIV) Financial risk management

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

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

(XXV) Capital management

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

(XXVI) Investing and financing activities not affecting cash flows

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

	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	<b>\$ 747,341</b>	<b>(128,219)</b>	<b>48,644</b>	<b>(394)</b>	<b>(10,897)</b>	<b>-</b>	<b>656,475</b>

	2022.1.1	Cash flows from:	Non-cash changes				2022.6.30
			Changes in interest rate	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	
Long-term loans	\$ 272,348	(35,941)	1,089	-	-	-	237,496
Short-term loans	16,315	(5,801)	-	-	-	-	10,514
Lease liabilities	641,754	(80,828)	-	-	13,395	(3,361)	570,960
Total liabilities from financing activities	<b>\$ 930,417</b>	<b>(122,570)</b>	<b>1,089</b>	<b>-</b>	<b>13,395</b>	<b>(3,361)</b>	<b>818,970</b>

**VII. Related Party Transactions**

(I) Related party name and relationship

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

<u>Related Party</u>	<u>Relationship with the Group</u>
FSP Group USA Corp.	Group's associate
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. (“Amacrox”)	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. (“Voltronic”)	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party

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

<u>Related Party</u>	<u>Relationship with the Group</u>
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
3Y Power Exchange Inc.	Substantive related party
Cheng, Ya-Jen	Chairman of the Company

(II) Significant related party transactions

1. Operating revenue

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

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Associate	\$ 16,164	21,683	37,136	35,542
Other related party	466,052	631,203	1,089,349	1,191,485
	<u>\$ 482,216</u>	<u>652,886</u>	<u>1,126,485</u>	<u>1,227,027</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 June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Other related party	<u>\$ 69,000</u>	<u>96,871</u>	<u>253,277</u>	<u>136,350</u>

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:

<b>Accounting Subject</b>	<b>Related party category/name</b>	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Accounts receivable	Associate	\$ 16,537	2,254	22,542
	Other related party	743,821	719,584	895,217
		<u>760,358</u>	<u>721,838</u>	<u>917,759</u>
Other receivables	Associate	62	36	409
	Other related party			
	FSP Power Solution GmbH	16,593	11,508	14,516
	Others	4,476	9,697	10,032
		<u>21,131</u>	<u>21,241</u>	<u>24,957</u>
		<b><u>\$ 781,489</u></b>	<b><u>743,079</u></b>	<b><u>942,716</u></b>

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

4. Payables to related parties

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

<b>Accounting Subject</b>	<b>Related party category/name</b>	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Accounts payable	Other related party	<u>\$ 161,154</u>	<u>151,773</u>	<u>114,714</u>

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:

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

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Associate				
FSP Group USA Corp.	\$ 2,527	2,242	5,231	4,578
Other related party	<u>3,328</u>	<u>2,456</u>	<u>6,914</u>	<u>4,998</u>
	<u><b>\$ 5,855</b></u>	<u><b>4,698</b></u>	<u><b>12,145</b></u>	<u><b>9,576</b></u>

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:

<u>Accounting Subject</u>	<u>Related party category/name</u>	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Other payables	Associate	\$ 1,010	934	982
	Other related party	<u>6,115</u>	<u>10,944</u>	<u>7,988</u>
		<u><b>\$ 7,125</b></u>	<u><b>11,878</b></u>	<u><b>8,970</b></u>

6. Leases

The Group leased an office to the Chairman of the Company. The balance of lease liabilities as of June 30, 2023, December 31, 2022, and June 30, 2022, were NT\$6,347 thousand, NT\$6,805 thousand, and NT\$7,260 thousand, respectively. The recognized interest expense from April 1 to June 30 and January 1 to June 30, 2023 and 2022 was NT\$29 thousand, NT\$33 thousand, NT\$59 thousand and NT\$67 thousand, respectively.

(III) Compensation for key management personnel

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Short-term employee benefits	\$ 9,382	8,260	18,167	16,996
Post-employment benefits	<u>166</u>	<u>164</u>	<u>327</u>	<u>341</u>
	<u><b>\$ 9,548</b></u>	<u><b>8,424</b></u>	<u><b>18,494</b></u>	<u><b>17,337</b></u>

**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:

<b>Assets</b>	<b>Pledged to secure</b>	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	\$ 100	100	100
Restricted demand deposits (recognized in other non-current assets)	Litigation guarantee	-	-	19,088
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	174,453	178,451	182,449
<b>Total</b>		<b>\$ 335,630</b>	<b>339,628</b>	<b>362,714</b>

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

- (I) As of June 30, 2023, December 31, 2022 and June 30, 2022, the guarantee facilities extended by banks for customs and excise duties were NT\$215,000 thousand, and utilized facilities were all NT\$33,000 thousand.
- (II) The Group purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Group in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).
- O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United

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

States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US\$2,268,402.22, should be borne jointly by the Group, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

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

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

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

- (III) On July 10, 2021, a printer sold by Zebra Technology Inc. ("Zebra"), a customer of the Group, to an end customer caught fire, resulting in property damage to the end customer. Certain parts of Zebra's printer were sold by the Group to FSP North America Inc., a substantial related party, and sold by FSP North America Inc. to Zebra. Therefore, Great American Insurance Company, the end customer's insurance company, filed a lawsuit for



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

damages against the Group, FSP North America Inc. and Zebra in the United States District Court for the Southern District of Texas, Galveston Division on February 16, 2023, seeking US\$4,933 thousand in damages. The lawsuit is still in progress.

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, 2023, December 31, 2022 and June 30, 2022, the Group had entered into purchase agreements for property, plant and equipment amounting to NT\$6,680 thousand, NT\$0 thousand and NT\$13,000 thousand, respectively, and had paid NT\$2,535 thousand, NT\$0 thousand and NT\$7,429 thousand, respectively, which were recorded as construction in progress of property, plant and equipment as well as other non-current assets.

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

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

**XII. Others**

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

By nature	April to June, 2023			April to June, 2022		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	347,536	235,022	582,558	396,618	227,624	624,242
Insurance expense	1,837	17,903	19,740	1,571	16,353	17,924
Pension expense	19,777	10,860	30,637	23,153	11,108	34,261
Other employee benefit expense	11,281	11,192	22,473	10,796	9,617	20,413
Depreciation expenses	69,737	23,280	93,017	69,269	22,470	91,739
Amortization expenses	96	1,381	1,477	192	2,296	2,488

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

By nature	January to June, 2023			January to June, 2022		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	676,119	475,126	1,151,245	755,741	454,373	1,210,114
Insurance expense	3,827	38,083	41,910	3,378	33,907	37,285
Pension expense	40,185	21,751	61,936	46,375	21,820	68,195
Other employee benefit expense	21,711	21,408	43,119	23,580	18,886	42,466
Depreciation expenses	139,967	46,315	186,282	137,350	44,843	182,193
Amortization expenses	194	3,032	3,226	348	4,373	4,721

(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, 2023 is disclosed as follows:

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

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock:							
	Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	
	Beneficiary certificates:							
	Fuh Hwa Money Market Fund			7,038,414	103,495	-	103,495	
	Fuh Hwa Guardian Fund	—	"	3,504,199	68,756	-	68,756	
	Fuh Hwa Ruei Hua Fund	—	"	1,961,169	22,509	-	22,509	
	Yuanta FTSE4Good TIP Taiwan ESG ETF		"	400,000	13,524	-	13,524	
	Securities Investment Trust Fund							
	Private equity fund:							
	Heshunhsing Intelligent Mobile LP		"	27,840,909	27,841	1.11	27,841	

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

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
3Y Power	Mesh Cooperative Ventures Fund LP		"	18,000,000	18,000	2.46	18,000	
					325,757		325,757	
	Beneficiary certificates: Yuanta 2-10 Year Investment Grade Corporate Bond Fund	—	"	300,000	3,000	-	3,000	
The Company	Stock:				<b>328,757</b>		<b>328,757</b>	
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,494,822	6,867,325	3.98	6,867,325	
	JESS-LINK Products Co., Ltd.	—	"	10,000,000	676,000	8.19	676,000	
	WT Microelectronics Co., Ltd.	—	"	1,000,000	48,100	0.74	48,100	
	Taiwan Cement Corp.	—	"	54,996	2,093	-	2,093	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	"	10,000	5,760	-	5,760	
	Coretronic Corporation	—	"	1,000,000	73,200	0.26	73,200	
	TOT BIOPHARM International Co., Ltd.	—	"	1,195,200	10,528	0.15	10,528	
	Eastern Union Interactive Corp.	—	"	880,000	58,667	4.43	58,667	
	Guoyu Global Co., Ltd.	—	"	500,000	5,000	16.67	5,000	
	Taiwan Truewin Technology Co., Ltd.	—	"	1,387,925	89,125	3.99	89,125	
	Liwatt X Inc.	—	"	1,000,000	10,000	14.29	10,000	
	Champ-ray Industrial Co., Ltd.	—	"	200,000	10,000	0.78	10,000	
	Beyond Innovation Technology Co., Ltd.	—	"	1,000,000	-	2.96	-	
	WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	—	"	-	7,855,798	12.04	-
FSP Jiangsu		Powerland Technology Inc.	—	"	-	26,494	3.54	26,494
					<b>7,882,292</b>		<b>7,882,292</b>	

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

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			3,666	5,665,240	-	-	172,000	306,431	813	305,618	3,494,822	6,867,325 (Note)

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

5. Acquisition of real estate at costs which exceed NT\$300,000 thousand or 20% of the paid-in capital: None.
6. Disposal of real estate at prices which exceed NT\$300,000 thousand or 20% of the paid-in capital: None.

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

### 7. Total purchases from and sales to related parties which exceed NT\$100,000 thousand or 20% of the paid-in capital:

Company	Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(187,099)	(3.45)	Note 1			121,800	4.13	
The Company	FSP North America Inc.	Substantive related party of the Company	(Sales)	(220,192)	(4.06)	Note 1			111,232	3.77	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(378,910)	(6.98)	Note 1			238,058	8.07	
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(191,399)	(3.53)	Note 1			143,786	4.87	
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	(Sales)	(144,262)	(2.66)	Note 1			100,962	3.42	Note 6
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	315,949	9.14	Note 4		Note 4	(9,851) (Note 3)	(0.33)	Note 6
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	143,756	4.16	Note 4		Note 4	(26,462) (Note 3)	(0.89)	Note 6
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	101,453	2.93	Note 4		Note 4	(17,047) (Note 3)	(0.58)	Note 6
The Company	Voltronic	The Company is the Director of this company	Purchases	253,277	7.33	Note 5			(161,154)	(5.44)	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	235,414	6.81	Note 1			(175,575)	(5.92)	Note 6
3Y Power	3Y Power Technologh Inc.	100% owned investment via direct shareholding	(Sales)	(209,021)	(16.64)	Note 1			59,377	7.85	Note 6
3Y Power	Huili	Affiliate	Purchases (Note 2)	163,637	21.63	Note 4		Note 4	(26,995) (Note 3)	(3.94)	Note 6

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

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

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

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

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

Note 6: Eliminated under consolidation.

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

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

Company with accounts receivable	Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note 1)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	121,800	2.42	-		49,063	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	238,058	3.04	-		-	-
The Company	FSP North America Inc.	Substantive related party of the Company	111,232	3.76	-		-	-
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	143,786	4.58	-		30,209	-
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	100,962 (Note 2)	3.28	-		24,003	-
3Y Power	The Company	65.87% owned reinvestment via indirect shareholding	175,575 (Note 2)	2.71	-		73,979	-

Note 1: As of July 26, 2023.

Note 2: Eliminated under consolidation.

### 9. Derivative instruments transactions: None.

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

Number (Note 1)	Company	Counterparty	Nature of Relationship (Note 2)	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	235,414	No significant difference from other suppliers	3.24%
0	The Company	Huili	1	Cost of goods sold	315,949	No comparison is available	4.36%
0	The Company	Zhonghan	1	Cost of goods sold	143,756	No comparison is available	1.98%
0	The Company	WUXI SPI	1	Cost of goods sold	101,453	No comparison is available	1.40%
0	The Company	WUXI Zhonghan	1	Operating revenue	144,262	No significant difference from other customers	1.99%
1	3Y Power	3Y Power Technology Inc.	3	Operating revenue	209,021	No significant difference from other customers	2.88%
1	3Y Power	Huili	3	Cost of goods sold	163,637	No comparison is available	2.26%

Note 1: Fill in the number as per below:

1. 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, 2023 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment gain (loss) recognized for the period	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount			
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,241,751	1,241,751	32,202,500	100.00	1,962	(119,418) (Note 1)	(119,418) (Note 1)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00		- (Note 2)	- (Note 2)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	73	1,138 (Note 2)	1,138 (Note 2)	Subsidiary
	3Y Power Technology (Taiwan) Inc.	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	755	70,467 (Note 2)	46,431 (Note 2)	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	1	38 (Note 2)	38 (Note 2)	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	1	(751) (Note 2)	(751) (Note 2)	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	13	9,538 (Note 2)	8,719 (Note 2)	Subsidiary
	FSP Technology Vietnam Co., Ltd.	Vietnam	Manufacturing of power supply	30,500	-	-	100.00	30	(107) (Note 2)	(107) (Note 2)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	107	(6,634) (Note 2)	-	Sub-sub-sidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	172	(27,136) (Note 1)	-	Sub-sub-sidiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,322	(13,274) (Note 1)	-	Sub-sub-sidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	35	4,461 (Note 2)	-	Sub-sub-sidiary
FSP International Inc. (BVI)	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	51	(6,924) (Note 2)	-	Sub-sub-sidiary
	Amacrox Technology Co., Ltd. (BVI)	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3	(20) (Note 2)	-	Sub-sub-sidiary
3Y Power	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	37	3,863 (Note 2)	1,738 (Note 2)	Associate
	Proteck Power North America Inc.	U.S.A.	Investment holdings	3,279	3,279	1,000	100.00	15	(1,002) (Note 2)	-	Sub-sub-sidiary
	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	264	(13,479) (Note 2)	-	Sub-sub-sidiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	4	1,344 (Note 2)	-	Sub-sub-sidiary

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	143,019	(II), 1	176,873	-	-	176,873	(68,357)	100.00	(68,357) (Note 3 & 5)	177,791 (Note 3 & 5)	197,299
Zhonghan	Processing of power supply	220,908 (Note 2)	(II), 1	104,342	-	-	104,342	(27,140)	100.00	(27,140) (Note 3 & 5)	171,017 (Note 3 & 5)	75,044
WUXI SPI	Processing of power supply	712,054 (Note 2)	(II), 1	508,326	-	-	508,326	(8,470)	100.00	(8,470) (Note 3 & 5)	78,068 (Note 3 & 5)	-
WUXI Zhonghan	Manufacturing and trading of power supply	410,160 (Note 2)	(II), 1	380,595	-	-	380,595	(4,832)	100.00	(4,832) (Note 3 & 5)	1,246,400 (Note 3 & 5)	-
Zhong Han	Manufacturing and trading of power supply	128,460	(II), 1	20,196	-	-	20,196	(12,918)	100.00	(12,918) (Note 3 & 5)	741,003 (Note 3 & 5)	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II), 1	13,380	-	-	13,380	(6,634)	100.00	(6,634) (Note 4 & 5)	108,768 (Note 4 & 5)	-
Protek Dongguan	Processing of power supply	38,829	(II), 1	38,038	-	-	38,038	4,458	100.00	4,458 (Note 4 & 5)	35,106 (Note 4 & 5)	-
Hao Han	Transformer processing	161,337 (Note 2)	(II), 1	-	-	-	-	(6,924)	100.00	(6,924) (Note 4 & 5)	51,736 (Note 4 & 5)	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,064	(II), 2	-	-	-	-	1,344	65.87	885 (Note 4 & 5)	4,525 (Note 4 & 5)	-

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

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

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

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

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

Note 5: Eliminated under consolidation.

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

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK\$12,500 thousand and US\$35,640 thousand)	1,672,380 (Note 2) (HK\$12,500 thousand and US\$52,110 thousand)	8,752,872 (Note 1)

Note 1: 60% of net worth.

Note 2: For the amounts of the above investment in mainland China, except that the accumulated investment amount remitted from Taiwan to mainland China at the end of the current period is based on the historical exchange rate, the investment profit and loss recognized in the current period is based on the weighted average exchange rate (USD/TWD: 1:30.5499, CNY/TWD: 1:4.4072, HKD/TWD: 1:3.8971). 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, 2023 (USD/TWD: 1:31.1400, CNY/TWD: 1:4.2820, HKD/TWD: 1:3.9740).

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

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, 2023.

(IV) Information on Major Shareholders:

Name of Major Shareholders	Shareholding	Shares	Percentage of Ownership
Chuan Han Investment Co., Ltd.		15,091,766	8.05%
Cheng, Ya-Jen		12,167,477	6.49%
Yang, Fu-An		11,792,834	6.29%

- 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.
- 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.
- 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	Zhong Han	WUXI Zhonghan	Others	Adjustment and elimination	Total
<b>April to June, 2023</b>							
Revenue:							
Revenue from external customers	\$ 2,457,700	431,318	376,528	130,505	202,570	-	3,598,621
Intersegment revenue	559,068	189,026	5,172	2,751	19,395	(775,412)	-
<b>Total revenues</b>	<b>\$ 3,016,768</b>	<b>620,344</b>	<b>381,700</b>	<b>133,256</b>	<b>221,965</b>	<b>(775,412)</b>	<b>3,598,621</b>
<b>Reportable segment profit or loss</b>	<b>\$ 165,983</b>	<b>49,617</b>	<b>(3,274)</b>	<b>5,162</b>	<b>(23,186)</b>	<b>(523)</b>	<b>193,779</b>
<b>April to June, 2022</b>							
Revenue:							
Revenue from external customers	\$ 2,612,027	330,658	455,402	155,044	213,061	-	3,766,192
Intersegment revenue	551,866	242,484	1,044	2,645	16,210	(814,249)	-
<b>Total revenues</b>	<b>\$ 3,163,893</b>	<b>573,142</b>	<b>456,446</b>	<b>157,689</b>	<b>229,271</b>	<b>(814,249)</b>	<b>3,766,192</b>
<b>Reportable segment profit or loss</b>	<b>\$ 148,152</b>	<b>60,743</b>	<b>(534)</b>	<b>704</b>	<b>10,316</b>	<b>(1,623)</b>	<b>217,758</b>
<b>January to June, 2023</b>							
Revenue:							
Revenue from external customers	\$ 5,096,428	757,744	706,427	253,222	440,930	-	7,254,751
Intersegment revenue	1,074,249	491,466	8,767	5,314	37,963	(1,617,759)	-
<b>Total revenues</b>	<b>\$ 6,170,677</b>	<b>1,249,210</b>	<b>715,194</b>	<b>258,536</b>	<b>478,893</b>	<b>(1,617,759)</b>	<b>7,254,751</b>
<b>Reportable segment profit or loss</b>	<b>\$ 238,955</b>	<b>104,566</b>	<b>(13,668)</b>	<b>8,086</b>	<b>(13,954)</b>	<b>(17)</b>	<b>323,968</b>
<b>January to June, 2022</b>							
Revenue:							
Revenue from external customers	\$ 5,236,984	648,601	904,662	273,941	419,020	-	7,483,208
Intersegment revenue	1,018,480	427,454	2,177	6,819	30,841	(1,485,771)	-
<b>Total revenues</b>	<b>\$ 6,255,464</b>	<b>1,076,055</b>	<b>906,839</b>	<b>280,760</b>	<b>449,861</b>	<b>(1,485,771)</b>	<b>7,483,208</b>
<b>Reportable segment profit or loss</b>	<b>\$ 271,984</b>	<b>107,885</b>	<b>6,225</b>	<b>(3,711)</b>	<b>24,582</b>	<b>(432)</b>	<b>406,533</b>

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

The sum of reportable segment revenue should be deducted by the intersegment revenue amounted to NT\$775,412 thousand, NT\$814,249 thousand, NT\$1,617,759 thousand and NT\$1,485,771 thousand, respectively, for the three months and six months ended June 30, 2023 and 2022.