

FSP Technology Inc. and Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023

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Table of Contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Report	3
IV. Consolidated Balance Sheets	4
V. Consolidated Statements of Comprehensive Income	5
VI. Consolidated Statements of Changes in Equity	6
VII. Consolidated Statements of Cash Flows	7
VIII. Notes to Consolidated Financial Statements	
(I) Company History	8
(II) Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization	8
(III) Application of New and Amended Standards and Interpretations	8-10
(IV) Summary of Significant Accounting Policies	10-13
(V) Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions	13
(VI) Details of Significant Accounts	13-47
(VII) Related Party Transactions	47-50
(VIII) Pledged Assets	51
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	52-53
(X) Significant Disaster Loss	53
(XI) Significant Events after the Balance Sheet Date	53
(XII) Others	53-54
(XIII) Supplementary Disclosures	
1. Information on Significant Transactions	54-58
2. Information on Invested Companies	59
3. Information on Investments in Mainland China	60
4. Information on Major Shareholders	61
(XIV) Segment Information	61-62

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Preface

We have reviewed the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries, which comprise the Consolidated Balance Sheets as of September 30, 2024 and 2023, and the Consolidated Statements of Comprehensive Income from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, and the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to September 30, 2024 and 2023. The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

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

Basis for Qualified Conclusion

As stated in Note IV(II) to the consolidated financial statements, it has included part of its insignificant subsidiaries in the aforesaid consolidated financial statements based on the financial statements of these invested companies not reviewed by the independent auditors for the same period. As of September 30, 2024 and 2023, these subsidiaries had the total assets of NT\$2,496,400 thousand and NT\$2,616,614 thousand, respectively, representing 11.48% and 12.73% of the consolidated total assets, had the total liabilities of NT\$886,328 thousand and NT\$1,057,201 thousand, respectively, representing 16.73% and 16.56% of the consolidated total liabilities, and realized the comprehensive profit (loss) of NT\$(8,899) thousand, NT\$248,238 thousand, NT\$13,781 thousand and NT\$109,190 thousand from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, respectively, representing (4.56)%, (31.55)%, 0.57% and 9.21% of the consolidated comprehensive profit (loss), respectively.

In addition to the above, Note VI(VII) of the consolidated financial statements states that FSP Technology Inc. and its subsidiaries accounted for investments using the equity method amounting to NT\$42,944 thousand and NT\$38,517 thousand as of September 30, 2024 and 2023, respectively. The share of income from associated companies and joint ventures recognized using the equity method for the period from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023 was NT\$863 thousand, NT\$427 thousand, NT\$1,171 thousand and NT\$2,165 thousand, respectively, based on the unaudited financial statements of the investee companies for the same period and have not been reviewed by the independent auditors.

Qualified Conclusion

Except for possible effects from financial statements of these investees mentioned in the paragraph titled “Basis for Qualified Conclusion” if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of FSP Technology Inc. and its subsidiaries as of September 30, 2024 and 2023, and their consolidated financial performance from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, and their consolidated cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission.

The engagement partners on the audit resulting in this independent auditors’ report are Chang, Chun-I and Chiang, Chia-Chi.

KPMG Taiwan

Taipei, Taiwan (Republic of China)

November 5, 2024

Notice to Readers

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

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

FSP Technology Inc. and Subsidiaries

Consolidated Balance Sheets

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

Unit: NTS thousands

Assets		2024.9.30		2023.12.31		2023.9.30		Liabilities and Equity		2024.9.30		2023.12.31		2023.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx	Current Assets:							21xx	Current Liabilities:						
1100	Cash and cash equivalents (Note VI(I))	\$ 3,653,553	17	4,225,848	21	3,955,962	20	2100	Short-term borrowings (Notes VI(VIII) and (XI), and VIII)	\$ 3,197	-	1,536	-	8,035	-
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	958,890	4	698,828	3	638,787	3	2150	Notes payable	23,115	-	11,450	-	20,948	-
1150	Notes receivable, net (Notes VI(IV) and (XIX))	111,487	1	126,773	1	62,145	-	2170	Accounts payable	2,945,409	14	2,993,921	15	3,789,135	19
1170	Accounts receivable, net (Notes VI(V) and (XIX))	2,649,207	12	2,331,178	11	3,369,034	16	2180	Accounts payable - related parties (Note VII)	74,266	-	87,065	-	64,678	-
1180	Accounts receivable - related parties, net (Notes VI(IV), (XIX) and VII)	705,252	3	541,208	3	606,721	3	2200	Other payables (Notes VI(XV), (XX) and VII)	1,416,963	6	1,535,992	8	1,203,993	6
1200	Other receivables (Notes VI(III), (V) and VII)	393,834	2	430,235	2	77,377	-	2230	Current income tax liabilities	56,626	-	133,695	1	172,700	1
1220	Current income tax assets	7,004	-	8,351	-	75,422	-	2250	Provisions - current (Note VI(XIV))	133,598	1	130,311	1	129,895	1
130x	Inventories (Note VI(VI))	1,963,194	9	2,540,765	12	2,588,986	13	2280	Lease liabilities - current (Notes VI(XIII) and VII)	118,726	1	190,025	1	200,522	1
1410	Prepayments	100,005	-	63,325	-	96,323	1	2300	Other current liabilities (Notes VI(XII) and (XIX))	172,053	1	200,961	1	218,568	1
1470	Other current assets	19,499	-	23,537	1	18,912	-	2320	Long-term liabilities - current portion (Notes VI(VIII) and (XII), and VIII)	64,645	-	75,616	-	75,443	-
	Total current assets	10,561,925	48	10,990,048	54	11,489,669	56		Total current liabilities	5,008,598	23	5,360,572	27	5,883,917	29
15xx	Non-current Assets:							25xx	Non-current Liabilities:						
1510	Financial assets at fair value through profit or loss - non-current (Note VI(II))	46,129	-	-	-	-	-	2540	Long-term borrowings (Notes VI(VIII) and (XII), and VIII)	3,113	-	48,788	-	67,758	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(III))	8,588,286	40	7,016,906	34	6,580,582	32	2570	Deferred income tax liabilities	92,316	-	86,100	-	122,533	1
1550	Investment under equity method (Note VI(VII))	42,944	-	34,561	-	38,517	-	2580	Lease liabilities - non-current (Notes VI(XIII) and VII)	191,615	1	255,209	2	304,665	1
1600	Property, plant and equipment (Notes VI(VIII), (XI), (XII), VIII and IX)	1,685,663	8	1,481,716	7	1,463,323	7	2640	Net defined benefit liabilities - non-current	-	-	-	-	2,092	-
1755	Right-of-use assets (Notes VI(IX), (XIII) and VII)	305,089	1	434,682	3	493,148	3	2645	Guarantee deposits received	525	-	500	-	532	-
1780	Intangible assets (Note VI(X))	224,543	1	223,440	1	224,270	1	2670	Other non-current liabilities (Note VI(XII))	2,609	-	2,429	-	2,533	-
1840	Deferred income tax assets	178,691	1	171,954	1	193,623	1		Total non-current liabilities	290,178	1	393,026	2	500,113	2
1900	Other non-current assets (Notes VI(VIII), VIII and IX)	115,316	1	69,515	-	66,697	-		Total liabilities	5,298,776	24	5,753,598	29	6,384,030	31
	Total non-current assets	11,186,661	52	9,432,774	46	9,060,160	44	2xxx	Equity Attributable to Owners of the Parent (Note VI(III), (VII) & (XVII)):						
								3100	Capital Stock	1,872,620	9	1,872,620	9	1,872,620	9
								3200	Capital Surplus	864,425	4	861,207	4	861,207	4
								3300	Retained earnings:						
								3310	Legal reserve	1,411,213	6	1,301,707	6	1,301,707	7
								3350	Unappropriated earnings	4,198,415	19	4,126,229	20	3,994,207	19
									Total retained earnings	5,609,628	25	5,427,936	26	5,295,914	26
								34xx	Other Equity:						
								3410	Exchange differences on translation of financial statements of foreign operations	(50,524)	-	(126,335)	(1)	(72,419)	-
								3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	7,750,154	36	6,232,008	31	5,811,786	28
									Total other equity	7,699,630	36	6,105,673	30	5,739,367	28
									Total equity attributable to shareholders of the parent	16,046,303	74	14,267,436	69	13,769,108	67
								36xx	Non-controlling interests (Note VI(XVII))	403,507	2	401,788	2	396,691	2
								3xxx	Total equity	16,449,810	76	14,669,224	71	14,165,799	69
								2-3xxx	Total liabilities and equity	\$ 21,748,586	100	20,422,822	100	20,549,829	100
1xxx	Total assets	\$ 21,748,586	100	20,422,822	100	20,549,829	100								

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

July 1 to September 30, 2024 and 2023 and January 1 to September 30, 2024 and 2023

Unit: NT\$ thousands

	July to September, 2024		July to September, 2023		January to September, 2024		January to September, 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Notes VI(XIX) and VII)	\$ 3,123,487	100	3,456,543	100	8,728,084	100	10,284,506	100
5000 Operating costs (Notes VI(VI), (VIII), (IX), (X), (XIII), (XIV), (XV), VII and XII)	2,564,473	82	2,744,146	79	7,166,644	82	8,395,406	81
5920 Add: Realized (unrealized) profit on sales	1,314	-	(1,011)	-	-	-	(465)	-
5900 Gross profit	560,328	18	711,386	21	1,561,440	18	1,888,635	19
6000 Operating expenses (Notes VI(IV), (V), (VIII), (IX), (X), (XIII), (XV), (XX), VII and XII):								
6100 Selling and marketing expenses	178,799	6	213,447	6	469,364	5	541,220	6
6200 General and administrative expenses	166,600	5	199,508	6	505,607	6	527,455	5
6300 Research and development expenses	160,784	5	153,836	4	473,238	6	430,203	4
6450 Expected credit impairment losses	15,980	1	346	-	26,060	-	13,438	-
Total operating expenses	522,163	17	567,137	16	1,474,269	17	1,512,316	15
6900 Net operating margin	38,165	1	144,249	5	87,171	1	376,319	4
7000 Non-operating income and expenses (Notes VI(II), (III), (VII), (VIII), (IX), (X), (XII), (XIII), (XXI), and VII):								
7100 Interest income	12,852	1	18,430	-	47,374	-	57,898	-
7010 Other income	191,789	6	206,434	6	246,508	3	228,199	2
7020 Other gains and losses	(30,561)	(1)	78,026	2	100,056	1	92,090	1
7050 Finance costs	(1,661)	-	(8,374)	-	(7,244)	-	(16,232)	-
7060 Share of profits (losses) of associates and joint ventures under equity method	863	-	427	-	1,171	-	2,165	-
Total non-operating income and expenses	173,282	6	294,943	8	387,865	4	364,120	3
7900 Income before income tax from continuing operations	211,447	7	439,192	13	475,036	5	740,439	7
7950 Less: Income tax expense (Note VI(XVI))	21,539	1	53,795	2	74,190	1	127,979	1
8200 Current net income	189,908	6	385,397	11	400,846	4	612,460	6
8300 Other comprehensive income:								
8310 Items that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(15,170)	(1)	(1,235,899)	(36)	1,923,102	22	566,010	6
8349 Less: Income tax related to components that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total items that will not be reclassified to profit or loss	(15,170)	(1)	(1,235,899)	(36)	1,923,102	22	566,010	6
8360 Items that may be reclassified subsequently to profit or loss (Note VI(VII) and (XVII))								
8361 Exchange differences on translation of financial statements of foreign operations	21,818	1	62,307	2	76,867	1	4,833	-
8370 Share of other comprehensive income (losses) of associates and joint ventures under equity method	(1,398)	-	1,440	-	841	-	2,617	-
8399 Less: Income tax related to items that may be reclassified subsequently	-	-	-	-	-	-	-	-
Total items that may be reclassified subsequently to profit or loss	20,420	1	63,747	2	77,708	1	7,450	-
8300 Other current comprehensive income	5,250	-	(1,172,152)	(34)	2,000,810	23	573,460	6
8500 Total current comprehensive income	\$ 195,158	6	(786,755)	(23)	2,401,656	27	1,185,920	12
Current net income attributable to:								
8610 Shareholders of the parent	\$ 178,878	6	371,616	11	375,647	4	580,512	6
8620 Non-controlling Interests	11,030	-	13,781	-	25,199	-	31,948	-
	\$ 189,908	6	385,397	11	400,846	4	612,460	6
Total comprehensive income (losses) attributable to:								
8710 Shareholders of the parent	\$ 185,989	6	(802,976)	(23)	2,374,887	27	1,151,452	12
8720 Non-controlling Interests	9,169	-	16,221	-	26,769	-	34,468	-
	\$ 195,158	6	(786,755)	(23)	2,401,656	27	1,185,920	12
Earnings per share (unit: NT\$) (Note VI(XVIII))								
9750 Basic earnings per share	\$ 0.96		1.98		2.01		3.10	
9850 Diluted earnings per share	\$ 0.95		1.97		2.00		3.08	

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen Managerial Officer: Cheng, Ya-Jen Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2024 and 2023

Unit: NT\$ thousands

	Equity Attributable to Owners of the Parent					Other Equity Items		Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity	
	Retained Earnings				Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total				
	Capital stock - common shares	Capital surplus	Legal reserve	Unappropriated earnings							Total
Balance as of January 1, 2023	\$ 1,872,620	1,011,016	1,175,322	3,713,296	4,888,618	(77,427)	5,628,307	5,550,880	13,323,134	394,238	13,717,372
Retroactive adjustments to new standards	-	-	-	6,039	6,039	78	-	78	6,117	96	6,213
Balance after restatement as of January 1, 2023	1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251	394,334	13,723,585
Appropriation and distribution of earnings:											
Legal reserve	-	-	126,385	(126,385)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)	-	(561,786)
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)	-	(149,809)
Current net income	-	-	-	580,512	580,512	-	-	-	580,512	31,948	612,460
Other current comprehensive income	-	-	-	-	-	4,930	566,010	570,940	570,940	2,520	573,460
Total current comprehensive income	-	-	-	580,512	580,512	4,930	566,010	570,940	1,151,452	34,468	1,185,920
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	382,531	382,531	-	(382,531)	(382,531)	-	-	-
Distribution of cash dividends for non-controlling interests	-	-	-	-	-	-	-	-	-	(32,111)	(32,111)
Balance as of September 30, 2023	\$ 1,872,620	861,207	1,301,707	3,994,207	5,295,914	(72,419)	5,811,786	5,739,367	13,769,108	396,691	14,165,799
Balance as of January 1, 2024	\$ 1,872,620	861,207	1,301,707	4,126,229	5,427,936	(126,335)	6,232,008	6,105,673	14,267,436	401,788	14,669,224
Appropriation and distribution of earnings:											
Legal reserve	-	-	109,506	(109,506)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(599,238)	(599,238)	-	-	-	(599,238)	-	(599,238)
Changes in other capital surplus:											
Changes in other capital surplus	-	3,218	-	-	-	-	-	-	3,218	302	3,520
Current net income	-	-	-	375,647	375,647	-	-	-	375,647	25,199	400,846
Other current comprehensive income	-	-	-	-	-	75,811	1,923,429	1,999,240	1,999,240	1,570	2,000,810
Total current comprehensive income	-	-	-	375,647	375,647	75,811	1,923,429	1,999,240	2,374,887	26,769	2,401,656
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	405,283	405,283	-	(405,283)	(405,283)	-	-	-
Distribution of cash dividends for non-controlling interests	-	-	-	-	-	-	-	-	-	(25,352)	(25,352)
Balance as of September 30, 2024	\$ 1,872,620	864,425	1,411,213	4,198,415	5,609,628	(50,524)	7,750,154	7,699,630	16,046,303	403,507	16,449,810

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2024 and 2023

Unit: NTS thousands

	January to September, 2024	January to September, 2023
Cash flows from operating activities:		
Income before income tax	\$ 475,036	740,439
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	299,852	281,399
Amortization expenses	4,198	4,794
Expected credit impairment losses	26,060	13,438
Net income from financial assets and liabilities measured at fair value through profit or loss	(6,541)	-
Interest expense	7,244	16,232
Interest income	(47,374)	(57,898)
Dividend income	(174,086)	(192,097)
Share of profits (losses) of associates and joint ventures under equity method	(1,171)	(2,165)
Loss (gain) on disposal and scrap of property, plant and equipment	(6,047)	306
Loss on disposal of intangible assets	36	11
Loss on disposal of investments	-	549
Unrealized (realized) profit on sales	(446)	465
Lease modification loss (gains)	(1,215)	(12)
Rent concessions reclassified to revenue	-	(4)
Total adjustments for profit or loss	100,510	65,018
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(299,650)	(78,338)
Notes receivable	15,286	19,423
Accounts receivable	(344,089)	(213,562)
Accounts receivable - related parties	(164,044)	115,117
Other receivables	34,074	9,626
Inventories	580,588	469,653
Prepayments	(36,680)	(51,745)
Other current assets	4,038	11,946
Other non-current assets	3,256	(857)
Total changes in operating assets	(207,221)	281,263
Changes in operating liabilities:		
Notes payable	11,665	7,891
Accounts payable	(48,512)	(65,684)
Accounts payable - related parties	(12,799)	(87,095)
Other payables	(115,056)	(55,868)
Provisions for liabilities	3,287	(1,260)
Other current liabilities	(28,723)	49,851
Net defined benefit liabilities	-	(6,419)
Total changes in operating liabilities	(190,138)	(158,584)
Total changes in operating assets and liabilities	(397,359)	122,679
Total adjustments	(296,849)	187,697
Cash flows generated by operating activities	178,187	928,136
Interest received	49,438	55,822
Interest paid	(7,246)	(16,211)
Income tax paid	(149,912)	(181,577)
Net cash flows generated from operating activities	70,467	786,170
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(110,858)	(33,745)
Disposal of financial assets at fair value through other comprehensive income	463,674	374,117
Acquisition of property, plant, and equipment	(346,181)	(112,911)
Disposal of property, plant and equipment	8,915	5,782
Acquisition of intangible assets	(5,308)	(4,169)
Increase in refundable deposits	(1,879)	(8,037)
Increase in prepayments for equipment	(16,950)	(5,642)
Dividends received	174,086	192,070
Increase in restricted time deposits	(31,650)	-
Net cash flows from investing activities	133,849	407,465
Cash flows from financing activities:		
Proceeds from short-term borrowings	4,518	7,854
Decrease in short-term loans	-	(7,667)
Repayments of long-term loans	(56,646)	(56,133)
Decrease in guarantee deposits received	(11)	-
Repayment of the principal of lease liabilities	(152,605)	(137,830)
Cash dividends paid	(599,238)	(711,595)
Cash dividends paid to non-controlling interests	(25,352)	(32,111)
Net cash flows used in financing activities	(829,334)	(937,482)
Effects of exchange rate changes on the balance of cash held in foreign currencies	52,723	3,839
Net increase (decrease) in cash and cash equivalents	(572,295)	259,992
Cash and cash equivalents at the beginning of the period	4,225,848	3,695,970
Cash and cash equivalents at the end of the period	\$ 3,653,553	3,955,962

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company History

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on November 5, 2024.

III. Application of New and Amended Standards and Interpretations

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

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

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

- IAS 21 "Lack of Exchangeability"

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

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but not yet endorsed by the FSC:

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

New or Amended Standards	Content of Amendment	Effective Date per International Accounting Standards Board
IFRS 18 “Presentation and Disclosure of Financial Statements”	<p>The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.</p> <ul style="list-style-type: none"> • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called 'operating profit' and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes. 	January 1, 2027

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

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

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

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

IV. Summary of Significant Accounting Policies

Except for the following descriptions, the consolidated financial statements adopt the same significant accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2023 for details.

(I) Compliance declaration

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

(II) Basis of consolidation

The consolidated financial statements adopt the preparation principles as the ones used in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note IV(III) of the consolidated financial statements for the year ended December 31, 2023 for details.

1. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

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

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership			Description
			2024.9.30	2023.12.31	2023.9.30	
The Company	FSP International Inc. (BVI)	Investment holdings	100.00%	100.00%	100.00%	Note 5
"	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	100.00%	Note 4
"	Amacrox Technology Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	100.00%	Note 4
"	3Y Power Technology (TAIWAN) Inc. ("3Y Power")	Trading and manufacturing of power supplies and related electronic products	65.87%	65.87%	65.87%	Note 4
"	Harmony Trading (HK) Ltd.	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
"	FSP Technology USA Inc.	Business development and product technical service	100.00%	100.00%	100.00%	Note 4
"	FSP Turkey Dis Tic.Ltd.Sti.	Business development and product technical service	91.41%	91.41%	91.41%	Note 4
"	FSP Technology Vietnam Co., Ltd. ("FSP VN")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 1 and 4
FSP International Inc. (BVI)	Shenzhen Huili Electronic Co., Ltd. ("Huili")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 5
"	FSP Technology Inc. (BVI)	Investment holdings	100.00%	100.00%	100.00%	Note 4
"	Proteck Electronics (Samoa) Corp.	Investment holdings	100.00%	100.00%	100.00%	Note 4
"	Power Electronics Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	100.00%	
"	Famous Holding Ltd.	Investment holdings	100.00%	100.00%	100.00%	
"	FSP International (HK) Ltd.	Investment holdings	100.00%	100.00%	100.00%	Note 4

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

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Main Business Activities</u>	<u>Percentage of Ownership</u>			<u>Description</u>
			<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>	
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. Technology Co., Ltd. (“WUXI Zhonghan”)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. (“Hao Han”)	Trading and manufacturing of electronic components	100.00%	100.00%	100.00%	Note 4
WUXI Zhonghan Technology Co., Ltd.	Shenzhen Zhonghan Technology Co., Ltd. (“Zhonghan Tech.”)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
"	Proteck Power North America, Inc.	Trading of power supplies and related electronic products	- %	- %	- %	Note 2 and 4
3Y Power	3Y Power Technology Inc. (“3Y Power”)	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 4
"	Luckyield Co., Ltd.	Investment holdings	100.00%	100.00%	100.00%	Note 4

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

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Main Business Activities</u>	<u>Percentage of Ownership</u>			<u>Description</u>
			<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>	
Luckyield Co., Ltd.	WUXI 3Y Technology Co., Ltd. (“WUXI 3Y”)	Design, manufacturing and trading of power supplies	100.00%	100.00%	100.00%	Note 3 and 4

Note 1: The Company established FSP VN for NT\$30,500 thousand (US\$1,000 thousand) on June 19, 2023 and it became a subsidiary of the Company since then. The Company received approval from the Board of Directors on March 14, 2024 to increase the capital of our subsidiary, FSP VN, by US\$4,000 thousand. As of September 30, 2024, a total of US\$3,000 thousand of capital increase had been contributed to FSP Technology Vietnam Co., Ltd..

Note 2: The liquidation of Proteck Power North America, Inc. was approved by the Board of Directors on January 5, 2023. The liquidation was completed on August 29, 2023.

Note 3: Held by the Company through Luckyield Co., Ltd. The Company invested in WUXI 3Y through Luckyield Co., Ltd., and the comprehensive shareholding percentage as of September 30, 2024, December 31, 2023 and September 30, 2023 were all 65.87%.

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

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

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

(III) Employee benefits

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

(IV) Income tax

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

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

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

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

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

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

When preparing the consolidated financial statements, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the Group's accounting policies are consistent with Note V of the consolidated financial statements for the year ended December 31, 2023.

VI. Details of Significant Accounts

Except for the following descriptions, the details of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2023. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2023 for relevant information.

(I) Cash and cash equivalents		2024.9.30	2023.12.31	2023.9.30
Cash on hand	\$	8,216	9,808	10,451
Cash equivalents				
Repurchase agreements		13,926	105,842	143,279
Deposits in saving accounts and checking accounts		1,989,014	1,544,510	1,616,619
Time deposits		<u>1,642,397</u>	<u>2,565,688</u>	<u>2,185,613</u>
		<u>\$ 3,653,553</u>	<u>4,225,848</u>	<u>3,955,962</u>

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

(II)	Financial assets at fair value through profit or loss - current and non-current	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
	Financial assets mandatorily measured at fair value through profit or loss - current:			
	Non-derivative financial assets			
	Beneficiary certificates	\$ 354,795	277,366	212,085
	Private equity funds	115,682	68,545	68,545
	Foreign unlisted stocks	72,248	71,632	71,632
	Structured deposits	<u>416,165</u>	<u>281,285</u>	<u>286,525</u>
	Subtotal	<u>958,890</u>	<u>698,828</u>	<u>638,787</u>
	Financial assets mandatorily measured at fair value through profit or loss - non-current:			
	Non-derivative financial assets			
	Structured products	<u>46,129</u>	<u>-</u>	<u>-</u>
	Total	<u>\$ 1,005,019</u>	<u>698,828</u>	<u>638,787</u>

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group held structured deposits and expected yields ranged from 1.05% to 2.45%, 1.30% to 2.70%, and 1.30% to 2.85% with maturity from December 2024, February 2024 to March 2024, and November 2023, respectively.

The Group recognized dividend income of NT\$1,831 thousand and NT\$309 thousand for the aforementioned financial assets at fair value through profit or loss from January 1 to September 30, 2024 and 2023, respectively.

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

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

(III)	Financial assets at fair value through other comprehensive income	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
	Equity instruments at fair value through other comprehensive income			
	Domestic listed (OTC) stocks	\$ 8,377,665	6,748,094	6,310,619
	Foreign listed stocks	9,729	9,253	9,584
	Foreign unlisted stocks	26,493	26,493	26,494
	Domestic unlisted stocks	<u>174,399</u>	<u>233,066</u>	<u>233,885</u>
	Total	<u>\$ 8,588,286</u>	<u>7,016,906</u>	<u>6,580,582</u>

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

1. Investments in equity instruments at fair value through other comprehensive income

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

The Group recognized dividend income of NT\$172,255 thousand and NT\$191,788 thousand for the aforementioned investments in equity instruments at fair value through other comprehensive income from January 1 to September 30, 2024 and 2023, respectively.

In order to meet the needs of funding plan, the Group divested the financial assets designated at fair value through other comprehensive income from January 1, 2024 to September 30, 2024 and the fair value at the time of disposal totaled NT\$463,411 thousand and with disposal gains totaled NT\$405,283 thousand. As of September 30, 2024, the outstanding disposal price was NT\$8,179 thousand, which was recorded as other receivables. In order to meet the needs of funding plan, the Group divested the financial assets designated at fair value through other comprehensive income from January 1 to September 30, 2023 and the fair value at the time of disposal was NT\$395,987 thousand and with disposal gains of NT\$382,531. As of September 30, 2023, the outstanding proceeds from disposal amounted to NT\$21,870 thousand, which was recognized under other receivables.

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

(IV) Notes receivable and accounts receivable

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Notes receivable	\$ 111,487	126,773	62,145
Accounts receivable	2,662,652	2,345,626	3,381,072
Accounts receivable - related parties	705,252	541,208	606,721
Less: Loss allowances	<u>(13,445)</u>	<u>(14,448)</u>	<u>(12,038)</u>
	<u>\$ 3,465,946</u>	<u>2,999,159</u>	<u>4,037,900</u>

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

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

taken into consideration as well.

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

	2024.9.30		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 2,593,821	0.23	6,066
Past due within 30 days	38,530	6.03	2,324
Past due 31~60 days	3,100	18.55	575
Past due 61~90 days	1,835	35.14	645
Past due 91~120 days	208	44.64	92
Past due over 121 days	3,350	100	3,350
	\$ 2,640,844		13,052
	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 2,047,808	0.24	4,533
Past due within 30 days	48,729	6.30	3,068
Past due 31~60 days	1,452	19.88	289
Past due 91~120 days	1,303	45.45	592
Past due over 121 days	1,645	100.00	1,645
	\$ 2,100,937		10,127

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT\$2,381 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT\$476 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

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

	2023.9.30		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 3,179,531	0~0.11	2,940
Past due within 30 days	98,277	6.58	6,462
Past due 31~60 days	4	20.76	1
Past due over 121 days	2,251	100.00	2,251
	\$ 3,280,063		11,654

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

	2024.9.30		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 671,487	0.06	382
Past due within 30 days	12,463	0.06	7
Past due 31~60 days	348	0.06	-
Past due 61~90 days	1,960	0.06	1
Past due 91~120 days	3,286	0.06	2
Past due 181~365 days	1,317	0.06	1
	\$ 690,861		393

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 720,132	0.05	362
Past due within 30 days	14,133	0.05	7
Past due 31~60 days	10,105	0.05	5
Past due 61~90 days	2,077	0.05	1
Past due 121~180 days	604	0.05	-
Past due 181~over 360 days	656	0.05	-
Past due over a year above	376	0.05	1
	\$ 748,083		376

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

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

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

	2024.9.30		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 107,941	-	-
Past due within 30 days	16,721	-	-
Past due 31~60 days	8,519	-	-
Past due over 121 days	14,505		-
	\$ 147,686		-

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 107,133	-	-
Past due within 30 days	22,222	-	-
Past due 31~60 days	13,523	-	-
Past due 61~90 days	8,559	-	-
Past due 91~120 days	10,371	0.30	3,071
Past due over 121 days	398	100.00	398
	\$ 162,206		3,469

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

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

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

	January to September, 2024	January to September, 2023
Beginning balance	\$ 14,448	24,641
Recoveries from write-off in previous years	-	2,258
Impairment losses recognized (reversed)	26,060	(14,862)
Write-off	(27,645)	-
Effect of foreign exchange rate changes	582	1
Ending balance	\$ 13,445	12,038

(V) Other receivables	2024.9.30	2023.12.31	2023.9.30
Other receivables	\$ 422,794	458,840	107,440
Less: Loss allowances	(28,960)	(28,605)	(30,063)
	\$ 393,834	430,235	77,377

Changes in loss allowance for other receivables:

	January to September, 2024	January to September, 2023
Beginning balance	\$ 28,605	510
Impairment losses recognized	-	28,300
Effect of foreign exchange rate changes	355	1,253
Ending balance	\$ 28,960	30,063

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

(VI) Inventories		<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Finished goods	\$	1,066,686	1,503,290	1,407,019
Work in process		434,304	434,453	509,108
Raw materials		462,204	603,022	672,859
		<u>\$ 1,963,194</u>	<u>2,540,765</u>	<u>2,588,986</u>

Breakdown of cost of goods sold:

	<u>July to September , 2024</u>	<u>July to September , 2023</u>	<u>January to September , 2024</u>	<u>January to September , 2023</u>
Inventories sold	\$ 2,524,639	2,715,511	7,039,252	8,313,568
Loss on inventory write-down	13,691	15,808	54,556	33,355
Loss on inventory	-	-	-	18
Unallocated manufacturing expense	25,571	12,536	69,016	42,635
Loss on inventory obsolescence	572	291	3,820	5,830
	<u>\$ 2,564,473</u>	<u>2,744,146</u>	<u>7,166,644</u>	<u>8,395,406</u>

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

(VII) Investments recognized through the equity method

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Associate	<u>\$ 42,944</u>	<u>34,561</u>	<u>38,517</u>

1. Associate

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
The carrying amount of investments in associates that were not individually material to the Group at the end of the period	<u>\$ 42,944</u>	<u>34,561</u>	<u>38,517</u>

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Attributable to the Group:				
Income from continuing operations	\$ 863	427	1,171	2,165
Other comprehensive income	(1,398)	1,440	841	2,617
Total comprehensive income	<u>\$ (535)</u>	<u>1,867</u>	<u>2,012</u>	<u>4,782</u>

2. Collateral

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group did not pledge any investments accounted for under the equity method as collateral.

3. Unreviewed Investments Recognized Through the Equity Method

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

(VIII) Property, plant, and equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment from January 1 to September 30, 2024 and 2023 were as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
Cost or deemed cost:									
Balance as of January 1, 2024	\$ 310,476	1,224,490	27,949	1,307,563	22,060	517,402	89,879	9,348	3,509,167
Addition	-	11,935	-	91,688	3,522	20,792	2,049	212,224	342,210
Disposal and obsolescence	(2,597)	(6,749)	-	(15,035)	(898)	(12,319)	-	-	(37,598)
Reclassification (Note)	-	8,460	-	1,729	-	581	-	(9,348)	1,422
Effect of exchange rate changes	-	12,036	1,073	40,371	722	6,590	3,467	2,830	67,089
Balance as of September 30, 2024	<u>\$ 307,879</u>	<u>1,250,172</u>	<u>29,022</u>	<u>1,426,316</u>	<u>25,406</u>	<u>533,046</u>	<u>95,395</u>	<u>215,054</u>	<u>3,882,290</u>
Balance as of January 1, 2023	\$ 310,476	1,217,961	28,387	1,235,925	18,803	499,757	76,042	73	3,387,424
Addition	-	10,161	-	79,505	1,967	24,638	458	8,305	125,034
Disposal and obsolescence	-	-	-	(38,550)	(642)	(6,161)	(213)	-	(45,566)
Reclassification (Note)	-	-	-	319	-	166	-	(73)	412
Effect of individual changes	-	430	59	1,725	115	122	115	-	2,566
Balance as of September 30, 2023	<u>\$ 310,476</u>	<u>1,228,552</u>	<u>28,446</u>	<u>1,278,924</u>	<u>20,243</u>	<u>518,522</u>	<u>76,402</u>	<u>8,305</u>	<u>3,469,870</u>
Depreciation and impairment loss:									
Balance as of January 1, 2024	\$ -	564,899	11,598	960,777	14,277	428,499	47,401	-	2,027,451
Recognition in current period	-	39,127	1,630	74,612	2,649	26,911	9,039	-	153,968
Disposal and obsolescence	-	(6,620)	-	(14,914)	(898)	(12,298)	-	-	(34,730)
Effect of exchange rate changes	-	10,817	431	31,236	507	4,817	2,130	-	49,938
Balance as of September 30, 2024	<u>\$ -</u>	<u>608,223</u>	<u>13,659</u>	<u>1,051,711</u>	<u>16,535</u>	<u>447,929</u>	<u>58,570</u>	<u>-</u>	<u>2,196,627</u>
Balance as of January 1, 2023	\$ -	519,214	9,607	912,700	13,376	405,636	38,896	-	1,899,429
Recognition in current period	-	37,568	1,616	69,999	1,174	27,275	6,772	-	144,404
Disposal and obsolescence	-	-	-	(32,538)	(642)	(6,085)	(213)	-	(39,478)
Effect of individual changes	-	406	21	1,476	83	116	90	-	2,192
Balance as of September 30, 2023	<u>\$ -</u>	<u>557,188</u>	<u>11,244</u>	<u>951,637</u>	<u>13,991</u>	<u>426,942</u>	<u>45,545</u>	<u>-</u>	<u>2,006,547</u>
Carrying amounts:									
Balance as of January 1, 2024	<u>\$ 310,476</u>	<u>659,591</u>	<u>16,351</u>	<u>346,786</u>	<u>7,783</u>	<u>88,903</u>	<u>42,478</u>	<u>9,348</u>	<u>1,481,716</u>
Balance as of September 30, 2024	<u>\$ 307,879</u>	<u>641,949</u>	<u>15,363</u>	<u>374,605</u>	<u>8,871</u>	<u>85,117</u>	<u>36,825</u>	<u>215,054</u>	<u>1,685,663</u>
Balance as of September 30, 2023	<u>\$ 310,476</u>	<u>671,364</u>	<u>17,202</u>	<u>327,287</u>	<u>6,252</u>	<u>91,580</u>	<u>30,857</u>	<u>8,305</u>	<u>1,463,323</u>

Note: From January 1 to September 30, 2024 and 2023, the amount transferred from equipment prepayment was NTS1,422 thousand and NTS412 thousand, respectively.

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

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of September 30, 2024, December 31, 2023 and September 30, 2023.

(IX) Right-of-use assets

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

	Land	Housing and Construction	Transportati on Equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2024	\$ 27,483	1,194,676	5,618	1,227,777
Addition	-	2,204	1,719	3,923
Lease modification	-	3,331	-	3,331
Reduction (contract expired and contract modification)	(1,486)	(1,627)	(716)	(3,829)
Effect of exchange rate changes	723	47,645	16	48,384
Balance as of September 30, 2024	<u>\$ 26,720</u>	<u>1,246,229</u>	<u>6,637</u>	<u>1,279,586</u>
Balance as of January 1, 2023	\$ 27,784	1,119,990	3,497	1,151,271
Addition	-	98,260	2,511	100,771
Reduction (contract expired and early termination of contract)	-	(2,276)	(389)	(2,665)
Effect of exchange rate changes	26	4,852	26	4,904
Balance as of September 30, 2023	<u>\$ 27,810</u>	<u>1,220,826</u>	<u>5,645</u>	<u>1,254,281</u>
Depreciation of right-of-use assets:				
Balance as of January 1, 2024	\$ 5,087	785,603	2,405	793,095
Depreciation in current period	722	143,507	1,655	145,884
Lease modification	-	1,139	-	1,139
Reduction (contract expired and contract modification)	(37)	(294)	(716)	(1,047)
Effect of exchange rate changes	113	35,307	6	35,426
Balance as of September 30, 2024	<u>\$ 5,885</u>	<u>965,262</u>	<u>3,350</u>	<u>974,497</u>
Balance as of January 1, 2023	\$ 4,106	618,627	1,041	623,774
Depreciation in current period	767	134,941	1,287	136,995
Reduction (contract expired and early termination of contract)	-	(1,899)	(389)	(2,288)
Effect of exchange rate changes	4	2,638	10	2,652
Balance as of September 30, 2023	<u>\$ 4,877</u>	<u>754,307</u>	<u>1,949</u>	<u>761,133</u>
Carrying amounts:				
Balance as of January 1, 2024	<u>\$ 22,396</u>	<u>409,073</u>	<u>3,213</u>	<u>434,682</u>
Balance as of September 30, 2024	<u>\$ 20,835</u>	<u>280,967</u>	<u>3,287</u>	<u>305,089</u>
Balance as of September 30, 2023	<u>\$ 22,933</u>	<u>466,519</u>	<u>3,696</u>	<u>493,148</u>

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

(X) Intangible assets

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

	<u>Goodwill</u>	<u>Software cost</u>	<u>Patent</u>	<u>Total</u>
Costs:				
Balance as of January 1, 2024	\$ 218,672	15,376	16,715	250,763
Addition in current period	-	5,254	54	5,308
Disposal in current period	-	-	(88)	(88)
Effect of exchange rate changes	-	1	37	38
Balance as of September 30, 2024	<u>\$ 218,672</u>	<u>20,631</u>	<u>16,718</u>	<u>256,021</u>
Balance as of January 1, 2023	\$ 218,672	18,846	16,507	254,025
Addition in current period	-	4,032	137	4,169
Reduction in current period	-	(3,359)	(18)	(3,377)
Effect of exchange rate changes	-	-	1	1
Balance as of September 30, 2023	<u>\$ 218,672</u>	<u>19,519</u>	<u>16,627</u>	<u>254,818</u>
Amortization and impairment loss:				
Balance as of January 1, 2024	-	11,237	16,086	27,323
Amortization for the period	-	4,135	63	4,198
Disposal in current period	-	-	(52)	(52)
Effect of exchange rate changes	-	-	9	9
Balance as of September 30, 2024	<u>\$ -</u>	<u>15,372</u>	<u>16,106</u>	<u>31,478</u>
Balance as of January 1, 2023	-	13,099	16,021	29,120
Amortization for the period	-	4,742	52	4,794
Effect of exchange rate changes	-	(3,359)	(7)	(3,366)
Balance as of September 30, 2023	<u>\$ -</u>	<u>14,482</u>	<u>16,066</u>	<u>30,548</u>
Carrying amounts:				
Balance as of January 1, 2024	<u>\$ 218,672</u>	<u>4,139</u>	<u>629</u>	<u>223,440</u>
Balance as of September 30, 2024	<u>\$ 218,672</u>	<u>5,259</u>	<u>612</u>	<u>224,543</u>
Balance as of September 30, 2023	<u>\$ 218,672</u>	<u>5,037</u>	<u>561</u>	<u>224,270</u>

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

(XI) Short-term loans

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Secured bank borrowings	\$ 2,881	-	-
Credit loans	316	1,536	8,035
Total	<u>\$ 3,197</u>	<u>1,536</u>	<u>8,035</u>
Unused facility	<u>\$ 945,554</u>	<u>818,000</u>	<u>821,000</u>
Interest rate range	<u>5.83~7.05</u>	<u>7.42</u>	<u>7.26</u>

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

(XII) Long-term loans

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Secured bank borrowings	\$ 67,758	124,404	143,201
Less: current portion of long-term debt	64,645	75,616	75,443
Total	<u>\$ 3,113</u>	<u>48,788</u>	<u>67,758</u>
Unused facility	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>1.40</u>	<u>1.40</u>	<u>1.58</u>

1. Collateral for bank borrowings

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

2. Government-subsidized loan with preferential interest rate

In August 2020, the Group obtained a NT\$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The drawdown period was until December 31, 2021, and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Group was NT\$296,650 thousand as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT\$6,585 thousand which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Such deferred revenue was transferred to other income amounted to NT\$129 thousand, NT\$233 thousand, NT\$463 thousand and NT\$771 thousand, respectively, from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023.

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

(XIII) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Current	\$ 118,726	190,025	200,522
Non-current	191,615	255,209	304,665
Total	<u>\$ 310,341</u>	<u>445,234</u>	<u>505,187</u>

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

The amounts recognized in profit or loss were as follows:

	<u>July to September, 2024</u>	<u>July to September, 2023</u>	<u>January to September, 2024</u>	<u>January to September, 2023</u>
Interest expense on lease liabilities	\$ 1,178	2,415	5,253	7,416
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 345</u>	<u>308</u>	<u>1,489</u>	<u>1,054</u>
Expenses of short-term leases	<u>\$ 3,349</u>	<u>3,020</u>	<u>10,648</u>	<u>9,548</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 57</u>	<u>2</u>	<u>196</u>	<u>152</u>
Rent concession arising from the COVID-19 pandemic (recognized in other income)	<u>\$ -</u>	<u>4</u>	<u>-</u>	<u>4</u>

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

	<u>January to September, 2024</u>	<u>January to September, 2023</u>
Total cash outflow in operating activities	\$ 17,586	18,170
Total cash outflow in financing activities	<u>152,605</u>	<u>137,830</u>
Total cash flows on lease	<u>\$ 170,191</u>	<u>156,000</u>

1. Lease of land, buildings and construction

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

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

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

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

	Variable payment	Estimated impact on lease payment for each 1% increase in the actual floor area used
Lease contracts with variable payment calculated based on the actual floor area used per month	\$ 1,489	15

2. Other leases

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

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

(XIV) Provisions for liabilities

	January to September, 2024	January to September, 2023
Balance as of January 1	\$ 130,311	131,155
Addition of provision during the year	42,310	45,046
Amount utilized during the year	(39,023)	(46,306)
Balance as of September 30	\$ 133,598	129,895

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

(XV) Employee benefits

1. Defined benefit plans

Since no major market fluctuations, major reductions, liquidations or other major one-off events occurred after the previous annual reporting date, the Group has measured and disclosed the pension costs for the interim period by the pension costs determined by actuary on December 31, 2023, and 2022.

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:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Operating costs	\$ 29	34	88	102
Selling and marketing expenses	48	58	143	166
General and administrative expenses	107	130	322	337
Research and development expenses	153	185	458	488
	<u>\$ 337</u>	<u>407</u>	<u>1,011</u>	<u>1,093</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:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Operating costs	\$ 569	559	1,718	1,688
Selling and marketing expenses	1,871	1,818	5,403	5,267
General and administrative expenses	2,521	2,366	7,578	7,041
Research and development expenses	4,839	4,561	14,104	12,985
	<u>\$ 9,800</u>	<u>9,304</u>	<u>28,803</u>	<u>26,981</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\$26,490 thousand, NT\$13,534 thousand, NT\$76,620 thousand and NT\$57,107 thousand, respectively, from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023.

3. Other short-term employee benefits

From July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, the Group contributed NT\$3,870 thousand, NT\$14,741

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

thousand, NT\$12,523 thousand and NT\$21,463 thousand, respectively, to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had accrued unused leave bonuses of NT\$53,258 thousand, NT\$48,304 thousand and NT\$50,349 thousand, respectively, which were recorded under other payables.

(XVI) Income tax

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Income tax expense for the period	\$ 21,539	53,795	74,190	127,979

The Company's profit-seeking enterprise income tax has been approved by the tax authority to the year of 2022.

(XVII) Capital and other equity

Except for the following descriptions, there was no significant change in the capital and other equity of the Group from January 1 to September 30, 2024, and 2023. Please refer to Note VI(XVIII) of the consolidated financial statements for the year ended December 31, 2023, for details.

1. Capital surplus

The Company's capital surplus was as follows:

	2024.9.30	2023.12.31	2023.9.30
Paid-in capital in excess of \$ par value	856,427	856,427	856,427
Adjustments arising from changes in percentage of ownership in subsidiaries	4,780	4,780	4,780
Others	3,218	-	-
	\$ 864,425	861,207	861,207

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and

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

Issuance of Securities by Securities Issuers”, distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

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

2. Earning distribution

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

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

3. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2024	\$ (126,335)	6,232,008	6,105,673
Exchange differences on translation of financial statements of foreign operations	74,970	-	74,970
Share of other comprehensive income of associates and joint-ventures under the equity method	841	-	841
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,923,429	1,923,429
Disposal of equity instruments at fair value through other comprehensive income	-	(405,283)	(405,283)
Balance as of September 30, 2024	\$ (50,524)	7,750,154	7,699,630
Balance as of January 1, 2023	\$ (77,427)	5,628,307	5,550,880
Retroactive adjustments to new standards	78	-	78
Balance after restatement as of January 1, 2023	(77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	1,764	-	1,764
Subsidiary	549	-	549
Share of other comprehensive income of associates and joint-ventures under the equity method	2,617	-	2,617

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

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	566,010	566,010
Disposal of equity instruments at fair value through other comprehensive income	-	(382,531)	(382,531)
Balance as of September 30, 2023	<u>\$ (72,419)</u>	<u>5,811,786</u>	<u>5,739,367</u>

4. Non-controlling interests (net after tax)

	January to September, 2024	January to September, 2023
Beginning balance	\$ 401,788	394,238
Retroactive adjustments to new standards	-	96
Opening balance after restatement	401,788	394,334
Changes in capital surplus attributable to non-controlling interests.	302	-
Net income for the year attributable to non-controlling interests	25,199	31,948
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(327)	-
Exchange differences on translation of financial statements of foreign operations	1,897	2,520
Distribution of cash dividends to non-controlling interests	(25,352)	(32,111)
	<u>\$ 403,507</u>	<u>396,691</u>

(XVIII) Earnings per Share

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Basic earnings per share:				
Net income attributable to the ordinary shareholders of the Company	<u>\$ 178,878</u>	<u>371,616</u>	<u>375,647</u>	<u>580,512</u>
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	<u>187,262</u>	<u>187,262</u>	<u>187,262</u>	<u>187,262</u>
Basic earnings per share (Unit: In New Taiwan Dollars)	<u>\$ 0.96</u>	<u>1.98</u>	<u>2.01</u>	<u>3.10</u>
Diluted earnings per share:				
Net income attributable to the ordinary shareholders of the Company	<u>\$ 178,878</u>	<u>371,616</u>	<u>375,647</u>	<u>580,512</u>

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
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)	443	903	752	1,273
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,705	188,165	188,014	188,535
Diluted earnings per share (Unit: In New Taiwan Dollars)	\$ 0.95	1.97	2.00	3.08

(XIX) Revenue from contracts with customers

1. Breakdown of revenue

		July to September, 2024					
		The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Total
Primary geographical markets:							
	Taiwan	\$ 441,316	149,458	-	-	-	590,774
	China	452,998	26,859	386,540	151,006	3,041	1,020,444
	U.S.A.	229,934	4,119	-	-	134,878	368,931
	Germany	365,589	36,722	-	-	-	402,311
	Other countries	701,304	5,880	-	-	33,843	741,027
		\$ 2,191,141	223,038	386,540	151,006	171,762	3,123,487
Major product/service line:							
	Sales of power supply	\$ 2,191,141	223,038	386,540	151,006	171,762	3,123,487
		July to September, 2023					
		The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Total
Primary geographical markets:							
	Taiwan	\$ 465,955	205,265	-	-	-	671,220
	China	371,088	24,110	341,726	121,943	6,357	865,224
	U.S.A.	222,298	-	-	-	166,213	388,511
	Germany	546,979	11,896	-	-	-	558,875
	Other countries	928,421	2,598	-	-	41,694	972,713
		\$ 2,534,741	243,869	341,726	121,943	214,264	3,456,543
Major product/service line:							
	Sales of power supply	\$ 2,534,741	243,869	341,726	121,943	214,264	3,456,543

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

January to September, 2024						
	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Total
Primary geographical markets:						
Taiwan	\$ 1,303,224	406,960	-	-	-	1,710,184
China	1,208,927	76,925	976,258	429,420	9,228	2,700,758
U.S.A.	715,788	14,421	-	-	440,213	1,170,422
Germany	1,088,409	83,269	-	-	-	1,171,678
Other countries	1,837,670	18,395	-	-	118,977	1,975,042
	\$ 6,154,018	599,970	976,258	429,420	568,418	8,728,084
Major product/service line:						
Sales of power supply	\$ 6,154,018	599,970	976,258	429,420	568,418	8,728,084

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

2. Contract balance

	2024.9.30	2023.12.31	2023.9.30
Notes and accounts receivable (including related parties)	\$ 3,479,391	3,013,607	4,049,938
Less: Loss allowances	(13,445)	(14,448)	(12,038)
Total	\$ 3,465,946	2,999,159	4,037,900
Contract liabilities (recognized in other current liabilities)	\$ 81,029	61,491	65,273

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

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

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

(XX) Remuneration of employees and directors

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

The Company accrued NT\$11,721 thousand, NT\$27,128 thousand, NT\$26,507 thousand, and NT\$44,782 thousand as employee compensation and NT\$404 thousand, NT\$4,384 thousand, NT\$2,192 thousand, and NT\$6,443 thousand as remuneration for Directors from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating expenses for the periods. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. If employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price on the day preceding the Board of Directors' meeting.

For the years ended December 31, 2023 and 2022, the Company provided its remuneration to employees amounted to NT\$66,000 thousand, and the remuneration for Directors of NT\$7,000 thousand, which was consistent with the actual status of the distribution. The information can be obtained from the MOPS.

(XXI) Non-operating Income and Expenses

1. Interest income

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Bank deposits	\$ 12,852	18,430	47,374	57,898

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

2. Other income

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Dividend income	\$ 171,472	192,002	174,086	192,097
Other income				
Compensation payment	-	-	30,000	-
Government grant	804	5,200	7,068	12,520
Rent concessions reclassified to revenue	-	4	-	4
Tax refund	16,789	6,519	23,111	11,435
Gain on write-off of overdue payable	3	6	3	648
Technical service fees	582	570	1,788	1,670
Compliance fees	-	47	102	1,307
Others	2,139	2,086	10,350	8,518
	\$ 191,789	206,434	246,508	228,199

3. Other gains and losses

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Foreign currency exchange gain (loss), net	\$ (29,727)	77,580	86,614	88,089
Gain (loss) on financial assets measured at fair value through profit or loss	(4,010)	801	6,541	5,468
Gain (loss) on disposal of property, plant and equipment, net	(16)	283	6,047	(306)
Loss on disposal of intangible assets, net	-	(11)	(36)	(11)
Loss on disposal of subsidiary	-	(549)	-	(549)
Lease modification gains (loss)	3,258	(4)	1,215	12
Others	(66)	(74)	(325)	(613)
	\$ (30,561)	78,026	100,056	92,090

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

4. Finance costs

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Interest expense:				
Bank borrowings	\$ 483	5,959	1,991	8,816
Lease liabilities	1,178	2,415	5,253	7,416
	\$ 1,661	8,374	7,244	16,232

(XXII) Financial instruments

Except for the following descriptions, there have been no significant changes in the classification and fair value of the Group's financial instruments, and the exposure to credit risk, liquidity risk and market risk arising from the financial instruments. Please refer to Note VI(XXIII) of the consolidated financial statements for the year ended December 31, 2023, for relevant information.

1. Credit risk

(1) Exposure to credit risk

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

(2) Concentration of credit risk

As of September 30, 2024, December 31, 2023 and September 30, 2023, the top three customers accounted for 21%, 19%, and 22%, respectively, of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

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

2. Liquidity risk

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

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

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
September 30, 2024							
Non-derivative financial liabilities							
Short-term loans	\$ 3,197	3,464	3,458	6	-	-	-
Long-term loans	67,758	68,294	38,391	26,778	3,125	-	-
Notes payable	23,115	23,115	23,115	-	-	-	-
Accounts payable	2,945,409	2,945,409	2,945,409	-	-	-	-
Accounts payable - related parties	74,266	74,266	74,266	-	-	-	-
Other payables	1,416,963	1,416,963	1,416,963	-	-	-	-
Lease liabilities	310,341	325,305	73,561	50,211	62,417	106,745	32,371
Guarantee deposits received	525	525	525	-	-	-	-
	<u>\$4,841,574</u>	<u>4,857,341</u>	<u>4,575,688</u>	<u>76,995</u>	<u>65,542</u>	<u>106,745</u>	<u>32,371</u>
December 31, 2023							
Non-derivative financial liabilities							
Short-term loans	\$ 1,536	1,599	1,593	6	-	-	-
Long-term loans	124,404	124,893	38,579	38,455	47,859	-	-
Notes payable	11,450	11,450	11,450	-	-	-	-
Accounts payable	2,993,921	2,993,921	2,993,921	-	-	-	-
Accounts payable - related parties	87,065	87,065	87,065	-	-	-	-
Other payables	1,535,992	1,535,992	1,535,992	-	-	-	-
Lease liabilities	445,234	465,388	102,561	94,467	98,348	126,090	43,922
Guarantee deposits received	500	500	-	-	-	-	500
	<u>\$5,200,102</u>	<u>5,220,808</u>	<u>4,771,161</u>	<u>132,928</u>	<u>146,207</u>	<u>126,090</u>	<u>44,422</u>
September 30, 2023							
Non-derivative financial liabilities							
Short-term loans	\$ 8,035	8,504	8,090	414	-	-	-
Long-term loans	143,201	145,453	38,640	38,518	65,170	3,125	-
Notes payable	20,948	20,948	20,948	-	-	-	-
Accounts payable	3,789,135	3,789,135	3,789,135	-	-	-	-
Accounts payable - related parties	64,678	64,678	64,678	-	-	-	-
Other payables	1,203,993	1,203,993	1,203,993	-	-	-	-
Lease liabilities	505,187	528,513	103,951	104,654	118,191	143,029	58,688
Guarantee deposits received	532	532	532	-	-	-	-
	<u>\$5,735,709</u>	<u>5,761,756</u>	<u>5,229,967</u>	<u>143,586</u>	<u>183,361</u>	<u>146,154</u>	<u>58,688</u>

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

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:

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

	2024.9.30			2023.12.31			2023.9.30		
	Foreign currencies	Exchange rate	NT\$	Foreign currencies	Exchange rate	NT\$	Foreign currencies	Exchange rate	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB	\$ 147,307	4.523	666,270	169,439	4.327	733,163	146,568	4.415	647,098
USD	118,357	31.650	3,745,999	137,572	30.705	4,224,148	140,126	32.270	4,521,866
HKD	7,844	4.075	31,964	1,976	3.929	7,764	5,678	4.123	23,410
EUR	21	35.380	743	36	33.980	1,223	107	33.910	3,628
<u>Non-monetary items</u>									
USD	2,534	28.268	71,632	2,534	28.268	71,632	2,534	28.268	71,632
RMB	6,322	4.191	26,494	6,322	4.191	26,494	6,322	4.191	26,494
HKD	2,390	4.071	9,729	2,355	3.929	9,253	2,366	4.051	9,584
<u>Financial liabilities</u>									
<u>Monetary items</u>									
RMB	85,064	4.523	384,744	122,215	4.327	528,824	88,396	4.415	390,268
USD	75,455	31.650	2,388,151	84,642	30.705	2,598,933	92,564	32.270	2,987,040
HKD	8,907	4.075	36,296	6,747	3.929	26,505	7,215	4.123	29,747

(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 fair value through profit or loss, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. As of September 30, 2024 and 2023, if the New Taiwan Dollar had depreciated or appreciated by 5%, against the US Dollar, Renminbi, Hong Kong Dollar, and Euro with all other factors remaining unchanged, net income would have increased or decreased by NT\$65,431 thousand and NT\$71,558 thousand, respectively, from January 1 to September 30, 2024 and 2023. The analysis of the two periods was conducted on the same basis.

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

As the Group has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (losses) (including realized and unrealized) from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023 were NT\$(29,727) thousand, NT\$77,580 thousand, NT\$86,614 thousand and NT\$88,089 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:

	January to September, 2024		January to September, 2023	
Security price at the reporting date	Other comprehensive income (pre-tax)	Pre-tax income	Other comprehensive income (pre-tax)	Pre-tax income
Increase by 5%	<u><u>\$ 419,370</u></u>	<u><u>17,740</u></u>	<u><u>316,010</u></u>	<u><u>10,604</u></u>
Decrease by 5%	<u><u>\$ (419,370)</u></u>	<u><u>(17,740)</u></u>	<u><u>(316,010)</u></u>	<u><u>(10,604)</u></u>

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

5. Interest rate analysis

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

6. Fair value information

(1) Category of financial instruments and their fair value

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

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

	2024.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 354,795	354,795	-	-	354,795
Private equity funds	115,682	-	-	115,682	115,682
Non-publicly quoted equity instruments measured at fair value	72,248	-	-	72,248	72,248
Structured deposits	416,165	-	-	416,165	416,165
Structured products	46,129	-	46,129	-	46,129
Subtotal	<u>1,005,019</u>	<u>354,795</u>	<u>46,129</u>	<u>604,095</u>	<u>1,005,019</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	8,377,665	8,377,665	-	-	8,377,665
Foreign listed stock	9,729	9,729	-	-	9,729
Non-publicly quoted equity instruments measured at fair value	200,892	-	-	200,892	200,892
Subtotal	<u>8,588,286</u>	<u>8,387,394</u>	<u>-</u>	<u>200,892</u>	<u>8,588,286</u>
Financial assets at amortized cost					
Cash and cash equivalents	3,653,553	-	-	-	-
Notes receivable and accounts receivable	3,465,946	-	-	-	-
Other receivables	393,834	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	31,750	-	-	-	-
Refundable deposits (classified in other non-current assets)	48,799	-	-	-	-
Subtotal	<u>7,593,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$17,187,187</u>	<u>8,742,189</u>	<u>46,129</u>	<u>804,987</u>	<u>9,593,305</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 70,955	-	-	-	-
Notes payable and accounts payable	3,042,790	-	-	-	-
Other payables	1,416,963	-	-	-	-
Lease liabilities	310,341	-	-	-	-
Guarantee deposits received	525	-	-	-	-
Total	<u>\$ 4,841,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2023.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 277,366	277,366	-	-	277,366
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	281,285	-	-	281,285	281,285
Subtotal	<u>698,828</u>	<u>277,366</u>	<u>-</u>	<u>421,462</u>	<u>698,828</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,748,094	6,748,094	-	-	6,748,094
Foreign listed stock	9,253	9,253	-	-	9,253
Non-publicly quoted equity instruments measured at fair value	259,559	-	-	259,559	259,559
Subtotal	<u>7,016,906</u>	<u>6,757,347</u>	<u>-</u>	<u>259,559</u>	<u>7,016,906</u>
Financial assets at amortized cost					
Cash and cash equivalents	4,225,848	-	-	-	-
Notes receivable and accounts receivable	2,999,159	-	-	-	-
Other receivables	430,235	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	46,920	-	-	-	-
Subtotal	<u>7,702,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$15,417,996</u>	<u>7,034,713</u>	<u>-</u>	<u>681,021</u>	<u>7,715,734</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 125,940	-	-	-	-
Notes payable and accounts payable	3,092,436	-	-	-	-
Other payables	1,535,992	-	-	-	-
Lease liabilities	445,234	-	-	-	-
Guarantee deposits received	500	-	-	-	-
Total	<u>\$ 5,200,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2023.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 212,085	212,085	-	-	212,085
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	286,525	-	-	286,525	286,525
Subtotal	<u>638,787</u>	<u>212,085</u>	<u>-</u>	<u>426,702</u>	<u>638,787</u>
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,310,619	6,310,619	-	-	6,310,619
Foreign listed stock	9,584	9,584	-	-	9,584
Non-publicly quoted equity instruments measured at fair value	260,379	-	-	260,379	260,379
Subtotal	<u>6,580,582</u>	<u>6,320,203</u>	<u>-</u>	<u>260,379</u>	<u>6,580,582</u>
Financial assets at amortized cost					
Cash and cash equivalents	3,955,962	-	-	-	-
Notes receivable and accounts receivable	4,037,900	-	-	-	-
Other receivables	77,377	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	49,157	-	-	-	-
Subtotal	<u>8,120,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$15,339,865</u>	<u>6,532,288</u>	<u>-</u>	<u>687,081</u>	<u>7,219,369</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 151,236	-	-	-	-
Notes payable and accounts payable	3,874,761	-	-	-	-
Other payables	1,203,993	-	-	-	-
Lease liabilities	505,187	-	-	-	-
Guarantee deposits received	532	-	-	-	-
Total	<u>\$ 5,735,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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)

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

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.

- (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

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

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"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value

**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 to the Company Law	<ul style="list-style-type: none"> • The P/E ratios (as of September 30, 2024, December 31, 2023, and September 30, 2023 were 2.48, 2.34, and 3.02, respectively) • Net worth multiple (as of September 30, 2024, December 31, 2023, and September 30, 2023, are respectively 2.46~6.27, 2.57~25.9, and 2.62~3.22) • Lack of market liquidity discount (as of September 30, 2024, December 31, 2023, and September 30, 2023, all at 29.39%) 	<ul style="list-style-type: none"> • The higher the multiple, the higher the fair value • The higher the multiple, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value

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

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

			<u>Fair value change reflected in current profit or loss</u>		<u>Fair value change reflected in other comprehensive income</u>	
			<u>Upward or downward change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>
<u>Input</u>	<u>Input</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
September 30, 2024						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,612	(3,612)	-	-
Financial assets at fair value through other comprehensive income						

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	Price-to-earnings ratio	5%	-	-	1,325	(1,325)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	500	(500)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	7,370	(7,370)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	850	(850)
December 31, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,258	(3,258)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	6,313	(6,313)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,155	(2,155)
September 30, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,438	(3,438)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	7,472	(7,472)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,143	(2,143)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	8,370	(8,370)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	680	(680)

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

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

more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXIII) Financial risk management

There were no significant changes in the objectives and policies of the Group's financial risk management comparing to those disclosed in Note VI(XXIV) of the consolidated financial statements for the year ended December 31, 2023.

(XXIV) Capital management

The Group's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. In addition, there were no significant changes in the aggregate quantitative information of capital management items comparing to the information disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note VI(XXV) of the consolidated financial statements of 2023 for relevant information.

(XXV) Investing and financing activities not affecting cash flows

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

	Non-cash changes							
	Cash flows		Addition	Contract termination and reassessment	Changes in foreign exchange rate	Changes in lease payment	Others	2024.9.30
	2024.1.1	from						
Long-term loans	\$ 124,404	(56,646)	-	-	-	-	-	67,758
Short-term loans	1,536	4,518	-	-	(2,857)	-	-	3,197
Lease liabilities	445,234	(152,605)	3,923	(1,805)	15,594	-	-	310,341
Total liabilities from financing activities	<u>\$ 571,174</u>	<u>(204,733)</u>	<u>3,923</u>	<u>(1,805)</u>	<u>12,737</u>	<u>-</u>	<u>-</u>	<u>381,296</u>

	Non-cash changes							
	Cash flows		Addition	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	Others	2023.9.30
	2023.1.1	from						
Long-term loans	\$ 199,334	(56,133)	-	-	-	-	-	143,201
Short-term loans	7,692	187	-	-	156	-	-	8,035
Lease liabilities	540,315	(137,830)	100,771	(389)	2,324	-	(4)	505,187
Total liabilities from financing activities	<u>\$ 747,341</u>	<u>(193,776)</u>	<u>100,771</u>	<u>(389)</u>	<u>2,480</u>	<u>-</u>	<u>(4)</u>	<u>656,423</u>

VII. Related party transactions

(I) Related party name and relationship

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

Related Party	Relationship with the Group
FSP Group USA Corp.	Group's associate
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company

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

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

(II) Significant related party transactions

1. Operating revenue

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Associate	\$ 12,755	17,963	48,905	55,099
Other related party	459,204	377,557	1,345,776	1,466,906
	\$ 471,959	395,520	1,394,681	1,522,005

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:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Other related party	\$ 29,598	40,044	106,410	293,321

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

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

3. Receivables from related parties

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

Accounting Subject	Related party category/name	2024.9.30	2023.12.31	2023.9.30	
Accounts receivable - related parties, net	Associate	\$ 12,482	19,427	18,687	
	Other related party				
		FSP Power Solution GmbH	343,670	202,377	262,778
		Others	<u>349,100</u>	<u>319,404</u>	<u>325,256</u>
		<u>705,252</u>	<u>541,208</u>	<u>606,721</u>	
Other receivables	Associate	1,320	347	423	
	Other related party				
		FSP Power Solution GmbH	16,274	22,252	18,527
		Others	<u>6,375</u>	<u>8,608</u>	<u>9,096</u>
		<u>23,969</u>	<u>31,207</u>	<u>28,046</u>	
		<u>\$ 729,221</u>	<u>572,415</u>	<u>634,767</u>	

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

4. Payables to related parties

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

Accounting Subject	Related party category/name	2024.9.30	2023.12.31	2023.9.30
Accounts payable - related parties	Other related party	<u>\$ 74,266</u>	<u>87,065</u>	<u>64,678</u>

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

5. Purchase of services from related parties

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Associate				
FSP Group USA Corp.	\$ 2,652	2,690	8,236	7,921
Other related party				
Amacrox	1,645	2,213	5,072	7,339
FSP Power Solution GMBH	1,225	1,791	1,955	2,500
Others	8,797	2,123	11,371	3,202
	<u>\$ 14,319</u>	<u>8,817</u>	<u>26,634</u>	<u>20,962</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:

Accounting Subject	Related party category/name	2024.9.30	2023.12.31	2023.9.30
Other payables	Associate	\$ 702	1,279	2,003
	Other related party	21,720	5,332	8,368
		<u>\$ 22,422</u>	<u>6,611</u>	<u>10,371</u>

6. Leases

The Group leased an office to the Chairman of the Company. The balance of lease liabilities as of September 30, 2024, December 31, 2023 and September 30, 2023, were NT\$5,182 thousand, NT\$5,883 thousand, and NT\$6,116 thousand, respectively. The recognized interest expense from July 1 to September 30 and January 1 to September 30, 2024 and 2023 was NT\$24 thousand, NT\$27 thousand, NT\$74 thousand and NT\$86 thousand, respectively.

(III) Compensation for key management personnel

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Short-term employee benefits	\$ 33,703	36,156	52,852	54,323
Post-employment benefits	129	165	467	492
	<u>\$ 33,832</u>	<u>36,321</u>	<u>53,319</u>	<u>54,815</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:

<u>Assets</u>	<u>Pledged to secure</u>	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	\$ 100	100	100
Restricted time deposits (recognized in other non-current assets)	Long-term loan and short-term loan facilities	31,650	-	-
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	164,457	170,455	172,453
Total		<u>\$ 357,284</u>	<u>331,632</u>	<u>333,630</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (I) As of September 30, 2024, December 31, 2023, and September 30, 2023, the guarantee facilities extended by banks for customs and excise duties were NT\$203,000 thousand, NT\$215,000 thousand, and NT\$215,000 thousand, and utilized facilities were NT\$30,000 thousand, NT\$33,000 thousand, and NT\$33,000 thousand, respectively.
- (II) The Group purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Group in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court). O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys'

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

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) The customer of the consolidated company, Zebra Technology Inc. (referred to as Zebra), the printers sold to end customers experienced a fire incident on July 10, 2021, resulting in property losses for the end customers. Some parts of the Zebra printers were sold by the consolidated company to the related party, FSP North America Inc., and then sold to Zebra by FSP North America Inc. Therefore, the insurance company of the end customer, Great American Insurance Company, filed a damage claim against

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

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

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

- (IV) As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had entered into purchase agreements for property, plant and equipment amounting to NT\$505,682 thousand, NT\$16,534 thousand and NT\$21,478 thousand, respectively, and had paid NT\$62,305 thousand, NT\$8,045 thousand and NT\$9,298 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	By function			July to September, 2024			July to September, 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total			
Employee benefits									
Salary expense	336,430	260,617	597,047	199,906	299,962	499,868			
Insurance expense	5,334	22,336	27,670	8,223	21,406	29,629			
Pension expense	24,945	11,682	36,627	12,256	10,989	23,245			
Other employee benefit expense	13,947	11,163	25,110	13,179	8,517	21,696			
Depreciation expenses	73,578	27,742	101,320	70,551	24,566	95,117			
Amortization expenses	64	1,109	1,173	84	1,484	1,568			

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

By function By nature	January to September, 2024			January to September, 2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	932,902	764,576	1,697,478	876,025	775,088	1,651,113
Insurance expense	15,383	64,877	80,260	12,050	59,489	71,539
Pension expense	72,231	34,203	106,434	52,441	32,740	85,181
Other employee benefit expense	38,678	30,781	69,459	34,890	29,925	64,815
Depreciation expenses	219,313	80,539	299,852	210,518	70,881	281,399
Amortization expenses	195	4,003	4,198	278	4,516	4,794

(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 September 30, 2024 is disclosed as follows:

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

Unit: NT\$ thousands

Number	Endorser's company name	Endorsee		Endorsement and guarantee limit for a single enterprise (Note 1)	Highest endorsement and guarantee balance for the current period	Ending balance of endorsement and guarantee	Actual amount disbursed	Endorsement and guarantee amount secured by assets	Accumulated endorsement and guarantee amount as a percentage of the latest financial statement's net worth (Note 2)	Maximum endorsement and guarantee limit (Note 1)	Endorsement and guarantee by parent company for subsidiary	Endorsement and guarantee by subsidiaries to the parent company	Endorsement and guarantee for Mainland China
		Name of Company	Relationship										
0	The Company	FSP Technology Vietnam Co., Ltd.	(Note 3)	3,209,261	32,000	32,000	2,795	32,000	0.20%	6,418,521	Y	N	N

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

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

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

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

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

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Year-end				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock: Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,905,750	72,248	8.25	72,248	
	Fuh Hwa Guardian Fund	—	"	3,504,199	72,386	-	72,386	
	Fuh Hwa Ruei Hua Fund	—	"	1,961,169	23,677	-	23,677	
	Taiwan Technology High Dividend Fund A		"	6,000,000	56,820	-	56,820	
	The maturity of the Fu Hua three to eight-year floating rate notes and bonds (in New Taiwan Dollars)		"	5,000,000	53,427	-	53,427	
	The maturity of the Fu Hua three to eight-year floating rate notes and bonds (in USD)		"	200,000	69,001	-	69,001	
	0056 Yuanta High Dividend		"	200,000	7,732	-	7,732	
	00933B Cathay 10-Year+ Financial Bond		"	-	-	-	-	
The Company	00919 Capital Taiwan High Dividend		Financial assets at fair value through profit or loss	300,000	7,104	-	7,104	
	00939 Unified Taiwan High Interest		"	1,000,000	14,780	-	14,780	
	00940 Yuanta Taiwan High-yield Value		"	1,000,000	9,680	-	9,680	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund		"	400,000	17,764	-	17,764	
	Private equity fund: Heshunhsing Intelligent Mobile LP		"	55,681,818	55,682	1.39	55,682	
	Hong Chi Sustainable Climate Limited Partnership		"	30,000,000	30,000	2.00	30,000	
	Mesh Cooperative Ventures Fund LP		"	30,000,000	30,000	3.08	30,000	
3Y Power	Taiwan Technology High Dividend Fund A		"	2,000,000	18,940	-	18,940	
The Company	Structured products: Credit Agricole CIB Financial Solutions Eight-Year Callable (non-callable in the first twelve months) USD-denominated Structured Product Linked to Equity Indices (Unsecured)		"	750,000	46,129	-	46,129	
					588,854		588,854	
The Company	Stock: Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,174,822	6,429,015	3.62	6,429,015	
	JESS-LINK Products Co., Ltd.	—	"	10,000,000	1,620,000	8.19	1,620,000	
	WT Microelectronics Co., Ltd. (Preferred stock)	—	"	1,000,000	48,350	0.74	48,350	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	"	10,000	9,570	-	9,570	
	Coretronic Corporation		"	400,000	30,680	0.10	30,680	
	TOT BIOPHARM International Co., Ltd.	—	"	1,195,200	9,729	0.15	9,729	
	Eastern Union Interactive Corp.	—	"	830,000	141,797	3.34	141,797	
	WT Microelectronics Co., Ltd.		"	400,000	42,200	0.04	42,200	
	Delta Electronics Inc.		"	10,000	3,805	-	3,805	
	Taiwan Truewin Technology Co., Ltd.		"	1,965,317	147,398	3.51	147,398	
	StockSense Media Technology Co., Ltd.		"	340,000	17,000	3.30	17,000	
	Liwatt X Inc.		"	1,000,000	10,000	14.29	10,000	
	Chenbro Micom Co., Ltd.		"	95,000	25,222	0.08	25,222	
	Champ-ray Industrial Co., Ltd.		"	200,000	17,746	0.75	17,746	
	Quanta Computer Inc.	—	"	10,000	2,640	-	2,640	
	Channel Well Technology Co., Ltd.		"	100,000	6,640	0.04	6,640	
					8,561,792		8,561,792	
FSP Jiangsu	Powerland Technology Inc.	—	"	-	26,494	3.39	26,494	
					8,588,286		8,588,286	

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

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	Shares units: Shares									
					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			3,376,822	5,774,366	-	-	202,000	381,090	953	380,137	3,174,822	6,429,014 (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:

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

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

**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	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(444,762)	(6.05)	Note 1			300,653	11.27	
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	552,910	13.48	Note 4		Note 4	(62,840) (Note 3)	(2.59)	Note 5
The Company	WUXI Zhonghan Technology Co., Ltd.	100% owned investment via indirect shareholding	(Sales)	(205,038)	(3.00)	Note 1			148,142	5.55	Note 5
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(156,407)	2.28	Note 1			43,106	1.62	Note 5
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(262,169)	(3.83)	Note 1			120,851	4.53	
The Company	FSP North America Inc.	Substantive related party of the Company	(Sales)	(234,178)	(3.42)	Note 1			86,259	3.23	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(284,625)	(4.16)	Note 1			120,757	4.53	
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	251,764	6.14	Note 4		Note 4	(30,528) (Note 3)	(1.26)	Note 5
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	174,779	4.26	Note 4		Note 4	(47,122) (Note 3)	1.94	Note 5
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	213,455	5.20	Note 1			(94,414)	(3.89)	Note 5
The Company	Voltronic	The Company is the Director of this company	Purchases	105,467	2.57	Note 6			(74,266)	3.06	
The Company	Zhonghan Tech.	100% owned investment via indirect shareholding	(Sales)	(166,090)	2.43	Note 1			-	-	Note 5
3Y Power	Zhonghan Tech.	Affiliate	(Sales)	(409,912)	(5.99)	Note 1			-	-	Note 5
3Y Power	3Y Power Technology Inc.	100% owned investment via direct shareholding	(Sales)	(161,201)	(2.35)	Note 1			19,085	0.72	Note 5
3Y Power	Huili	Affiliate	Purchases	164,692	21.51	Note 1		Note 4	(17,939) (Note 3)	(0.68)	Note 5

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

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

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

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

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

Note 5: Eliminated under consolidation.

Note 6: 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.

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

Company with accounts receivable	Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	120,851	3.02	-		31,761	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	300,653	2.41	-		30,326	-
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	120,757	4.15	-		29,457	-
The Company	WUXI Zhonghan Technology Co., Ltd.	100% owned investment via indirect shareholding	148,142	2.28	-		37,875	-

Note: As of October 15, 2024.

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	BY Power	1	Cost of goods sold	213,455	No significant difference from other suppliers	2.45%
0	The Company	Huili	1	Cost of goods sold	552,910	No comparison is available	6.33%
0	The Company	Zhonghan	1	Cost of goods sold	251,764	No comparison is available	2.88%
0	The Company	WUXI SPI	1	Cost of goods sold	174,799	No comparison is available	2.00%
0	The Company	WUXI Zhonghan Technology Co., Ltd.	1	Operating revenue	205,038	No significant difference from other customers	2.35%
0	The Company	Zhonghan Tech.	1	Operating revenue	166,090	No significant difference from other customers	1.90%
0	The Company	FSP Technology USA Inc.	1	Operating revenue	156,407	No significant difference from other customers	1.79%
1	BY Power	BY Power Technology Inc.	3	Operating revenue	161,201	No significant difference from other customers	1.85%
1	BY Power	Huili	3	Cost of goods sold	164,692	No comparison is available	1.89%
1	BY Power	Zhonghan Tech.	3	Operating revenue	409,912	No significant difference from other customers	4.70%

Note 1: Fill in the number as per below:

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

Note 2: The relationships with counterparty are as follows:

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

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

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

(II) Information on invested companies:

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

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Year-End Holdings			Profit (Loss) of Investee for the Period	Investment gain (loss) recognized for the period	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount			
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,468,081	1,241,751	39,202,500	100.00	2,244,375	(89,269) (Note 1)	(89,269) (Note 1)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	310	11 (Note 2)	11 (Note 2)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	74,976	3,144 (Note 2)	3,144 (Note 2)	Subsidiary
	3Y Power Technology (Taiwan) Inc.	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	792,561	62,161 (Note 2)	40,947 (Note 2)	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	2,027	76 (Note 2)	76 (Note 2)	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	17,540	11,516 (Note 2)	11,516 (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	19,975	5,273 (Note 2)	4,820 (Note 2)	Subsidiary
	FSP Technology Vietnam Co., Ltd.	Vietnam	Manufacturing of power supply	189,460	92,600	144,570,000	100.00	145,344	(24,100) (Note 2)	(24,100) (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	94,308	(8,584) (Note 2)	-	Sub-subsiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	156,440	(7,252) (Note 1)	-	Sub-subsiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,366,549	(32,707) (Note 1)	-	Sub-subsiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	25,794	(8,195) (Note 2)	-	Sub-subsiary
FSP International Inc. (BVI)	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	38,745	(9,337) (Note 2)	-	Sub-subsiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,054	(81) (Note 2)	-	Sub-subsiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	42,944	2,603 (Note 2)	1,171 (Note 2)	Associate
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	240,856	(25,779) (Note 2)	-	Sub-subsiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	5,738	2,726 (Note 2)	-	Sub-subsiary

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-subsiary 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	379,887	(II), 1	176,873	226,330	-	403,203	(29,557)	100.00	(29,577)	460,619	197,299
Zhonghan	Processing of power supply	233,342 (Note 2)	(II), 1	104,342	-	-	104,342	(7,289)	100.00	(7,289)	154,520	75,044
WUXI SPI	Processing of power supply	752,130 (Note 2)	(II), 1	508,326	-	-	508,326	676	100.00	676	90,302	-
WUXI Zhonghan Technology Co., Ltd.	Manufacturing and trading of power supply	433,245	(II), 1	380,595	-	-	380,595	(33,461)	100.00	(33,461)	896,708	-
Zhonghan Tech.	Manufacturing and trading of power supply	135,690	(II), 1	20,196	-	-	20,196	(26,401)	100.00	(26,401)	771,689	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II), 1	13,380	-	-	13,380	(8,584)	100.00	(7,412)	95,994	-
Protek Dongguan	Processing of power supply	41,105	(II), 1	38,038	-	-	38,038	(8,202)	100.00	(8,202)	25,587	-
Hao Han	Transformer processing	170,418 (Note 2)	(II), 1	-	-	-	-	(9,337)	100.00	(9,337)	38,745	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,292	(II), 2	-	-	-	-	2,726	65.87	1,795	5,738	-

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

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

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

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

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

Note 5: Eliminated under consolidation.

2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,435,606 (Note 2)	2,016,719 (Note 2)	9,627,782
(HK\$ 12,500 thousand and US\$ 42,640 thousand)	(HK\$ 12,500 thousand and US\$ 62,110 thousand)	(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: 1:32.0345, CNY/TWD: 1:4.4280, HKD/TWD: 1:4.1002). Paid-in capital, investment amount approved by the Investment Commission of MOEA, and the carrying amount at the end of the period are based on the exchange rates on September 30, 2024 (USD/TWD: 1:31.6500,

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

CNY/TWD: 1:4.5230, HKD/TWD: 1:4.0750).

3. Significant transactions with the investee company in mainland China:
Please refer to the "Information on Significant Transactions" for direct or indirect material transactions between the Group and investees in China (which have been eliminated during the preparation of consolidated financial statements) from January 1 to September 30, 2024.

4. Information on major shareholders:

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

5. 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.
6. 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.
7. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

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

	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Adjustment and elimination	Total
July to September, 2024							
Revenue:							
Revenue from external customers	\$ 2,191,141	223,038	386,540	151,006	171,762	-	3,123,487
Intersegment revenue	764,781	284,937	3,576	4,872	44,000	(1,102,166)	-
Total revenues	\$ 2,955,922	507,975	390,116	155,878	215,762	(1,102,166)	3,123,487

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

	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan Technology Co., Ltd.	Others	Adjustment and elimination	Total
Reportable segment profit or loss July to September, 2023	\$ 194,638	47,101	(4,698)	(2,099)	(26,722)	3,227	211,447
Revenue:							
Revenue from external customers	\$ 2,534,741	243,869	341,726	121,943	214,264	-	3,456,543
Intersegment revenue	656,118	304,933	2,364	5,317	19,733	(988,465)	-
Total revenues	\$ 3,190,859	548,802	344,090	127,260	233,997	(988,465)	3,456,543
Reportable segment profit or loss January to September, 2024	\$ 392,651	44,384	3,887	(5,913)	10,409	(6,226)	439,192
Revenue:							
Revenue from external customers	\$ 6,154,018	599,970	976,258	429,420	568,418	-	8,728,084
Intersegment revenue	1,843,065	813,536	15,729	12,014	121,994	(2,806,338)	-
Total revenues	\$ 7,997,083	1,413,506	991,987	441,434	690,412	(2,806,338)	8,728,084
Reportable segment profit or loss January to September, 2023	\$ 433,530	106,445	(26,400)	(7,059)	(35,010)	3,530	475,036
Revenue:							
Revenue from external customers	\$ 7,406,056	799,938	1,048,153	375,165	655,194	-	10,284,506
Intersegment revenue	1,955,480	998,074	11,131	10,631	57,696	(3,033,012)	-
Total revenues	\$ 9,361,536	1,798,012	1,059,284	385,796	712,890	(3,033,012)	10,284,506
Reportable segment profit or loss	\$ 615,570	142,265	(9,781)	2,173	(3,545)	(6,243)	740,439

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

The total revenue of the reportable segment and the inter-segment revenue to be eliminated were NT\$1,102,166 thousand, NT\$988,465 thousand, NT\$2,806,338 thousand, and NT\$3,033,012 thousand from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, respectively.