Stock Code: 3015

FSP Technology Inc.

Parent Company Only Financial Statements and Independent Auditors' Report

2022 and 2021

Address: No. 22, Jianguo E. Rd., Taoyuan Dist., Taoyuan City
Tel.: (03) 3759888

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Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have audited the Parent Company Only Financial Statements of FSP Technology Inc. (the "Company"), which comprise the Parent Company Only Balance Sheets as of December 31, 2022 and 2021, and the Parent Company Only Statements of Comprehensive Income, the Parent Company Only Statements of Changes in Equity, the Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2022 and 2021.

In our opinion, based on our audit results and the audit reports prepared by other independent auditors (please refer to Other Matters section), the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021, under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinions

We conducted our audits under the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company by the Certified Public Accountants Code of Professional Ethics in the Republic of China (the "Code"), and we have fulfilled other ethical responsibilities by the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV(XV) for the accounting policy of revenue recognition and Note VI(XXI) for the related disclosure of revenue.

Description of key audit matter:

The sales revenue of the Company is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Company. In addition, the timing of revenue recognition varies with the trading conditions of the customer, and there may be risks that revenue on the days close to the balance sheet date may not be recorded in the correct period. Therefore, the recognition of income on the days close to the balance sheet date and the judgment of the commodity control transfer point is extremely important for the presentation of financial statements. Therefore, we consider the income recognition as an important matter in the audit of the financial statements for the current year.

Audit procedure to address the matter:

We performed the following audit procedure in respect of the above key audit matter:

- Tested the effectiveness of the design and implementation of the internal control mechanism about revenue recognition.

- Conducted trend analysis for the top ten customers, including a comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.

- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.

- Reviewed samples of sales transactions for a specified period before and after the balance sheet date to assess whether the timing of revenue recognition is appropriate.

Other Matters

Included in the investment of the Company using the equity method, and financial statements of some investment companies have not been audited by us, but by other accountants. Therefore, in the opinions expressed by us on the parent company only financial statements, the amounts listed in the financial statements of some investment companies are based on the audit reports of other CPAs. As of December 31, 2021 and 122, the number of long-term equity investments recognized accounted for 4.30% and 3.58% of the total assets, respectively, and the shares of subsidiaries, affiliated enterprises and joint venture recognized in profits and losses using the equity method for such investments accounted for 15.66% and 10.11% of the net profit before tax, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintaining internal controls which are necessary for the preparation of the Parent Company Only Financial Statements to avoid material misstatements due to fraud or errors therein.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters and adopting the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted by the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken based on these Parent Company Only Financial Statements.

When auditing under auditing standards, we use professional judgments and professional suspicions. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the disclosures, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies under the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the Company

audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the Company's Parent Company Only Financial Statements for the year ended December 31, 2022. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
The engagement partners on the audit resulting in this independent auditors' report are Chang, Chun-I and Chao, Min-Ju.

KPMG Taiwan
Taipei, Taiwan (Republic of China)
March 10, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows by 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 consolidated financial statements shall prevail.

FSP Technology Inc.

Parent Company Only Balance Sheets

December 31, 2021 and 2022

Unit: NT$ thousands

		2022.12.31		2021.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current Assets:**				
1100	Cash and cash equivalents (Note VI(I))	$ 2,390,487	13	1,683,746	9
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	293,290	2	316,390	2
1136	Financial assets at amortized cost - current (Note VI(IV))	-	-	10,800	-
1150	Net notes receivable (Note VI(V) and (XXI))	1,791	-	2,682	-
1170	Net accounts receivable (Note VI(V) and (XXI))	1,922,560	11	2,359,536	13
1180	Net accounts receivable - related parties (Note VI(V), (XXI) and VII)	802,722	5	985,345	5
1200	Other receivables (Note VI(VI))	34,519	-	16,480	-
1210	Other receivables - related parties (Notes VI(VI) and VII)	36,107	-	40,968	-
130x	Inventories (Note VI(VII))	1,879,414	10	2,162,501	12
1410	Prepayments (Note VII)	26,326	-	65,083	-
1470	Other current assets	12,097	-	14,822	-
	Total current assets	7,399,313	41	7,658,353	41
15xx	**Non-current Assets:**				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(III) and (XIX))	6,350,320	36	6,736,644	37
1550	Investments recognized through the equity method (Note VI(VIII) and (IX))	2,987,232	17	2,944,275	16
1600	Property, plant and equipment (Notes VI(X), (XIII), and (XIV), VIII and IX)	967,991	5	966,351	5
1755	Right-of-use assets (Note VI(XI) and (XV))	48,373	-	49,919	-
1780	Intangible assets (Note VI(XII))	119,139	1	117,968	1
1840	Deferred income tax assets (Note VI(XVIII))	53,246	-	67,326	-
1900	Other non-current assets (Notes VI(X), VIII and IX)	3,767	-	3,844	-
	Total non-current assets	10,530,068	59	10,886,327	59
1xxx	**Total assets**	$ 17,929,381	100	18,544,680	100

		2022.12.31		2021.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current Liabilities:**				
2150	Notes payable	$ 13,057	-	14,445	-
2170	Accounts payable	2,607,891	15	3,417,288	19
2180	Accounts payable - related parties (Note VII)	439,919	3	330,210	2
2200	Other payables (note VI(XVII) and (XXII))	891,094	5	825,993	5
2220	Other payables - related parties (Note VII)	30,153	-	47,611	-
2230	Current income tax liabilities	86,960	-	111,599	1
2250	Provisions for liabilities - current (Note VI(XVI))	131,155	1	146,223	1
2280	Lease liabilities - current (Note VI(XV))	3,483	-	3,040	-
2300	Other current liabilities (Note VI(XIV), (XXI) and VII)	137,945	1	64,258	-
2320	Current portion of long-term debt (Notes VI(X) and (XIV), and VIII)	74,930	-	73,014	-
	Total current liabilities	4,416,587	25	5,033,681	28
25xx	**Non-current Liabilities:**				
2540	Long-term borrowings (Notes VI(X) and (XIV), and VIII)	124,404	1	199,334	1
2570	Deferred income tax liabilities (Note VI(XVIII))	4,502	-	2,919	-
2580	Lease liabilities - non-current (Note VI(XXV))	47,517	-	49,239	-
2640	Net defined benefit liabilities - non-current (Note VI(XVII))	8,511	-	44,234	-
2670	Other non-current liabilities - others (Notes VI(XIV) and VII)	4,726	-	6,312	-
	Total non-current liabilities	189,660	1	302,038	1
2xxx	**Total liabilities**	4,606,247	26	5,335,719	29
31xx	**Equity (Note VI(III), (VIII), (IX), (XVII), (XVIII) and (XIX)):**				
3100	Capital Stock	1,872,620	10	1,872,620	10
3200	Capital Surplus	1,011,016	6	1,011,016	5
3300	Retained earnings:				
3310	Legal reserve	1,175,322	6	1,033,544	6
3350	Unappropriated earnings	3,713,296	21	3,209,195	17
	Total retained earnings	4,888,618	27	4,242,739	23
34xx	Other Equity:				
3410	Exchange differences in translation of financial statements of foreign operations	(77,427)	-	(117,703)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	5,628,307	31	6,200,289	34
	Total other equity	5,550,880	31	6,082,586	33
3xxx	**Total equity**	13,323,134	74	13,208,961	71
2-3xxx	**Total liabilities and equity**	$ 17,929,381	100	18,544,680	100

(Please see accompanying notes to the Parent Company Only Financial Statements)

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

FSP Technology Inc.

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: NT$ thousands

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating income (Note VI(XXI) and VII)**	$ 10,831,532	100	12,319,833	100
5000	**Operating costs (Notes VI(VII), (X), (XI), (XII), (XVI), and (XVII), VII and XII)**	9,056,686	84	10,483,687	85
5910	Add: Unrealized sales gains (losses)	(4,269)	-	(10,948)	-
5900	**Gross profit**	1,770,577	16	1,825,198	15
6000	**Operating expenses (Note VI(V), (X), (XI), (XII), (XV), (XVII), (XXII), VII and XII):**				
6100	Selling and marketing expenses	440,189	4	445,124	4
6200	General and administrative expenses	458,921	4	487,276	4
6300	Research and development expenses	387,628	3	363,444	3
6450	Expected credit impairment losses (gains)	(6,290)	-	3,828	-
	Total operating expenses	1,280,448	11	1,299,672	11
6900	**Net operating income**	490,129	5	525,526	4
7000	**Non-operating income and expenses (Note VI(II), (III), (VIII), (VIX), (XIV), (XV), (XXIII) and VII)**				
7100	Interest income	12,449	-	2,375	-
7010	Other income	144,206	1	148,325	1
7020	Other gains and losses	168,638	2	(512)	-
7050	Finance costs	(7,061)	-	(3,867)	-
7070	Share of profits (losses) of subsidiaries, associates and joint ventures under equity method	41,534	-	202,618	2
	Total non-operating income and expenses	359,766	3	348,939	3
7900	**Income before income tax from continuing operations**	849,895	8	874,465	7
7950	**less: income tax expense (Note VI(XVIII))**	128,864	1	120,383	1
8200	**Net Income**	721,031	7	754,082	6
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss (Note VI(XVII), (XVIII) and (XIX))**				
8311	Gains (losses) on re-measurements of defined benefit plans	25,058	-	6,610	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(50,513)	-	1,854,340	15
8330	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	1,297	-	246	-
8349	Less: Income tax related to items that will not be reclassified subsequently	5,012	-	1,322	-
	Total items that will not be reclassified to profit or loss	(29,170)	-	1,859,874	15
8360	**Items that may be reclassified subsequently to profit or loss (Note VI(VIII) and (XIX))**				
8361	Exchange differences in translation of financial statements of foreign operations	36,894	-	(27,216)	-
8380	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under the equity method	3,382	-	(809)	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	40,276	-	(28,025)	-
8300	**Other comprehensive income for the current period**	11,106	-	1,831,849	15
8500	**Total comprehensive income for the current period**	$ 732,137	7	2,585,931	21
	Earnings per share (unit: NTD) (Note VI(XX))				
9750	Basic earnings per share	$	3.85		4.03
9850	Diluted earnings per share	$	3.81		3.99

(Please see accompanying notes to the Parent Company Only Financial Statements)

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

FSP Technology Inc.

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NT$ thousands

	Capital stock - common shares	Capital Surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated earnings	Retained earnings: Total	Other equity items: Exchange differences in translation of financial statements of foreign operations	Other equity items: Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other equity items: Total	Total Equity
Balance as of January 1, 2021	$ 1,872,620	1,011,016	940,416	2,446,328	3,386,744	(89,678)	5,004,114	4,914,436	11,184,816
Appropriation and distribution of earnings:									
Legal reserve	-	-	93,128	(93,128)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)
Net Income	-	-	-	754,082	754,082	-	-	-	754,082
Other comprehensive income for the current period	-	-	-	5,534	5,534	(28,025)	1,854,340	1,826,315	1,831,849
Total comprehensive income for the current period	-	-	-	759,616	759,616	(28,025)	1,854,340	1,826,315	2,585,931
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	658,165	658,165	-	(658,165)	(658,165)	-
Balance as of December 31, 2021	1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	13,208,961
Appropriation and distribution of earnings:									
Legal reserve	-	-	141,778	(141,778)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(617,964)	(617,964)	-	-	-	(617,964)
Net Income	-	-	-	721,031	721,031	-	-	-	721,031
Other comprehensive income for the current period	-	-	-	21,343	21,343	40,276	(50,513)	(10,237)	11,106
Total comprehensive income for the current period	-	-	-	742,374	742,374	40,276	(50,513)	(10,237)	732,137
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	521,469	521,469	-	(521,469)	(521,469)	-
Balance as of December 31, 2022	$ 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

(Please see accompanying notes to the Parent Company Only Financial Statements)

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

FSP Technology Inc.

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NT$ thousands

	2022	2021
Cash flows from operating activities:		
Income before income tax	$ 849,895	874,465
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	65,293	62,893
Amortization expenses	5,960	2,576
Expected credit impairment losses (gains)	(6,290)	3,828
Interest expenses	7,061	3,867
Interest income	(12,449)	(2,375)
Dividend income	(127,003)	(122,933)
Share of profits of subsidiaries, associates and joint ventures	(41,534)	(202,618)
Loss on disposal of property, plant, and equipment	644	656
Unrealized sales gains (losses)	4,269	10,948
Unrealized loss on foreign currency exchange	29,440	20,737
Gains on lease modifications	-	(80)
Gains on bargain purchase	-	(2,523)
Total adjustments for profit or loss	(74,609)	(225,024)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	23,100	(38,770)
Notes receivable	891	(2,256)
Accounts receivable	440,984	(89,006)
Accounts receivable - related parties	182,623	(236,097)
Other receivables	(17,828)	4,035
Other receivables - related parties	4,861	8,697
Inventories	283,087	(535,092)
Prepayments	38,757	(35,691)
Other current assets	2,725	819
Total changes in operating assets	959,200	(923,361)
Changes in operating liabilities:		
Notes payable	(1,388)	(556)
Accounts payable	(830,676)	(101,854)
Accounts payable - related parties	109,949	2,907
Other payables	51,571	219,472
Other payables - related parties	(17,522)	5,747
Provisions for liabilities	(15,068)	(10,967)
Other current liabilities	73,459	8,235
Net defined benefit liabilities	(10,665)	(6,374)
Other non-current liabilities	(1,358)	3,919
Total changes in operating liabilities	(641,698)	120,529
Total changes in operating assets and liabilities	317,502	(802,832)
Total adjustments	242,893	(1,027,856)
Cash provided by operations	1,092,788	(153,391)
Interest received	12,404	2,441
Interest paid	(7,061)	(3,867)
Income tax paid	(142,852)	(77,574)
Net cash provided by operating activities	955,279	(232,391)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(187,324)	(296,047)
Disposal of financial assets at fair value through other comprehensive income	523,135	660,425
Acquisition of financial assets at amortized cost	-	(10,959)
Disposal of financial assets at amortized cost	10,959	-
Acquisition of investments accounted for using the equity method	-	(22,640)
Acquisition of property, plant, and equipment	(56,992)	(124,320)
Disposal of property, plant and equipment	-	7
Decrease in refundable deposits	76	1,503
Acquisition of intangible assets	(7,131)	(5,684)
Dividends received	162,884	155,552
Net cash flows from investing activities	445,607	357,837
Cash flows from financing activities:		
Proceeds from long-term loans	-	181,989
Repayments of long-term loans	(73,014)	(18,094)
Repayment of the principal of lease liabilities	(3,167)	(5,087)
Cash dividends paid	(617,964)	(561,786)
Net cash flows used in financing activities	(694,145)	(402,978)
Net increase (decrease) in cash and cash equivalents	706,741	(277,532)
Cash and cash equivalents at the beginning of the year	1,683,746	1,961,278
Cash and cash equivalents at the end of the year	**$ 2,390,487**	**1,683,746**

(Please see accompanying notes to the Parent Company Only Financial Statements)

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

FSP Technology Inc.
Notes to Parent Company Only Financial Statements
2022 and 2021
(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 is 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

The Parent Company Only Financial Statements were authorized for issue by the Board of Directors on March 10, 2023.

III. Application of New and Amended Standards and Interpretations

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

The Company has initially adopted the following new amendments to IFRS since January 1, 2022, and there was no significant impact on the Parent Company Only Financial Statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The Company assesses that the adoption of the following new amendments effective from January 1, 2023 will not have a significant impact on the Parent Company Only Financial Statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(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 Company, have been issued by the IASB, but not yet endorsed by the FSC:

New or Amended Standards	Content of Amendment	Effective Date per International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and It's Associate or Joint Venture"	When the investor sells or contributes its subsidiary to an associate, or a joint venture and the asset sold or contributed constitutes a business, full gain or loss should be recognized on the loss of control of a business. If the asset sold or contributed does not constitute a business, unrealized gains and losses should be calculated according to the shareholding percentage and partial gain or loss should be recognized.	To be determined by International Accounting Standards Board
Amendments to IAS 1 "Classification of liabilities as current or non-current"	The current IAS 1 stipulates those liabilities for which an enterprise has not unconditionally deferred the repayment period to at least twelve months after the reporting period shall be classified as current. The amendment deletes the provision that the right should be unconditional, change modifies to the provision that the right must exist on the end date of the reporting period and must have substance. The amendment clarifies how companies should classify liabilities repaid by issuing their equity instruments (such as convertible corporate bonds).	January 1, 2024

The Company 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 Company completes the evaluation.

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendment to IFRS 17“Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendment to IFRS 16 “Requirements on Sales and Leaseback Transactions”

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Parent Company Only Financial Statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the Parent Company Only Financial Statements.

(I) Compliance declaration

The Company's accompanying Parent Company Only Financial Statements have been prepared under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Preparation basis

1. Measurement basis

The Parent Company Only Financial Statements have been prepared on a historical cost basis except for the following items:

(1) Financial assets measured at fair value through profit or loss;

(2) Financial assets measured at fair value through other comprehensive income;

(3) Defined benefit liability, which is measured based on pension fund assets plus unrecognized service costs in the previous period and unrecognized actuarial losses, less unrecognized actuarial gains, the present value of defined benefit obligations and the effect of the asset ceiling as mentioned in Note IV(XVII).

2. Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The Parent Company Only Financial Statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency based on the exchange rates at the date when the fair value is determined, whereas non-monetary items denominated in foreign currencies measured at historical costs are translated using the exchange rates at the dates of the transactions. The resulting exchange differences are generally recognized in profit or loss, except for the equity instruments designated to be measured at fair value through other comprehensive income, whose exchange differences are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the period and the resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in loss of control, joint control or significant impact, the cumulative exchange difference associated with the foreign operations is fully reclassified as profit or loss. When some of the investments of affiliated enterprises or joint ventures involving foreign operations are disposed of, the relevant cumulative exchange differences are reclassified to profit or loss on a pro rata basis.

(IV) Classification criteria for current and non-current assets and liabilities

Assets are classified as current assets when one of the following criteria is met, and all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
2. Assets held mainly for trading purposes.
3. Assets that are expected to be realized within twelve months after the balance sheet date.
4. Cash or cash equivalents, excluding restricted cash or cash equivalents that are reserved for exchange, debt repayment or under other restrictions for more than twelve months after the balance sheet date.

Liabilities are classified as current liabilities when one of the following criteria is met, and all other liabilities are classified as non-current liabilities:

1. It is expected to be settled in the normal operating cycle.
2. Assets held mainly for trading purposes.
3. Liabilities that are expected to be settled upon maturity within twelve months after the balance sheet date.
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash consists of cash on hand, checking account deposits and saving account deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the criteria and are held for fulfilling short-term cash commitments rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents. Financial instruments

(VI) Financial instruments

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets (excluding accounts receivable without a significant financing component) and financial liabilities that are not measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of these financial assets or financial liabilities. Accounts receivable without a significant financing component are initially measured at the transaction price.

1. Financial assets

The Company applies trade date accounting to all regular way purchases or sales of financial assets that are classified in the same way.

At initial recognition, financial assets are classified into the following categories: Financial assets at amortized cost, investments in equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss. When the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the next reporting period.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost if all of the following conditions are met, and the financial assets are not designated as measured at fair value through profit or loss:

- Financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows.

- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, using initially recognized amount plus or minus cumulative amortization calculated by adopting the effective interest method and taking into account the adjustment of allowance for impairment loss as well. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

At initial recognition of investments in equity instruments that are not held for trading, the Company may make an irrevocable election to present subsequent changes in the fair value of the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss unless the dividend represents the recovery of part of the investment cost. Other net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the date that the Company is eligible to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. At initial recognition, the Company may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or fair value through other comprehensive income, to the category measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

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

(4) Impairment of financial assets

The Company recognizes loss allowance for expected credit loss on financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and refundable deposits.

The Group measures loss allowance for notes and accounts receivable at the amount equal to lifetime expected credit loss. Taking into account reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment, as well as forward-looking information, the Company measures the impairment of financial assets at amortized cost according to 12-month expected credit loss when the credit risk of the financial assets has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the impairment is measured based on lifetime expected credit loss.

Lifetime expected credit loss refers to the expected credit loss resulting from all possible default events over the expected life of the financial instrument.

12-Month expected credit loss refers to the expected credit loss resulting from default events of the financial instrument that are likely to occur within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The maximum period considered when estimating expected credit loss is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of credit loss over the expected life of financial instruments. Credit loss is measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company following the contracts and the cash flows that the Company expects to receive). Expected credit loss is discounted at the effective interest rate of the financial assets.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of provision or reversal of loss allowance is recognized in profit or loss.

The carrying amount of the financial assets are written off when the Company has no reasonable expectation of recovering the entire or part of the financial assets. The Company individually assesses with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects there will be no significant reversal on the write-off amount. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the financial asset in which almost all of the risks and returns associated with the ownership of the financial asset are transferred to other companies or in which the Company neither transfers nor retains nearly all of the risks and returns of ownership and it does not hold control on the financial asset.

When the Company enters into transactions of financial asset transfer, if all or almost all of the risks and returns associated with the ownership of the transferred asset are retained, the transferred asset continues to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity instruments

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

(2) Financial liabilities

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

(3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or canceled, or has expired. The Group also derecognizes a financial liability when its terms are amended and the cash flows of the amended liability are substantially different, in which case a new financial liability based on the amended terms is recognized at fair value.

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

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VII) Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition ready for sale. The variable manufacturing expenses are allocated based on the actual production volume. Fixed manufacturing expenses are allocated to finished goods and work in process based on the normal capacity of the production equipment. Unallocated fixed manufacturing expenses resulting from lower production capacity or idle equipment shall be recognized as the cost of goods sold in the period in which they are incurred. If actual production volume is higher than the normal production capacity, the difference is recognized as a reduction of cost of goods sold. The monthly weighted-average method is adopted for the calculation of the costs.

Inventories are measured at the lower cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is recognized in the cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold for the period.

(VIII) Investments in associates

An associate is an entity in which the Company has significant influence, but no control over its financial and operating policies. The Company is deemed to have significant influence when it holds 20% to 50% of the voting rights of the investee company.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are recognized initially at cost. Subsequent adjustments are based on the changes in the Company's share of net assets. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated investors' interests in the associate.

When the Company's share of losses of an associate equal or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part of the interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income about that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss or retained earnings on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss or retained earnings when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss or retained earnings.

(IX) Investments in subsidiaries

When preparing the Parent Company Only Financial Statements, investment in subsidiaries that are controlled by the Company is accounted for using the equity method. Under the equity method, profit or loss and other comprehensive income recognized in the Parent Company Only Financial Statements are in line with profit or loss and other comprehensive income attributable to owners of the Parent in the consolidated financial statements. In addition, shareholder's equity in the Parent Company Only Financial Statements is in line with the equity attributable to the shareholders of the parent in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(X) Property, Plant, and Equipment

1. Recognition and measurement

   Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

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

   Any gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Housing and Construction	1~50 years
Buildings and Building Improvements	5~10 years
Machinery	1~19 years
Transportation Equipment	4~11 years
Other Equipment	1~26 years

The Company reviews depreciation methods, useful lives and residual values on each reporting date and makes appropriate adjustments when necessary.

(XI) Leases - Lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset is impaired and recognizes any impairment loss that has occurred. The right-of-use asset is adjusted when the remeasurement of the lease liabilities takes place.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date. If the interest rate implied by the lease is easy to determine, it would be used as the discount rate. If the implied interest rate is not easy to determine, the Company's incremental borrowing rate is applied. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

1. Fixed payments, including in-substance fixed payments;

2. Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;

3. Amounts expected to be payable under residual value guarantees; and

4. The exercise price of a purchase option or payments of penalties for exercising the option to terminate the lease, if the lessee is reasonably certain to exercise that option.

The interests of lease liabilities are subsequently calculated using the effective interest method and lease liabilities are remeasured when:

1. There is a change in future lease payments arising from the change in an index or rate;

2. There is a change in the estimate of the amount expected to be payable under a residual value guarantee;

3. There is a change in the assessment of the purchase option of the underlying asset;

4. There is a change in the lease term assessment resulting from a change in the estimate regarding whether the extension or termination option will be exercised;

5. There is any modification in the lease subject, scope of the lease or other clauses.

When the lease liability is remeasured under the above-mentioned circumstances other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

When the lease liability is remeasured due to lease modification that decreases the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes the difference between the carrying amount of the right-of-use asset and the remeasurement amount of lease liability in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the Balance Sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for certain short-term leases of buildings and construction, machinery and equipment, and transportation equipment leases and for leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company applies the practical expedient to the rent concessions that meet all of the following criteria without assessing if they are lease modification.

1. Rent concession is a direct consequence of the COVID-19 pandemic;

2. As a result of the change in lease payments, revised consideration for the lease is almost the same as, or less than, the consideration for the lease before the change;

3. Any reduction in lease payments affects only payments originally due on or before June

30, 2022; and

4. There is no change in substance to the other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments arising from rent concessions are recognized in profit or loss for the reporting period.

(XII) Intangible assets

1. Recognition and measurement

Goodwill of the Company occurred in the business combination before the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Company elected to restate only those business combinations that occurred after January 1, 2012 (inclusive). For acquisitions made before January 1, 2012, the amount of goodwill was recognized by the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009, and Accounting Standards and related interpretations (hereinafter referred to as "previously generally accepted accounting principles") issued by the Accounting Research and Development Foundation of the Republic of China.

The company’s other separately acquired intangible assets with finite useful lives, including software and patents, are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible asset when it becomes available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software cost	1~5 years
Patent	91 months

The Company reviews the amortization method, useful life and residual value of the intangible assets on each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Company assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories, deferred income tax assets, employee benefit related assets) may be impaired. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested for impairment on an annual basis.

For impairment testing, assets are divided into the smallest group of identifiable assets that generates cash inflows largely independent of the cash inflows from other individual asset or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its value in use and its fair value fewer costs to sell. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss has been recognized for the assets in prior years.

(XIV) Provisions for liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, the Company will probably be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for maintenance is recognized when the underlying products or services are sold. The provision is estimated based on historical maintenance rates and maintenance cost per unit.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Transfer of control of the product occurs when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to the specific location, the risks of obsolescence and loss are transferred to the customer, and either the customer accepts the products according to the sales contract with the acceptance provisions being invalid or the Company has objective evidence that all criteria for acceptance have been satisfied.

(XVI) Government grant

When the Company can receive a government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Company recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received. The above deferred income is recognized as non-operating income over the estimated useful lives of the related assets on a systematic basis. If the government grant is used to compensate the Company's expenses or losses, such government grant is recognized in profit or loss over the period necessary to match it with the related expenses, for which it is intended to compensate, on a systematic basis.

(XVII) Employee benefits

1. Defined contribution plans

   Obligations for contributions to defined contribution pension plans are expensed during the period in which employees render services.

2. Defined benefit plans

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

   The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation result may be beneficial to the Company, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, the minimum contribution requirements are considered.

The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest). The remeasurements of the net defined benefit liability are recognized in other comprehensive income and reflected in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) is calculated based on the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the amount of changes in benefits related to the past service costs or reduced benefits or losses are recognized in profit or loss. When the settlement occurs, the Company shall recognize the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are expensed during the period in which employees render services. If the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees and the obligation can be estimated reliably, the amount of payments is recognized as a liability.

(XVIII) Income Tax

Income taxes comprise current taxes and deferred income taxes. Current and deferred income taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

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

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income taxes are not recognized for the following temporary differences:

1. Temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company can control the timing of the reversal of

the temporary differences and probably they will not reverse in the foreseeable future; and

3. Taxable temporary differences arising from the initial recognition of goodwill.

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

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

Deferred income tax assets and deferred income tax liabilities are offset when the following criteria are met:

1. The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and

2. The deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:

   (1) The same taxable entity; or

   (2) Different taxable entities which intend to settle current income tax assets and income tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered or significant amounts of deferred income tax liabilities are expected to be settled.

(XIX) Business combinations

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the acquisition-date fair value of consideration transferred, including the amount of non-controlling interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Company recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

On a transaction-by-transaction basis, the Company measures any non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation.

(XX) Earnings per Share

The basic and diluted EPS attributable to stockholders of the Company is disclosed in the Parent Company Only Financial Statements. Basic EPS of the Company is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include estimates of employee compensation.

(XXI) Segment Information

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the Parent Company Only Financial Statements.

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

The preparation of the Parent Company Only Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

The Parent Company Only Financial Statements involve material judgment as to whether the Company has substantive control over the investee, FSP Group USA Corp. and it has a material impact on the amounts recognized in the Parent Company Only Financial Statements. Please refer to the consolidated financial statements for the related information.

In the Parent Company Only Financial Statements, no accounting policy involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Parent Company Only Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

		2022.12.31	2021.12.31
Cash on hand	$	2,180	1,458
Deposits in saving accounts		1,000,164	940,156
Deposits in checking accounts		2,487	2,021
Time deposits		1,385,656	740,111
	$	2,390,487	1,683,746

Please refer to Note VI(XXIV) for the disclosure of interest rate risk of the Company's financial assets and liabilities. Financial assets at fair value through profit or loss

(II) Financial assets at fair value through profit or loss

		2022.12.31	2021.12.31
Financial assets are mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Beneficiary certificates	$	203,658	232,758
Private equity funds		18,000	12,000
Foreign unlisted stocks		71,632	71,632
Total	$	293,290	316,390

The Company recognized dividend income of thousand NT$592 and NT$420 thousand in 2022 and 2021 respectively from the above financial assets at fair value through profit or loss.

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

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

(III) Financial assets at fair value through other comprehensive income

		2022.12.31	2021.12.31
Equity instruments at fair value through other comprehensive income			
Domestic listed stock - Voltronic Power Technology Corp.	$	5,665,240	6,213,715
Domestic listed stock - JESS-LINK Products Co., Ltd.		400,000	351,144
Domestic listed stock - WT Microelectronics Co., Ltd.		47,750	48,950
Domestic listed stock - Taiwan Cement Corp.		1,851	2,400
Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.		4,485	6,150
Domestic over-the-counter (OTC) stock - Coretronic Corporation		56,900	-
Foreign listed stocks		11,302	18,118
Domestic unlisted stocks		162,792	96,167
Total	$	6,350,320	6,736,644

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

   The Company 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 Company recognized dividend income of NT$126,411 thousand and NT$122,513 thousand in 2022 and 2021 respectively from the above investments in equity instruments designated as measured at fair value through other comprehensive income.

   To meet the needs of funding plan, the Company divested the shares of Voltronic Power Technology Corp. designated at fair value through other comprehensive income in 2022 and 2021 and the fair value at the time of disposal was NT$523,135 thousand and NT$660,425 thousand with disposal gains of NT$521,469 thousand and NT$658,165 thousand, respectively.

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

(IV) Financial assets at amortized cost

	2022.12.31	2021.12.31
Corporate bond - Novaland Group (NVL)	$ -	10,800
Less: Allowance for impairment loss	-	-
Total	**$ -**	**10,800**

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

1. In June 2021, the Company purchased corporate bonds with a maturity of 18 months from Novaland Group (NVL) with a coupon rate of 10.00% at a par value of NT$10,959 thousand, which matured in December 2022.

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

(V) Notes receivable and accounts receivable

	2022.12.31	2021.12.31
Notes receivable	$ 1,791	2,682
Accounts receivable	1,946,818	2,392,342
Accounts receivable - related parties	802,722	985,345
Less: Allowance for impairment loss	(24,258)	(32,806)
	$ 2,727,073	**3,347,563**

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

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

Analysis of expected credit loss on notes receivable and accounts receivable of the Company was as follows:

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 2,457,331	0.46	11,182
Past due within 30 days	72,291	7.58	5,478
Past due 31-60 days	3,285	23.93	786
Past due 61-90 days	2,846	46.14	1,313
	$ 2,535,753		18,759

The carrying amount of the above notes and accounts receivable did not include the account receivable due from subsidiaries and a specific customer, amounting to NT$188,085 thousand and NT$27,493 thousand, respectively.

Due to poor recovery of the account receivable due from this customer, the Company has specifically recorded an allowance for loss of NT$5,499 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

	2021.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 3,007,546	0.35	10,532
Past due within 30 days	109,271	14.41	15,748
Past due 31-60 days	2,464	40.57	1,000
Past due 61-90 days	2,717	72.80	1,978
Past due 91-120 days	78	82.48	64
Past due over 121 days	2,412	100.00	2,412
	$ 3,124,488		31,734

The carrying amount of the above notes and accounts receivable did not include the account receivable due from subsidiaries and a specific customer, amounting to NT$250,520 thousand and NT$5,361 thousand, respectively.

Due to poor recovery of the account receivable due from this customer, the Company has specifically recorded an allowance for loss of NT$1,072 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.

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

	2022	2021
Beginning balance	$ 32,806	29,810
Impairment losses recognized (reversed)	(6,290)	3,828
Write-off	(2,258)	(832)
Ending balance	**$ 24,258**	**32,806**

(VI) Other receivables

	2022.12.31	2021.12.31
Other receivables	$ 34,519	16,480
Other receivables - related parties	36,107	40,968
Less: Allowance for impairment loss	-	-
	$ 70,626	**57,448**

As of December 31, 2022 and 2021, there were no overdue for all other receivables (including related parties). Inventories

(VII) Inventories

	2022.12.31	2021.12.31
Finished goods	$ 1,051,801	1,039,194
Work in process	417,950	491,915
Raw materials	409,663	631,392
	$ 1,879,414	**2,162,501**

Breakdown of cost of goods sold:

	2022	2021
Inventories sold	$ 8,868,064	10,347,849
Loss of inventory write-down	59,459	14,795
Unallocated manufacturing expense	99,915	87,786
Loss of inventory obsolescence	29,244	33,086
Loss on inventory	4	171
	$ 9,056,686	**10,483,687**

As of December 31, 2022 and 2021, the Company did not pledge any inventories as collateral.

(VIII) Investments Accounted for Using the Equity Method

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

		2022.12.31	2021.12.31
Subsidiary	$	2,953,032	2,917,328
Associate invested through subsidiary		34,200	26,947
	$	2,987,232	2,944,275

1. Subsidiary

   Please refer to the consolidated financial statements for the year 2022.

2. Associate invested through subsidiary

   The financial information of insignificant associates that are invested through subsidiary and the Company adopts the equity method for recognition is summarized below. The amount is included in the Parent Company Only Financial Statements.

		2022.12.31	2021.12.31
The carrying number of investments in associates that were not individually material to the Group at the end of the period	$	34,200	26,947

		2022	2021
Attributable to the Company:			
Income from Continuing Operations	$	3,612	3,284
Other comprehensive income		3,382	(809)
Total comprehensive income	$	6,994	2,475

3. Collateral

   As of December 31, 2022 and 2021, the Company did not pledge any investments accounted for under the equity method as collateral.

(IX) Business combinations

To expand its business in Turkey, on May 31, 2021, the Company acquired control over FSP Turkey Dis Tic Ltd. Sti. (Hereinafter referred to as FSP Turkey) by acquiring 91.41% of its stock equity for NT$22,640 thousand (US $800 thousand).

For the seven months from the acquisition date to December 31, 2021, the revenue and net profit contributed by FSP Turkey amounted to NT$49,700 thousand and NT$4,951 thousand, respectively. If the acquisition had occurred on January 1, 2021, management estimates that the Company's net income in 2021 would have reached NT$755,328 thousand. When estimating these amounts, management has assumed that the fair value adjustments on the date of acquisition had been the same and the acquisition had occurred on January 1, 2021.

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

The fair values of the major categories of consideration transferred at the date of acquisition were as follows:

Cash	**$**	**22,640**

As of May 31, 2021, the fair value of identifiable assets and liabilities was as follows:

Cash and cash equivalents	$	26,472
Net notes receivable		494
Net accounts receivable		11,899
Inventories		16,528
Prepayments		6,172
Other current assets		309
Property, Plant, and Equipment		736
Other Non-Current Assets		2
Accounts payable		(8,796)
Other payables		(19,665)
Other current liabilities		(6,624)
	$	**27,527**

Gains on bargain purchase arising from acquisition:

Transfer Price	$	22,640
Add: Non-controlling interests (measured by non-controlling interest's proportionate share of identifiable net assets)		2,364
Less: The fair value of identifiable net assets		(27,527)
Gains on bargain purchase (recognized in other income)	**$**	**(2,523)**

(X) Property, Plant, and Equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment for 2022 and 2021 of the Company were as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Construction is in progress and equipment is under installation	Total
Cost or deemed cost:								
Balance as of January 1, 2022	$ 264,211	809,633	4,076	229,073	3,493	244,889	27,875	1,583,250
Addition	-	33,660	39	13,302	-	17,069	73	64,143
Disposal and obsolescence	-	(1,447)	-	(1,393)	-	(8,429)	-	(11,269)
Reclassification	-	26,536	-	726	-	613	(27,875)	-
Balance as of December 31, 2022	$ 264,211	868,382	4,115	241,708	3,493	254,142	73	1,636,124
Balance as of January 1, 2021	$ 264,211	686,117	3,725	209,814	1,908	222,081	76,595	1,464,451
Addition	-	53,120	351	20,533	1,585	21,917	24,156	121,662
Disposal and obsolescence	-	(2,295)	-	(1,274)	-	(774)	-	(4,343)
Reclassification (Note I)	-	72,691	-	-	-	1,665	(72,876)	1,480
Balance as of December 31, 2021	$ 264,211	809,633	4,076	229,073	3,493	244,889	27,875	1,583,250
Depreciation and impairment loss:								
Balance as of January 1, 2022	$ -	229,126	1,574	179,712	2,067	204,420	-	616,899
Recognition in current period	-	31,129	480	12,339	318	17,593	-	61,859
Disposal and obsolescence	-	(944)	-	(1,378)	-	(8,303)	-	(10,625)
Balance as of December 31, 2022	$ -	259,311	2,054	190,673	2,385	213,710	-	668,133
Balance as of January 1, 2021	$ -	204,109	1,127	168,907	1,908	186,989	-	563,040
Recognition in current period	-	26,807	447	11,974	159	18,152	-	57,539
Disposal and obsolescence	-	(1,790)	-	(1,169)	-	(721)	-	(3,680)
Balance as of December 31, 2021	$ -	229,126	1,574	179,712	2,067	204,420	-	616,899
Carrying amounts:								
Balance as of December 31, 2022	$ 264,211	609,071	2,061	51,035	1,108	40,432	73	967,991
Balance as of December 31, 2021	$ 264,211	580,507	2,502	49,361	1,426	40,469	27,875	966,351

Notes 1: For the year 2021, the amount transferred from equipment prepayment was NT$1,480 thousand.

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 December 31, 2022 and 2021.

(XI) Right-of-use assets

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

	Land	Housing and Construction	Transportation Equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2022	$ 11,375	46,381	1,507	59,263
Addition	-	-	1,888	1,888
Reduction (contract expired)	-	-	(792)	(792)
Balance as of December 31, 2022	$ 11,375	46,381	2,603	60,359
Balance as of January 1, 2021	$ 11,375	56,877	1,452	69,704
Addition	-	-	716	716
Reduction (contract expired and early termination of contract)	-	(10,496)	(661)	(11,157)
Balance as of December 31, 2021	$ 11,375	46,381	1,507	59,263
Depreciation of right-of-use assets:				
Balance as of January 1, 2022	$ 1,642	6,912	790	9,344
Depreciation in current period	544	2,303	587	3,434
Reduction (contract expired and early termination of contract)	-	-	(792)	(792)
Balance as of December 31, 2022	$ 2,186	9,215	585	11,986
Balance as of January 1, 2021	$ 1,098	11,067	829	12,994
Depreciation in current period	544	4,188	622	5,354
Reduction (contract expired and early termination of contract)	-	(8,343)	(661)	(9,004)
Balance as of December 31, 2021	$ 1,642	6,912	790	9,344
Carrying amounts:				
Balance as of December 31, 2022	$ 9,189	37,166	2,018	48,373
Balance as of December 31, 2021	$ 9,733	39,469	717	49,919

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

(XII) Intangible assets

The changes in costs, amortization and impairment loss of intangible assets for 2022 and 2021 the Company were as follows:

		Goodwill	Software cost	Patent	Total
Costs:					
Balance as of January 1, 2022	$	114,411	7,068	15,863	137,342
Addition in the current period		-	7,131	-	7,131
Reduction in the current period		-	(4,593)	-	(4,593)
Balance as of December 31, 2022	**$**	**114,411**	**9,606**	**15,863**	**139,880**
Balance as of January 1, 2021	$	114,411	5,821	15,863	136,095
Addition in the current period		-	5,684	-	5,684
Reduction in the current period		-	(4,437)	-	(4,437)
Balance as of December 31, 2021	**$**	**114,411**	**7,068**	**15,863**	**137,342**
Amortization and impairment loss:					
Balance as of January 1, 2022	$	-	3,511	15,863	19,374
Amortization for the period		-	5,960	-	5,960
Reduction in the current period		-	(4,593)	-	(4,593)
Balance as of December 31, 2022	**$**	**-**	**4,878**	**15,863**	**20,741**
Balance as of January 1, 2021	$	-	5,372	15,863	21,235
Amortization for the period		-	2,576	-	2,576
Reduction in the current period		-	(4,437)	-	(4,437)
Balance as of December 31, 2021	**$**	**-**	**3,511**	**15,863**	**19,374**
Carrying amounts:					
Balance as of December 31, 2022	**$**	**114,411**	**4,728**	**-**	**119,139**
Balance as of December 31, 2021	**$**	**114,411**	**3,557**	**-**	**117,968**

1. Amortization expenses

The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for 2022 and 2021:

		2022	2021
Operating costs	$	454	348
Operating expenses		5,506	2,228

2. Impairment test for goodwill

(1) By IAS 36, goodwill acquired through a business combination should be tested for impairment at least annually. Goodwill is tested for impairment by allocating goodwill to the cash-generating unit that is expected to benefit from the synergy of consolidation. Goodwill arising from the business combination is fully attributed to the Company's processing subsidiaries. Therefore, the impairment of goodwill is assessed by calculating the value in use and the carrying amount of net assets of the Company's processing subsidiaries to determine whether an impairment loss should be recorded.

(2) The recoverable amount of the cash-generating unit is based on its value in use. Value in use is determined by discounting the future cash flows arising from the continuing use of the unit. The calculation of the value in use (including goodwill) is based on the following key assumptions:

A. The cash flow projections were based on historical figures, actual operating results and a 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.

B. The Company estimated the pre-tax discount rate based on the weighted-average cost of capital, which was 8.75% and 9.10% for the years ended December 31, 2022 and 2021, respectively.

(3) According to the asset impairment test conducted in 2022 and 2021, no impairment losses were recognized as the recoverable amount of cash-generating unit was higher than the carrying amount.

(XIII) Short-term loans

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

	2022.12.31	2021.12.31
Secured bank borrowings	$ -	-
Unused facility	$ 750,500	678,500
Interest rate range (%)	-	-

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

(XIV) Long-term loans

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

	2022.12.31	2021.12.31
Secured bank borrowings	$ 199,334	272,348
Less: current portion of long-term debt	74,930	73,014
Total	$ 124,404	199,334
Unused facility	$ -	-
Interest rate range (%)	1.58	1.58

1. Collateral for bank borrowings

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

2. Government-subsidized loan with preferential interest rate

   In August 2020, the Company obtained a NT$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". Drawdown period was until December 31, 2021 and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Company was NT$296,650 thousand as of December 31, 2021. Based on 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. The amount of deferred income reclassified to other income in 2022 and 2021 was NT$1,362 thousand and NT$942 thousand respectively.

(XV) Lease liabilities

The carrying amount of lease liabilities was as follows:

	2022.12.31	2021.12.31
Current	$ 3,483	3,040
Non-current	47,517	49,239
Total	$ 51,000	52,279

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities	$ 897	980
Variable lease payments are not included in the measurement of lease liabilities	$ 397	149
Expenses of short-term leases	$ 897	438

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

		2022	2021
Total cash outflow in operating activities	$	2,191	1,567
Total cash outflow in financing activities		3,167	5,087
Total cash flows on lease	**$**	**5,358**	**6,654**

1. Lease of land, buildings and construction

   The Company leases land, buildings and construction as factories, office premises, staff quarters and warehouses with lease terms ranging from 3 to 10 years for factories and 1 to 3 years for office premises and warehouses. 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 Company in 2022 were as follows:

		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	**$**	**397**	**4**

2. Other leases

   The Company leases machinery and transportation equipment with lease terms ranging from three months to three years.

   The lease terms of some of Company'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 Company elected to apply for exemption and did not recognize related right-of-use assets and lease liabilities.

(XVI) Provisions for liabilities

		2022	2021
Beginning balance as of January 1	$	146,223	157,190
Addition of provision during the year		65,515	116,273
Amount utilized during the year		(80,583)	(127,240)
Ending balance on December 31	**$**	**131,155**	**146,223**

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

(XVII) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets was as follows:

		2022.12.31	2021.12.31
Present value of defined benefit obligation	$	142,971	198,693
Fair value of plan assets		(134,460)	(154,459)
Net defined benefit liabilities	**$**	**8,511**	**44,234**

The Company makes a contribution to defined benefit plan to the labor pension reserve account at Bank of Taiwan. Under the Labor Standards Act, pension benefit of each eligible employee is calculated based on the number of units accrued from service years and the average monthly salaries of the last 6 months before retirement.

(1) Composition of plan assets

The pension fund contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the “Bureau of Labor Funds”). According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund”, concerning the utilization of the Fund, minimum returns per year shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022, the balance of the Company's special account for labor retirement reserve of the Bank of Taiwan amounted to NT$133,415. For information on the labor pension fund assets, including the yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

(2) Changes in the present value of the defined benefit obligations

Changes in the present value of the defined benefit obligations of the Company in 2022 and 2021 were as follows:

		2022	2021
Defined benefit obligations as of January 1	$	198,693	201,796
Service costs and interest in the year		4,847	3,405
Remeasurement on the net defined benefit liabilities (assets)			
- Actuarial loss arising from experience adjustments		(4,149)	2,911
- Actuarial loss arising from changes in demographic assumption		(2)	420
- Actuarial loss (gain) arising from changes in financial assumption		(9,273)	(7,793)
Benefits paid by the plan		(240)	(2,046)
Effect of plan curtailment		(46,905)	-
Defined benefit obligations as of December 31	**$**	**142,971**	**198,693**

(3) Changes in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Company in 2022 and 2021 were as follows:

		2022	2021
Fair value of plan assets as of January 1	$	154,459	144,578
Interest income		1,052	426
Remeasurement on the net defined benefit assets - Return on plan assets (excluding interests)		11,634	2,148
Amount contributed to the plan		9,674	9,353
Benefits paid by the plan		(240)	(2,046)
Settlement payments for planned assets		(42,119)	-
Fair value of plan assets as of December 31	**$**	**134,460**	**154,459**

(4) Expenses recognized in profit or loss

Details of expenses (gains) recognized in profit or loss for 2022 and 2021 of the Company:

		2022	2021
Service costs for the current period	$	3,498	2,812
Net interest expense of net defined benefit liabilities		297	167
Gain on repayment		(4,786)	-
	$	**(991)**	**2,979**
Operating costs	$	-	280
Selling and marketing expenses		-	394
General and administrative expenses		(991)	1,025
Research and development expenses		-	1,280
	$	**(991)**	**2,979**

(5) Actuarial assumptions

The major assumptions of the actuarial valuation to calculate the present value of the defined benefit obligation at the end of reporting period were as follows:

	2022.12.31	**2021.12.31**
Discount rate	1.25%	0.70%
Future salary increases	2.00%	2.00%

The Company estimates to make contribution of NT$2,963 thousand to the defined benefit plan in the year following December 31, 2022.

The weighted-average duration of the defined benefit plan is 8 years. Sensitivity analysis

(6) Sensitivity Analysis

The impact of a change in assumptions on the present value of the defined benefit obligation as of December 31, 2022 and 2021 is summarized below:

	Impact on the defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2022		
Discount rate (change by 0.25%)	(2,994)	3,106
Future salary adjustment rate (change by 0.25%)	3,035	(2,940)
December 31, 2021		
Discount rate (change by 0.25%)	(4,673)	4,864
Future salary adjustment rate (change by 0.25%)	4,739	(4,576)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

2. Defined contribution plans

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

For the years ended December 31, 2022 and 2021, with the defined contribution plan, the Company recognized pension expenses of NT$28,100 thousand and NT$26,702 thousand, respectively, which had been contributed to the Bureau of Labor Insurance.

3. Short-term employee benefits

For the years ended December 31, 2022 and 2021, the Company contributed NT$11,670 thousand and NT$11,430 thousand respectively to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of December 31, 2022 and 2021, the Company had accrued unused leave bonuses of NT$23,915 thousand and NT$22,213 thousand, respectively, which were recorded under other payables.

(XVIII) Income Tax

1. Income tax expense

Details of income tax expense (benefit) of the Company in 2022 and 2021 were as follows:

		2022	2021
Income tax expense (benefit) for the period			
Income tax expenses incurred	$	146,816	125,927
Adjustment for prior year		(28,603)	5,618
		118,213	131,545
Deferred income tax expense (profit)			
Origination and reversal of temporary differences	$	10,651	(11,162)
Income tax expense	**$**	**128,864**	**120,383**

Details of income tax expenses recognized in other comprehensive income of the Company in 2022 and 2021 were as follows:

		2022	2021
Items that will not be reclassified to profit or loss:			
Gains (losses) on re-measurements of defined benefit plans	**$**	**5,012**	**1,322**

Reconciliation between the expected income tax expense and the net profit before tax of the Company in 2022 and 2021 was as follows:

	2022	2021
Income before Tax	$ 849,895	874,465
Income tax using the Company's statutory tax rate	$ 169,979	174,893
Invest gain on long-term investment under the equity method	(8,307)	(40,524)
Cash dividend income	(25,401)	(24,586)
Non-deductible expenses	8,691	7,540
Gains on securities transactions	104,294	131,633
Gains on the exemption from securities transaction tax	(104,968)	(133,335)
Adjustments in respect of prior years	(28,603)	5,618
Tax on undistributed earnings (5%)	13,179	10,428
Tax incentives	-	(12,006)
Basic income tax amount	-	722
Total	$ 128,864	120,383

2. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities in 2022 and 2021 were as follows:

	Pension provision	Unrealized valuation gains	Total
Deferred income tax liabilities:			
January 1, 2022	$ -	(2,919)	(2,919)
Debit other comprehensive income	(1,583)	-	(1,583)
December 31, 2022	**$ (1,583)**	**(2,919)**	**(4,502)**
January 1, 2021	$ -	(2,039)	(2,039)
Debit income statement	-	(880)	(880)
December 31, 2021	**$ -**	**(2,919)**	**(2,919)**

	Allowance for inventory valuation loss	Pension provision	Unrealized foreign exchange gain or loss	Others	Total
Deferred income tax assets:					
January 1, 2022	$ 16,161	5,562	30,777	14,826	67,326
(Debit)/Credit income statement	11,892	(2,133)	(21,605)	1,195	(10,651)
Debit other comprehensive income	-	(3,429)	-	-	(3,429)
December 31, 2022	**$ 28,053**	**-**	**9,172**	**16,021**	**53,246**
January 1, 2021	$ 13,202	8,159	22,828	12,417	56,606
(Debit)/Credit income statement	2,959	(1,275)	7,949	2,409	12,042
Debit other comprehensive income	-	(1,322)	-	-	(1,322)
December 31, 2021	**$ 16,161**	**5,562**	**30,777**	**14,826**	**67,326**

3. Income tax assessment

The tax returns for the years up to 2020 filed by the Company have been approved by the tax authority.

(XIX) Capital and other equity

1. Common stock issuance

As of December 31, 2022 and 2021, the Company's authorized common stock was NT$3,600,000 thousand with the par value of NT$10 per share. 187,262 thousand shares were issued.

2. Capital Surplus

The Company's capital surplus was as follows:

	2022.12.31	2021.12.31
Paid-in capital above par value	$ 1,006,236	1,006,236
Adjustments arising from changes in the percentage of ownership in subsidiaries	4,780	4,780
	$ 1,011,016	**1,011,016**

According 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 over par value and donations received by the Company. Following the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

3. Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting tax and accumulated deficit, if any, must be retained as a legal reserve until such reserve equals the amount of paid-in capital. In addition, a special reserve shall be set aside by applicable laws and regulations. The remaining balance, along with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders after the shareholders' meeting approves the distribution plan submitted by the Board of Directors.

As per the dividend policy outlined in the Company's Articles of Incorporation, the Company's dividend policy is based on the assessment of the Company's future capital budget, planning of future capital requirements, financial structure and earnings, etc. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be approved by the shareholders' meeting. As the Company is in a stable growth stage in its business life cycle, under the trend of concentration in the industry, to continue to expand its scale for sustainable operation and stable growth, the dividend policy of the Company stipulates to distribute the shareholder's dividend by not less than 50% of the Company's annual net profit after tax when there is no cumulative loss in the previous period, in the form of stock dividends or cash dividends which shall not be less than 30% of the total dividend distribution.

(1) Legal reserve

If the Company has no accumulated deficit, it may, subject to a resolution approved by the shareholders' meeting, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

(2) Special reserve

According to the Ruling issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from other stockholders' equity shall be set aside from current and prior year earnings. If it is the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed earnings of the previous period. When the amount of the deduction of shareholders' equity is reversed subsequently, the reversed amount can be included in the distributable earnings.

(3) Earning distribution

On March 18, 2022 and March 18, 2021, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended December 31, 2021 and 2020, respectively, and the amount of dividends distributed to shareholders was as follows:

	2021	2020
Cash dividend distributed to the shareholders of common stock	$ 617,964	561,786

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

	2022
Cash dividend distributed to the shareholders of common stock	$ 561,786

In addition, on March 10, 2022, the Board of Directors resolved to distribute the capital surplus of ND$149,809 thousand in cash at a rate of ND$0.8 per share.

Information on the Company's distribution of earnings can be found on the Market Observation Post System website of Taiwan Stock Exchange. Other equity items (net after tax)

	Exchange differences in 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, 2022	$ (117,703)	6,200,289	6,082,586
Exchange differences in translation of financial statements of foreign operations	36,894	-	36,894
Share of other comprehensive income (losses) of associates and joint ventures under equity method	3,382	-	3,382
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(50,513)	(50,513)
Disposal of equity instruments at fair value through other comprehensive income	-	(521,469)	(521,469)
Balance as of December 31, 2022	**$ (77,427)**	**5,628,307**	**5,550,880**
Balance as of January 1, 2021	$ (89,678)	5,004,114	4,914,436
Exchange differences in translation of financial statements of foreign operations	(27,216)	-	(27,216)
Share of other comprehensive income (losses) of associates and joint ventures under equity method	(809)	-	(809)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,854,340	1,854,340
Disposal of equity instruments at fair value through other comprehensive income	-	(658,165)	(658,165)
Balance as of December 31, 2021	**$ (117,703)**	**6,200,289**	**6,082,586**

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

(XX) Earnings per Share

	2022	2021
Basic earnings per share:		
Net income attributable to the ordinary shareholders of the Company	$ 721,031	754,082
Weight-average number of ordinary shares outstanding (Unit： Thousands of shares)	187,262	187,262
Basic earnings per share (Unit: NTD)	$ 3.85	4.03
Diluted earnings per share:		
Net income attributable to the ordinary shareholders of the Company	$ 721,031	754,082
Weight-average number of ordinary shares outstanding (Unit： Thousands of shares)	187,262	187,262
Employee remuneration (Unit: thousands of shares)	2,044	1,627
Weight-average number of ordinary shares outstanding (Unit： Thousands of shares)	189,306	188,889
Diluted earnings per share (Unit: NTD)	$ 3.81	3.99

(XXI) Revenue from contracts with customers

1. Breakdown of revenue

	2022	2021
Primary geographical markets:		
Taiwan	$ 2,065,431	3,082,102
China	2,952,315	3,181,832
U.S.A.	1,514,692	1,535,740
Germany	1,833,858	2,161,664
Other countries	2,465,236	2,358,495
	$ 10,831,532	12,319,833
Major product/service line:		
Sales of power supply	$ 10,831,532	12,319,833

2. Contract balance

	2022.12.31	2021.12.31	2021.1.1
Notes and accounts receivable (including related parties)	$ 2,751,331	3,380,369	3,012,769
Less: Allowance for impairment loss	(24,258)	(32,806)	(29,810)
Total	$ 2,727,073	3,347,563	2,982,959
Contract liabilities (recognized in other current liabilities)	$ 67,139	41,625	33,487

The amount of revenue recognized in 2022 and 2021 that was included in the contract liability balance on January 1, 2022 and 2021, was NT$27,861thousand and NT$9,217 thousand, respectively.

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

(XXII) Remuneration of Employees and Directors

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

For the years ended December 31, 2022 and 2021, the Company accrued its remuneration to employees amounting to NT$66,000 thousand and NT$65,000 thousand, respectively, and the remuneration paid to directors amounting to NT$7,000 thousand, respectively. The said amounts, which were recognized as operating expenses in 2022 and 2021, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and Directors, multiplied by the distribution percentage specified in the Company's Articles of Incorporation. 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. There was no difference between the amount of the remuneration to employees and Directors resolved by the Board of Directors and the accrual amount recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021. Information related to remuneration to employees and Directors resolved by the Board of Directors is available on the Market Observation Post System website of Taiwan Stock Exchange. Non-operating income and expenses

(XXIII) Non-operating income and expenses

1. Interest income

		2022	2021
Bank deposits	$	11,405	2,375
Interest income of financial assets at amortized cost		1,044	-
	$	**12,449**	**2,375**

2. Other income

		2022	2021
Gains on bargain purchase	$	-	2,523
Dividend income		127,003	122,933
Other income			
Government grant		1,645	1,006
Income of management fee / service fee		7,101	6,733
Others		8,457	15,130
	$	144,206	148,325

3. Other gains and losses

		2022	2021
Foreign currency exchange gain (loss), net	$	165,908	(12,846)
Gain on financial assets measured at fair value through profit or loss		3,374	12,910
Loss on disposal of property, plant and equipment		(644)	(656)
Gains on lease modifications		-	80
	$	168,638	(512)

4. Finance costs

		2022	2021
Interest expense:			
Bank borrowings	$	6,164	2,887
Lease liabilities		897	980
	$	7,061	3,867

(XXIV) Financial instruments

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 December 31, 2022 and 2021, top three customers accounted for 25% and 31% of the Company's accounts receivable balance.

(3) Credit risk from receivables and debt securities

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

2. Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Long-term loans	$ 199,334	203,647	38,825	38,704	77,034	49,084	-
Notes payable	13,057	13,057	13,057	-	-	-	-
Accounts payable	2,607,891	2,607,891	2,607,891	-	-	-	-
Accounts payable - related parties	439,919	439,919	439,919	-	-	-	-
Other payables	891,094	891,094	891,094	-	-	-	-
Other payables - related parties	30,153	30,153	30,153	-	-	-	-
Lease liabilities	51,000	58,439	2,178	2,178	4,131	10,902	39,050
	$ 4,232,448	**4,244,200**	**4,023,117**	**40,882**	**81,165**	**59,986**	**39,050**
December 31, 2021							
Non-derivative financial liabilities							
Long-term loans	$ 272,348	280,391	37,791	38,953	77,529	126,118	-
Notes payable	14,445	14,445	14,445	-	-	-	-
Accounts payable	3,417,288	3,417,288	3,417,288	-	-	-	-
Accounts payable - related parties	330,210	330,210	330,210	-	-	-	-
Other payables	825,993	825,993	825,993	-	-	-	-
Other payables - related parties	47,611	47,611	47,611	-	-	-	-
Lease liabilities	52,279	60,556	1,989	1,943	3,706	10,406	42,512
	$ 4,960,174	**4,976,494**	**4,675,327**	**40,896**	**81,235**	**136,524**	**42,512**

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

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

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

	2022.12.31			2021.12.31		
	Foreign currencies	**Exchange Rate**	**NTD**	**Foreign currencies**	**Exchange Rate**	**NTD**
Financial assets						
Monetary items						
RMB	$ 80,239	4.408	353,694	148,772	4.344	646,266
USD	132,106	30.710	4,056,975	142,279	27.680	3,938,283
Non-monetary items						
USD	2,534	28.268	71,632	2,534	28.268	71,632
USD	1,201	30.710	36,883	1,080	27.680	29,894
HKD	2,868	3.941	11,302	5,104	3.549	18,118
Financial liabilities						
Monetary items						
RMB	83,262	4.408	367,019	104,427	4.344	453,631
USD	88,353	30.710	2,713,321	119,810	27.680	3,316,341
HKD	8,669	3.938	34,139	12,417	3.549	44,068

(2) Sensitivity analysis

The Company's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, 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 December 31, 2022 and 2021, if the New Taiwan Dollar had depreciated or appreciated by 5% against the US Dollar, RMB and Hong Kong Dollar with all other factors remaining unchanged, net income would have increased or decreased by NT$51,848 thousand and NT$30,820 thousand respectively in 2022 and 2021. The analysis of the two periods was conducted on the same basis.

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

Due to various foreign currency transactions within the Company, the Company disclosed the information on foreign exchange gain or loss on monetary items on an aggregated basis. For the years ended December 31, 2022 and 2021, the foreign exchange loss (including realized and unrealized) was NT$165,908 thousand and NT$(12,846) thousand, respectively.

4. Market risk

If the prices of equity 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:

	2022		2021	
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%	$ 309,376	10,183	332,024	11,638
Decrease by 5%	$ (309,376)	(10,183)	(332,024)	(11,638)

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 Company's demand deposits, and time deposits 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

Company's financial instruments measured at fair value regularly 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 Parent Company Only Financial Statements of FSP Technology Inc (Continued)

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 203,658	203,658	-	-	203,658
Private equity funds	18,000	-	-	18,000	18,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Subtotal	293,290	203,658	-	89,632	293,290
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,176,226	6,176,226	-	-	6,176,226
Foreign listed stock	11,302	11,302	-	-	11,302
Non-publicly quoted equity instruments measured at fair value	162,792	-	-	162,792	162,792
Subtotal	6,350,320	6,187,528	-	162,792	6,350,320
Financial assets at amortized cost					
Cash and cash equivalents	2,390,487	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,727,073	-	-	-	-
Other receivables (including related parties)	70,626	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	3,208	-	-	-	-
Subtotal	5,191,494	-	-	-	-
Total	**$ 11,835,104**	**6,391,186**	**-**	**252,424**	**6,643,610**
Financial liabilities measured at amortized cost					
Bank borrowings	$ 199,334	-	-	-	-
Notes payable and accounts payable (including related parties)	3,060,867	-	-	-	-
Other payables (including related parties)	921,247	-	-	-	-
Lease liabilities	51,000	-	-	-	-
Total	**$ 4,232,448**	-	-	-	-

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

	2021.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 232,758	232,758	-	-	232,758
Private equity funds	12,000	-	-	12,000	12,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Subtotal	316,390	232,758	-	83,632	316,390
Financial assets at fair value through other comprehensive income					
Domestic listed stock	6,622,359	6,622,359	-	-	6,622,359
Foreign listed stock	18,118	18,118	-	-	18,118
Non-publicly quoted equity instruments measured at fair value	96,167	-	-	96,167	96,167
Subtotal	6,736,644	6,640,477	-	96,167	6,736,644
Financial assets at amortized cost					
Corporate bond	10,800	-	-	-	-
Cash and cash equivalents	1,683,746	-	-	-	-
Notes receivable and accounts receivable (including related parties)	3,347,563	-	-	-	-
Other receivables (including related parties)	57,448	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	3,284	-	-	-	-
Subtotal	5,102,941	-	-	-	-
Total	**$ 12,155,975**	**6,873,235**	**-**	**179,799**	**7,053,034**
Financial liabilities measured at amortized cost					
Bank borrowings	$ 272,348	-	-	-	-
Notes payable and accounts payable (including related parties)	3,761,943	-	-	-	-
Other payables (including related parties)	873,604	-	-	-	-
Lease liabilities	52,279	-	-	-	-
Total	**$ 4,960,174**	**-**	**-**	**-**	**-**

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

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

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agency or competent authority promptly and regularly, 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 Company, 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 concerning 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 reference 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 those calculated by applying model using market information available at the Balance Sheets date.

The fair value of financial instruments held by the Company that are not publicly quoted equity instruments with no active market is estimated using the market method and the net asset value method. The market method refers to the recent fundraising activities of the investee or is based on the net profit after tax or equity net worth multiplier derived from the quoted market prices of comparable listed companies, and this estimate of the equity securities has been adjusted for the effect of lack of market liquidity. The main assumption of the net asset value method is measured based on the net value per share of the investee.

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

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

The Company'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.

A table of quantitative information of significant unobservable inputs is provided below:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net asset value, the higher the fair value
	Comparable company valuation method	• Net Equity Ratio Multiplier (2.59 as of December 31, 2021)	• The higher the multiple, the higher the fair value
		• Discount for lack of market liquidity (29.39% as of December 31, 2021)	• The higher the discount for lack of market liquidity, the lower the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	• Net Equity Ratio Multiplier (2.27~4.54 and 2.04~5.42 as of December 31, 2022 and 2021, respectively)	• The higher the multiple, the higher the fair value
		• P/E ratio multiple (29.67 as of December 31, 2021)	
		• Discount for lack of market liquidity (29.39% as of December 31, 2022 and 2021)	• 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 Company's measurement of 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 for current period:

			Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
	Input	**Upward or downward change**	**Favorable change**	**Unfavorable change**	**Favorable change**	**Unfavorable change**
December 31, 2022						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,313	(3,313)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,895	(2,895)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	276	(276)
December 31, 2021						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	4,363	(4,363)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	3,234	(3,234)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	347	(347)
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	475	(475)

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

(XXV) Financial risk management

1. Overview

The Company is exposed to the following risks arising from financial instruments:

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

In this Note, the Company has disclosed the information on exposure to the aforementioned risks, and the Company's objectives, policies and procedures to measure and manage these risks.

2. Risk management framework

The Board of Directors is responsible for developing and overseeing the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, to monitor the risk and to manage the exposure within the risk limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

3. Credit risk

Credit risk refers to the risk of financial loss to the Company resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Company's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Company's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Company continuously evaluates the financial position of customers and purchases insurance for the accounts receivable of customers in high-risk areas or with special characteristics to reduce the Company's accounts receivable risk. The Company regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management can effectively manage the risk of accounts receivable.

The Company has established a credit policy under which it is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. Purchasing limits are established for each individual customer and limits are reviewed periodically. Customers who do not meet the requirement of credit rating can only trade with the Company on a prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments are measured and monitored by the financial department of the Company. Since the counterparties of transactions and obligations of the Company are banks with good credit standing, and financial institutions, corporate and government with investment grade and above, default risk is limited and hence there is no significant credit risk.

(3) Guarantee

It is the policy of the Company to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2022 and 2021, the Company did not provide any guarantee.

4. Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in settling its financial liabilities by delivering cash or other financial assets and fails to fulfill its related obligations. The Company manages its liquidity by ensuring that the Company has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or damaging the Company's reputation.

The Company ensures that it has sufficient cash to meet all contractual obligations. In addition, the Company had unused facilities in the amount of NT$750,500 thousand and NT$678,500 thousand as of December 31, 2022 and 2021, respectively.

5. Market risk

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

(1) Foreign exchange risk

The Company is exposed to foreign exchange risk on sales, procurement and loans that are denominated in a currency other than the functional currencies of the Company. Company's functional currencies mainly include New Taiwan Dollar. The currencies used in these transactions are mainly New Taiwan Dollar, Hong Kong Dollar, US Dollar and Renminbi.

There is no significant difference or significant change in the receivables and payables of the Company, so the Company currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

(2) Interest rate risk

The Company’s financial assets exposed to the risk of fair value change arising from interest rate changes are bank deposits, but the impact of changes in interest rates on the fair value of the related financial assets is not significant.

(3) Other market price risk

Company's current financial assets at fair value through profit or loss and non-current financial assets at fair value through other comprehensive income mainly consist of investment in domestic funds, private equity funds, listed stocks, foreign listed stocks and foreign unlisted stocks. Because they are measured at fair value, the Company is exposed to the risk of changes in the market price of equity securities. To manage market risk, the Company selects investment targets carefully and controls its position to mitigate the market risk.

(XXVI) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Company's share capital, capital surplus, retained earnings, other equity. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2022 and 2021, debt-to-equity ratio was as follows:

	2022.12.31	2021.12.31
Total Liabilities	$ 4,606,247	5,335,719
Less: cash and cash equivalents	(2,390,487)	(1,683,746)
Net liability	$ 2,215,760	3,651,973
Equity	$ 13,323,134	13,208,961
Debt-to-equity ratio	16.63%	27.65%

As of December 31, 2022, there was no material change in the Company's capital management.

(XXVII) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities of the Company in 2022 and 2021 was as follows:

			Non-cash changes					
	2022.1.1	**Cash flows from:**	**Addition**	**Disposal and obsolescence**	**Changes in foreign exchange rate**	**Changes in lease payment**	**Others**	**2022.12.31**
Long-term loans	$ 272,348	(73,014)	-	-	-	-	-	199,334
Lease liabilities	52,279	(3,167)	1,888	-	-	-	-	51,000
Total liabilities from financing activities	**$ 324,627**	**(76,181)**	**1,888**	**-**	**-**	**-**	**-**	**250,334**

			Non-cash changes					
	2021.1.1	**Cash flows from:**	**Addition**	**Disposal and obsolescence**	**Changes in foreign exchange rate**	**Changes in lease payment**	**Others**	**2021.12.31**
Long-term loans	$ 108,453	163,895	-	-	-	-	-	272,348
Lease liabilities	58,883	(5,087)	716	(2,233)	-	-	-	52,279
Total liabilities from financing activities	**$ 167,336**	**158,808**	**716**	**(2,233)**	**-**	**-**	**-**	**324,627**

VII. Related Party Transactions

(I) Related party name and relationship

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

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

Related Party	Relationship with the Company
FSP Group USA Corp.	Associate of the Company
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. (“Amacrox”)	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp.	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
FSP International Inc. (BVI)	Subsidiary of the Company
FSP Group Inc.	Subsidiary of the Company
Amacrox Technology Co., Ltd. (BVI)	Subsidiary of the Company
Power Electronics Co., Ltd.	Subsidiary of the Company
FSP Technology Inc. (BVI)	Subsidiary of the Company
Harmony Trading (HK) Ltd.	Subsidiary of the Company
FSP Technology USA Inc.	Subsidiary of the Company
FSP Turkey Dis Tic.Ltd.Sti.	Subsidiary of the Company
FSP International (HK) Ltd.	Subsidiary of the Company
Proteck Electronics (Samoa) Corp.	Subsidiary of the Company
Famous Holding Ltd.	Subsidiary of the Company
Amacrox GmbH	Subsidiary of the Company
Proteck Power North America, Inc.	Subsidiary of the Company
3Y Power Technology Inc.	Subsidiary of the Company
3Y Power Technology (TAIWAN) Inc. (“3Y Power”)	Subsidiary of the Company
FSP-C R&D Center (“FSP Jiangsu”)	Subsidiary of the Company
Shenzhen Huili Electronic Co., Ltd. (“Huili”)	Subsidiary of the Company
Dongguan Protek Electronics Corp.	Subsidiary of the Company
Zhonghan Electronics Shenzhen Co., Ltd.	Subsidiary of the Company
WUXI SPI Technology Co., Ltd. (“WUXI SPI”)	Subsidiary of the Company
Wuxi Zhonghan Technology Co., Ltd.	Subsidiary of the Company
Haohan Electronic Technology (Ji'an) Co., Ltd.	Subsidiary of the Company
Shenzhen Zhong Han Science & Tech. Co., Ltd.	Subsidiary of the Company
Wuxi Xiangyuan Electronics Co., Ltd.	Subsidiary of the Company

(II) Significant related party transactions

1. Operating revenue

Significant sales amount to related parties was as follows:

		2022	2021
Subsidiary	$	537,586	584,271
Associate		48,046	57,170
Other related parties		2,076,361	2,133,125
	$	**2,661,993**	**2,774,566**

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

2. Purchases

The amounts of goods purchased from related parties, raw materials purchased by related parties on behalf of the Company and processing of products were as follows:

		2022	2021
Subsidiary	$	1,787,616	1,935,359
Other related parties		375,168	210,723
	$	**2,162,784**	**2,146,082**

The Company 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 except that the payment term for some subsidiaries was 5 days after the monthly settlement.

3. Receivables from related parties

The details of the receivables of the Company arising from sales transactions and business needs were as follows:

Accounting Subject	Related party category/name	2022.12.31	2021.12.31
Accounts receivable	Subsidiary	$ 188,085	250,520
Accounts receivable	Associate	2,254	15,710
Accounts receivable	Other related parties	612,383	719,115
		802,722	985,345
Other receivables	Subsidiary		
	3Y Power	7,631	4,544
	Famous Holding Ltd.	4,662	8,307
	Others	3,932	6,470
Other receivables	Associate	36	680
Other receivables	Other related parties		
	FSP Power Solution GmbH	11,462	7,297
	Others	8,384	13,670
		36,107	40,968
		$ 838,829	**1,026,313**

As of December 31, 2022 and 2021, loss allowance for the above accounts receivable was recognized based on the expected credit loss rate. As of December 31, 2022 and 2021, there was no loss allowance recognized for other receivables. Payable and prepayment to related parties

4. Payable and prepayment to related parties

Accounts payable and prepayment arising from purchases of goods and raw materials and processing of products:

Accounting Subject	Related party category/name	2022.12.31	2021.12.31
Accounts payable	Subsidiary	$ 288,146	240,186
Accounts payable	Other related parties	151,773	90,024
		439,919	330,210
Other payables	Subsidiary	7,980	14,829
		$ 447,899	**345,039**
Prepayments	WUXI SPI	**$ -**	**7,383**

5. Service from related party

The Company entered into a billing management service contract with 3Y Power, a subsidiary of the Company, to provide management guidance on the establishment of related departments, application systems and professional information services to 3Y

Power at an annual cost of US$240 thousand. The Company also provides machinery and equipment services to 3Y Power.

The breakdown of the above income from the provision of management and equipment services to 3Y Power is as follows:

	2022	2021
Income from management service	$ 7,101	6,733
Income from machinery and equipment service	613	616
	$ 7,714	7,349

The details of technical service fees, labor costs and commissions paid by the Company to the related parties are as follows:

	2022	2021
Subsidiary		
FSP Jiangsu	$ 45,795	52,564
FSP Technology USA Inc.	2,890	4,966
Others	2,606	2,174
Associate		
FSP Group USA Corp.	8,918	8,933
Other related parties	12,104	19,016
	$ 72,313	87,653

Company recognized the following payables to related parties and advance receipts (recorded as other current liabilities and other non-current liabilities) as a result of the above transactions:

Accounting Subject	Related party category/name	2022.12.31	2021.12.31
Other payables	Subsidiary	$ 11,593	25,601
Other payables	Associate	934	574
Other payables	Other related parties	9,646	6,607
		22,173	32,782
Other current liabilities	Subsidiary		
	3Y Power	620	620
Other non-current liabilities	Subsidiary		
	3Y Power	1,401	2,014
		$ 24,194	35,416

(III) Compensation for key management personnel

Compensation for key management personnel

	2022	2021
Short-term employee benefits	$ 57,262	57,163
Post-employment benefits	542	596
	$ 57,804	57,759

VIII. Pledged Assets

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

Assets	Pledged to secure	2022.12.31	2021.12.31
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	$ 100	100
Land	Long-term and short-term loan facilities	161,077	161,077
Housing and Construction	Short-term loan facilities	178,451	186,447
Total		$ 339,628	347,624

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of December 31, 2022 and 2021, the guarantee facilities extended by banks for customs and excise duties were NT$200,000 thousand, and utilized facilities were NT$30,000 thousand and NT$60,000 thousand, respectively.

(II) The Company 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 Company in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the Company, 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 violate patent rights, did not meet 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 on November 18, 2011.

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

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

(III) The Company believes that since a ruling was rendered in the litigation between O2 and Beyond Innovation in the United States, the Company filed a civil lawsuit against Beyond Innovation based on the intellectual property rights guarantee provided by Beyond Innovation. The Company first requested the partial payment of the litigation costs and related expenses incurred by the O2 lawsuit in the United States in connection with the use of Beyond Innovation's products. However, on December 26, 2008, the Taiwan Taipei District Court rejected the claim for damages, and the Company did not agree with the rejection. On January 16, 2019, the Company filed an appeal to Taiwan High Court and obtained a judgment in its favor on November 27, 2019. However, Beyond Innovation filed an appeal to the Supreme Court on December 30, 2019. Under the mediation of the Supreme Court of Taiwan, both parties settled the dispute on October 5, 2022.

(IV) As of December 31, 2022 and 2021, the Company had entered into major purchase contracts for property, plant and equipment amounting to NT$0 and NT$47,218 thousand , respectively, and had paid NT$0 and NT$26,798 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

A summary of employee benefits, depreciation, and amortization by function is provided below:

By function / By nature	2022 Operation Costs	2022 Operation Expenses	2022 Total	2021 Operation Costs	2021 Operation Expenses	2021 Total
Expense on employee benefits						
Salary expense	54,751	706,444	761,195	62,610	709,559	772,169
Insurance expense	5,952	52,544	58,496	6,103	50,158	56,261
Pension expense	1,999	25,110	27,109	2,264	27,417	29,681
Remuneration Paid to Directors	-	9,180	9,180	-	9,150	9,150
Other employee benefit expense	2,902	24,489	27,391	3,802	24,756	28,558
Depreciation expenses	8,376	56,917	65,293	5,417	57,476	62,893
Amortization expenses	454	5,506	5,960	348	2,228	2,576

Information regarding the number of employee and employee benefit expenses as of December 31, 2022 and 2021 is as follows:

	2022	2021
Number of Employees	750	762
Directors not in concurrent employment	7	7
Average employee benefits expense	$ 1,177	1,174
Average employee salary expense	$ 1,024	1,023
Average adjustment of employee salary	0.10%	
Supervisor's remuneration	$ -	-

The Company's compensation policy, including Directors, Supervisors, managers and employees, is as follows:

(I) Remuneration Paid to Directors

According to the Article 20 of the Company's Articles of Incorporation, if there is any profit in the year, no more than 3% shall be allocated as the Director's remuneration. The payment standard of transportation fee is under the regulations on the payment of remuneration for Directors and functional members, and the transportation fee is NT$5 thousand per person each time. If Director is also an employee, remuneration shall be paid by the provision of (3).

(II) Remuneration of Independent Directors

The Company's independent directors do not participate in the distribution of Directors' remuneration under Article 20 of the Company's Articles of Incorporation. However, the Company is required to pay each independent director a fixed quarterly compensation regardless of profit or loss. If an Independent Director resigns during the quarter, his or her remuneration shall be calculated proportionally based on the period of services in the quarter.

(III) Remuneration of Managerial Officers

The remuneration of the Company's managers is based on the Company's "Manager Salary and Remuneration Management Regulations", taking into account the salary level of the position in the market, the scope of roles and responsibilities of the position in the Company and the contribution to the Company's business goals. The remuneration of the managers is reviewed by the Remuneration Committee and implemented after the approval by the Board of Directors. When determining reasonable remuneration, the Company considers its overall operating performance, future business risks, development trends of the industry, individual performance achievement and contribution to the Company's financial results. Manager's performance and reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors, who will also revise the remuneration policy if deemed appropriate according to the actual operating conditions and relevant laws and regulations.

(IV) Remuneration of Employees

Employee salaries are determined by the Company's "Salary Management Guidelines" and regarding average salary in the market and organizational structure. Employee salaries are adjusted promptly according to market salary trends and government regulations. According to the Article 20 of the Company's Articles of Incorporation, the Company should allocate a minimum of 6% of annual profit, if any, to employee remuneration. But if there is any accumulated deficit, the Company's profit should be reserved to cover the deficit in the first place. Remuneration of employees can be paid in stock or cash, and the distribution of stock or cash to employees may include subsidiary employees who meet certain criteria. The Board of Directors is authorized to determine the method of distribution. To retain talented employees, the Company has created an employee stock ownership trust and makes fixed monthly contributions to the Company's incentive fund as rewards for employees.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

Following the Regulations Governing the Preparation of Financial Reports by Securities Issuers, information on significant transactions is disclosed by the Company for the year 2022 as follows:

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

Number of shares in shares

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	At the end of the period				Remark
				Shares/ Units	Carrying amount	Percentage of shareholding %	Fair value	
The Company	Stock:							
	Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	
	Beneficiary certificates:							
	Fuh Hwa Money Market Fund	—	〃	7,038,414	102,953	-	102,953	
	Fuh Hwa Guardian Fund	—	〃	3,504,199	67,371	-	67,371	
	Fuh Hwa Ruei Hua Fund	—	〃	1,961,169	22,062	-	22,062	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund	—	〃	400,000	11,272	-	11,272	
	Private equity fund:							
	Mesh Cooperative Ventures Fund	—	〃	18,000,000	18,000	2.46	18,000	
					293,290		293,290	
3Y Power	Beneficiary certificates:							
	Yuanta 2-10 years investment grade corporate bond fund	—	〃	300,000	2,959	-	2,959	
					296,249		296,249	
The Company	Stock:							
	Voltronic Power Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income	3,666,822	5,665,240	4.18	5,665,240	
	JESS-LINK Products Co., Ltd.	—	〃	10,000,000	400,000	8.19	400,000	
	WT Microelectronics Co., Ltd.	—	〃	1,000,000	47,750	0.74	47,750	

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	At the end of the period: Shares/ Units	Carrying amount	Percentage of shareholding %	Fair value	Remark
	Taiwan Cement Corp.	—	〃	54,996	1,851	-	1,851	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	〃	10,000	4,485	-	4,485	
	Coretronic Corporation			1,000,000	56,900	0.26	56,900	
	TOT BIOPHARM International Co., Ltd.	—	〃	1,195,200	11,302	0.16	11,302	
	Eastern Union Interactive Corp.			880,000	58,667	4.43	58,667	
	Guoyu Global Co., Ltd.	—	〃	500,000	5,000	16.67	5,000	
	Taiwan Truewin Technology Co., Ltd.	—	〃	1,387,925	89,125	4.58	89,125	
	Liwatt X Inc.	—	〃	1,000,000	10,000	14.29	10,000	
	Beyond Innovation Technology Co., Ltd.	—	〃	1,000,000	-	2.96	-	
					6,350,320		6,350,320	
WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	—	〃	-	-	12.04	-	
FSP Jiangsu	Powerland Technology Inc.	—	〃	-	26,494	3.54	26,494	
					6,376,814		**6,376,814**	

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:

Number of shares in shares

Company Name	Type and Name of Securities	Ledger Account	Counter-party	Relation-ship	Beginning of Period: Shares	Beginning of Period: Amount	Purchase: Shares	Purchase: Amount	Sale: Shares	Sale: Selling Price	Sale: Carrying Cost	Sale: Gains (Losses) on Disposal	At the end of the period: Shares	At the end of the period: Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			4,021,822	6,213,715	-	-	355,000	523,135	1,666	521,469	3,666,822	5,665,240 (Note)

Note: The ending balance includes unrealized gain or loss on financial assets.

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

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

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

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

Company	Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(553,197)	(5.11)	Note 1			187,765	6.82	
The Company	FSP North America	Substantive related party of the Company	(Sales)	(438,635)	(4.05)	Note 1			122,923	4.47	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(775,299)	(7.16)	Note 1			261,016	9.49	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(268,315)	(2.48)	Note 1			23,545	0.86	
The Company	WUXI Zhonghan	100% owned reinvestment via indirect shareholding	(Sales)	(236,373)	(2.18)	Note 1			74,920	2.72	
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(167,056)	(1.54)	Note 1			54,211	1.97	
The Company	Huili	100% owned reinvestment via indirect shareholding	Purchases (Note 2)	647,329	9.34	Note 4		Note 4	(60,371) (Note 3)	(1.97)	

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

			Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
Company	**Related Party**	**Relationship**	**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	Zhonghan	100% owned reinvestment via indirect shareholding	Purchases (Note 2)	378,834	5.47	Note 4		Note 4	(34,498) (Note 3)	(1.13)	
The Company	WUXI SPI	100% owned reinvestment via indirect shareholding	Purchases (Note 2)	215,952	3.12	Note 4		Note 4	(19,359) (Note 3)	(0.63)	
The Company	Voltronic	The Company is the Director of this company	Purchases	375,168	5.41	Note 5			(151,773)	(4.96)	
The Company	3Y Power	65.87% owned reinvestment via direct shareholding	Purchases	446,585	6.45	Note 1			(172,039)	(5.62)	
3Y Power	3Y Power Technologh Inc.	100% owned reinvestment via direct shareholding	(Sales)	(327,926)	(14.85)	Note 1			43,382	6.28	
3Y Power	Huili	Affiliate	Purchases (Note 2)	323,310	18.58	Note 4		Note 4	(36,745) (Note 3)	(5.62)	

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

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

Notes 3: Including accounts payable arising from purchases of products and raw materials and processing fees.

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

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

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

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

Company with accounts receivable	Related Party	Relationship	Balance of receivables from related parties	Turnover rate %	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note)	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	187,765	3.04	-		77,193	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	261,016	2.74	-		97,182	-
The Company	FSP North America	Substantive related party of the Company	122,923	3.24	-		46,166	-
3Y Power	The Company	65.87% owned reinvestment via indirect shareholding	172,039	3.52	-		77,665	-

Note: As of March 1, 2023.

9. Derivative instruments transactions: None.

(II) Information on Invested Companies:

Reinvestment information in 2022 is as follows:

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Held at the end of the period			Profit (Loss) of Investee for the Period (Note)	Investment gain (loss) recognized for the period (Note)	Remark
				At the end of the current period	At the end of last year	Shares	Rate %	Carrying amount			
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,241,751	1,241,751	32,202,500	100.00	2,131,473	(102,734)	(102,734)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	5,000	100.00	300	(72)	(72)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	70,217	4,682	4,682	Subsidiary
	3Y Power	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	770,937	202,004	133,108	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	1,926	139	139	Subsidiary
The Company	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	1,938	(114)	(114)	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	10,441	7,139	6,525	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	113,716	(7,313)	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	205,075	(9,952)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,374,470	(4,371)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	31,878	15,624	-	Sub-subsidiary
	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	60,183	(12,927)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	2,943	(54)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	34,200	8,027	3,612	Associate
	Proteck Power North America Inc.	U.S.A.	Investment holdings	3,279	3,279	1,000	100.00	16,396	-	-	Sub-subsidiary
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	275,213	38,510	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	3,314	(511)	-	Sub-subsidiary

Note : The investment gain or loss recognized by the company is based on the financial statements of the investees audited by the CPA of the parent company in Taiwan and accounted for under the equity method, except for the financial statements of 3Y Power, 3Y Power Technology Inc. and Luckyied Co. which are audited by other CPA.

Notes to Parent Company Only Financial Statements of FSP Technology Inc (Continued)

(III) Information on investment in Mainland China:

1. Information on the name of the 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 the Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Investee Profit or loss for the current period	Percentage of ownership of direct or indirect investment %	Share of profits/losses for the period (Note 3)	Carrying the amount of investment at the end of the period (Note 3)	Accumulated Investment Income Repatriated at the End of Period
					Remitted	Repatriated						
Huili	Processing of power supply	147,227	(2), 1	176,873	-	-	176,873	(88,025)	100.00	(88,025)	251,393	197,299
Zhonghan	Processing of power supply	227,409 (Note 2)	(2), 1	104,342	-	-	104,342	(10,042)	100.00	(10,042)	203,195	75,044
WUXI SPI	Processing of power supply	733,006 (Note 2)	(2), 1	508,326	-	-	508,326	(37,166)	100.00	(37,166)	88,837	-
WUXI Zhonghan	Manufacturing and trading of power supply	422,229	(2), 1	380,595	-	-	380,595	29,146	100.00	29,146	1,287,909	-
Zhong Han	Manufacturing and trading of power supply	132,240	(2), 1	20,196	-	-	20,196	30,907	100.00	30,907	775,728	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(2), 1	13,380	-	-	13,380	(7,313)	100.00	(7,313)	115,402	-
Protek Dongguan	Processing of power supply	39,972	(2), 1	38,038	-	-	38,038	15,604	100.00	15,604	31,681	-
Hao Han	Transformer processing	166,085 (Note 2)	(2), 1	-	-	-	-	(12,927)	100.00	(12,927)	60,183	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,183	(2), 2	-	-	-	-	(511)	65.87	(337)	3,314	-

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

(I) Direct investment in mainland China.

(II) Indirect investment in mainland China through a holding company established in other countries

1. Through FSP International Inc. to invest in mainland China.
2. Through 3Y Power to invest in mainland China.

(III) Others.

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

Notes 3: The investment profits and losses and the carrying amount of the investment at the end of the period recognized by the company are based on the financial statements of the investee company audited by the CPA of Taiwan's parent company, except for WUXI 3Y, whose financial statements are audited by other CAP in Taiwan.

2. Information on Investment in Mainland China:

Accumulated investment in mainland China at the end of the period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK$12,500 thousand and US$35,640 thousand)	1,649,523 (Note 2) (HK$12,500 thousand and US$ 52,110 thousand)	7,993,880 (Note 1)

Notes 1: 60% of net worth.

Notes 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 are 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: 1:29.8044, CNY/TWD: 1:4.4219, HKD/TWD: 1:3.8055). 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 December 31, 2022 (USD/TWD: 1:30.7100, CNY/TWD: 1:4.4080, HKD/TWD: 1:3.9380).

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

For the direct or indirect significant transactions between the Group and its investee companies in mainland China in 2022, please refer to the description of "Information on Significant Transactions".

(IV) Information on Major Shareholders:

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

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury shares) were disclosed. The number of shares recorded in the Company's financial statements and the number of shares delivered by the Company without physical registration may differ due to different basis of preparation of the calculations.

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

3. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

Please refer to the consolidated financial statements for the year 2022.

FSP Technology Inc.

Details of cash and cash equivalents

December 31, 2022

Unit: NT$ thousands Foreign currency in dollars (or RMB yuan)

Item	Summary	Amount
Cash	Patty cash	$ 100
	Cash in foreign currencies:	
	JPY (JPY147,000 @0.231)	34
	EUR (EUR1,400.00 @32.500)	46
	USD (USD64,900.00 @30.700)	1,993
	CNY (CNY1,700.00 @4.380)	7
	Subtotal	2,180
Bank deposits	Time deposits：	
	NTD	585,000
	USD (USD26,080,000.00 @30.700)	800,656
	Deposits in checking accounts	2,487
	Demand deposits:	
	NTD	153,923
	EUR (EUR24,813.37 @32.500)	806
	AUD (AUD899.57 @20.500)	18
	USD (USD24,739,610.97 @30.700)	759,506
	HKD (HKD245,612.63 @3.940)	968
	JPY (JPY8,319,982 @0.231)	1,922
	CNY (CNY18,954,561.66 @4.380)	83,021
	CNY (GBP0.57 @37.000)	-
	Subtotal	2,388,307
		$ 2,390,487

FSP Technology Inc.

Statement of Notes Receivable

December 31, 2022

Unit: NT$ thousands

Customer Name	Summary	Amount		Remark
Non-related party:				
Protech Systems Co., Ltd.	Business	$	1,095	
Winsson Enterprises Co., Ltd.	〃		442	
DT Research, Inc.	〃		245	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃		9	
		$	**1,791**	

FSP Technology Inc.

Breakdown of accounts receivable

December 31, 2022 **Unit: NT$ thousands**

Customer Name	Summary	Amount	Remark
Related party:			
Sparkle Power Inc.	Business	$ 187,765	
Fortron/Source (Europa) GmbH	〃	23,545	
FSP (GB) Ltd.	〃	17,134	
3Y Power Technology Inc.	〃	35,580	
FSP Group USA Corp.	〃	2,254	
FSP North America Inc.	〃	122,923	
FSP Power Solution GmbH	〃	261,016	
FSP Technology USA Inc.	〃	54,211	
Wuxi Zhonghan Technology Co., Ltd.	〃	74,920	
3Y Power Technology (Taiwan) Inc.	〃	5,062	
FSP Turkey Dis Tic. Ltd. Sti.	〃	18,312	
Subtotal		802,722	
Non-related party:			
Listan GmbH	Business	222,334	
Shenzhen Zhencheng Wangshi Imp. & Exp. Co., Ltd.	〃	211,342	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	1,513,142	
Subtotal		1,946,818	
Less: Allowance for impairment loss		24,258	
Subtotal		1,922,560	
		$ 2,725,282	

FSP Technology Inc.

Statement of Other Receivables

December 31, 2022

Unit: NT$ thousands

Customer Name	Summary	Amount	Remark
Related party:			
FSP Power Solution GmbH	Business	11,462	
3Y Power Technology (Taiwan) Inc.	〃	7,631	
Famous Holding Ltd.	〃	4,662	
Sparkle Power Inc.	〃	4,310	
FSP North America Inc.	〃	3,632	
3Y Power Exchange Inc.	〃	1,692	
FSP Technology USA Inc.	〃	1,626	
FSP-C R&D Center	〃	488	
Fortron/Source (Europa) GmbH	〃	245	
FSP (GB) Ltd.	〃	197	
Wuxi SPI Technology Co., Ltd.	〃	107	
FSP Group USA Corp.	〃	36	
FSP Turkey Dis Tic.Ltd.Sti.	〃	19	
Subtotal		36,107	
Non-related party:			
Flex Imp. Exp. Ind E Comercio De Maq. E Mot. Ltda.	Business	7,104	
Cystech Electronics Corp.	〃	5,945	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	21,470	
Subtotal		34,519	
		$ 70,626	

FSP Technology Inc.

Statement of Inventories

December 31, 2022 **Unit: NT$ thousands**

Item	Amount: Cost		Amount: Net realizable value	Remark
Finished goods	$	1,114,940	1,304,113	Market value refers to the estimated net realizable value
Work in process		455,005	417,950	〃
Raw materials		449,733	410,049	〃
Total		2,019,678	**2,132,112**	
Lee: allowance for inventory valuation loss		140,264		
	$	**1,879,414**		

Breakdown of prepayment

Customer Name	Summary	Amount		Remark
Prepaid expenses		$	19,821	
Tax overpaid retained for offsetting the future tax payable			3,889	
Prepayment for purchase			2,616	
		$	**26,326**	

FSP Technology Inc.

Statement of Other Current Assets

December 31, 2022

Unit: NT$ thousands

Item	Summary	Amount	Remark
Payments on behalf of others		$ 11,929	
Others (the amount of individual item in others does not exceed 5% of the account balance)		168	
		$ 12,097	

FSP Technology Inc.

Changes in financial assets at fair value through other comprehensive income - Non-current

January 1 to December 31, 2022

Unit: NT$ thousands

Name	Beginning of Period shares	Beginning of Period Fair value	Increase for the period shares	Increase for the period Amount	Reduction in current period shares	Reduction in current period Amount	At the end of the period shares	At the end of the period Fair value	Guarantee or Pledge	Remark
Voltronic Power Technology Corp.	4,021,822	$ 6,213,715	-	-	355,000	548,475 (Note 1)	3,666,822	5,665,240	None	
JESS-LINK Products Co., Ltd.	8,492,000	351,144	1,508,000 (Note 3)	64,473 (Note 3)	-	15,617 (Note 1)	10,000,000	400,000	None	
WT Microelectronics Co., Ltd.	1,000,000	48,950	-	-	-	1,200 (Note 1)	1,000,000	47,750	None	
Taiwan Cement Corp.	50,000	2,400	4,996 (Note 6)	-	-	549 (Note 1)	54,996	1,851	None	
Taiwan Semiconductor Manufacturing Co., Ltd.	10,000	6,150	-	-	-	1,665 (Note 1)	10,000	4,485	None	
Coretronic Corporation	-	-	1,000,000 (Note 4)	56,900 (Note 4)	-	-	1,000,000	56,900	None	
TOT BIOPHARM International Co., Ltd.	1,195,200	18,118	-	-	-	6,816 (Note 3)	1,195,200	11,302	None	
Eastern Union Interactive Corp.	880,000	58,667	-	-	-	-	880,000	58,667	None	
Guoyu Global Co., Ltd.	500,000	5,000	-	-	-	-	500,000	5,000	None	
Taiwan Truewin Technology Co., Ltd.	500,000	32,500	887,925 (Note 5)	56,625 (Note 5)	-	-	1,387,925	89,125	None	
Liwatt X Inc.	-	-	1,000,000 (Note 3)	10,000 (Note 3)	-	-	1,000,000	10,000	None	
		$ 6,736,644		**187,998**		**574,322**		**6,350,320**		

Notes 1: Unrealized valuation gain (loss) for the period

Notes 2: Including the investment of NT$523,135 thousand disposed of and unrealized valuation loss of NT$25,340 thousand in the current period.

Notes 3: It is a new investment cost for the period.

Notes 4: Including new investment cost of NT$56,226 thousand for the period and unrealized valuation gain of NT$674 thousand.

Notes 5: Including the new investment of 725 thousand shares in the current period, the investment cost of NT$56,625 thousand and the receipt of stock dividends of 162,925 shares.

Notes 6: Is the stock dividend received in the current period.

FSP Technology Inc.

Statement of Changes in Investments Accounted for Using the Equity Method

January 1 to December 31, 2022

Unit: NT$ thousands

	Beginning balance		Increase for the period		Reduction in current period		Ending balance			Market price or net worth			
Name	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Percentage of Ownership**	**Amount**	**Unit Price**	**Total**	**Guarantee or Pledge**	**Remark**
FSP International Inc. (BVI)	32,202,500	$ 2,199,388	-	34,819	-	102,734	32,202,500	100.00%	2,131,473	66.72	2,148,605	None	
FSP Group Inc.	50,000	372	-	-	-	72	50,000	100.00%	300	6.00	300	None	
Amacrox Technology Co., Ltd. (BVI)	1,109,355	60,168	-	10,049	-	-	1,109,355	100.00%	70,217	68.40	75,883	None	
3Y Power	16,309,484	663,717	-	145,163	-	37,943	16,309,484	65.87%	770,937	46.92	765,217	None	
Harmony Trading (HK) Ltd.	10,000	1,788	-	138	-	-	10,000	100.00%	1,926	192.60	1,926	None	
FSP Technology USA Inc.	100,000	1,853	-	199	-	114	100,000	100.00%	1,938	19.38	1,938	None	
FSP Turkey Dis Tic.Ltd.Sti.	6,673,000	16,989	-	6,526	-	13,074	6,673,000	91.41%	10,441	3.06	20,444	None	
		$ 2,944,275		196,894		153,937			2,987,232		3,014,313		

Note: Including investment income of NT$41,534 thousand, exchange differences on translation of financial statements of foreign operations of NT$40,276 thousand, benefit from defined benefit plans of subsidiaries of NT$1,297 thousand, net change in deferred credits - unrealized gain or loss on sales of NT$(4,269) thousand, cash dividends from investees of NT$(35,881) thousand.

FSP Technology Inc.

Breakdown of other non-current assets

December 31, 2022

Unit: NT$ thousands

Item	Summary	Amount	Remark
Refundable deposits	Deposits for factories, office premises, and staff quarters	$ 3,208	
Others (the amount of individual item in others does not exceed 5% of the account balance)	Others	559	
		$ 3,767	

Breakdown of notes payable

Customer Name	Summary	Amount	Remark
Chroma ATE Inc.	Business	$ 3,732	
Hey Bro International Corp.	〃	2,833	
KPMG Taiwan	〃	1,600	
TUV Rheinland Taiwan Ltd.	〃	1,247	
168 Food Co., Ltd.	〃	710	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	2,935	
		$ 13,057	

FSP Technology Inc.

Statement of Accounts Payable

December 31, 2022

Unit: NT$ thousands

Customer Name	Summary	Amount	Remark
Related party:			
Shenzhen HuiLi Electronics Co., Ltd.	Business	$ 55,238	
Zhonghan Electronics Shenzhen Co., Ltd.	〃	32,315	
Wuxi SPI Technology Co., Ltd.	〃	18,986	
3Y Power Technology (Taiwan) Inc.	〃	172,039	
Dongguan Protek Electronics Corp.	〃	9,102	
Harmony Trading (HK) Ltd.	〃	466	
Voltronic Power Technology Corp.	〃	151,773	
Subtotal		439,919	
Non-related party:			
Yuen Tai Electrical Co., Ltd.	Business	202,572	
Avnet Asia Pte Ltd., Taiwan Branch	〃	167,108	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	2,238,211	
Subtotal		2,607,891	
		$ 3,047,810	

FSP Technology Inc.

Statement of Other Payables

December 31, 2022

Unit: NT$ thousands

Item	Summary	Amount
Non-related party:		
Salaries and bonuses payable	Business	$ 417,099
Safety test fee payable	〃	129,392
Advertising fees payable	〃	82,620
Remuneration payable to employees and directors	〃	73,190
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	188,793
		$ 891,094

Statement of Other Current Liabilities

Item	Summary	Amount	Remark
Advance payment received		$ 67,139	
Payment received temporarily		52,345	
Collection for others		11,143	
Others (the amount of individual item in others does not exceed 5% of the account balance)		7,318	
		$ 137,945	

FSP Technology Inc.

Statement of Operating Revenue

January 1 to December 31, 2022

Unit: NT$ thousands

Item	Quantity	Amount	Remark
Power supplies:			
Personal computer		$ 4,906,968	
Consumer application		4,250,411	
Industrial use		946,380	
Medical use		486,666	
Semi-finished goods		42,766	
Raw material		198,341	
		$ 10,831,532	

FSP Technology Inc.

Statement of Operating Costs

January 1 to December 31, 2022

Unit: NT$ thousands

Item	Amount Subtotal	Amount Total
Cost of self-produced goods sold		
Direct raw material	$ 6,044,370	
Add: raw materials - beginning of the period	655,301	
Purchase	6,027,551	
Less: raw materials - end of the period	(449,733)	
Sales of raw materials	(174,774)	
Loss of inventory obsolescence	(9,235)	
Loss of raw materials	(4)	
Used by departments	(4,736)	
Director labor	22,391	
Manufacturing overheads	1,845,756	
Manufacturing costs	7,912,517	
Add: work in process - beginning of the period	502,282	
Purchase	14,351	
Less: work in process - end of the period	(455,005)	
Sales of semi-finished goods	(30,573)	
Loss of inventory obsolescence	(3,800)	
Used by departments	(271)	
Cost of finished goods	7,939,501	
Add: finished goods - beginning of the period	1,085,723	
Finished goods purchased	886,574	
Less: finished goods - end of the period	(1,114,940)	
Loss of inventory obsolescence	(16,209)	
Used by departments	(18,017)	
Total cost of goods sold		8,762,632
Cost of raw material sold		174,774
Cost of semi-finished goods sold		30,573
Loss of inventory obsolescence		29,244
Loss of inventory write-down		59,459
Loss of inventory		4
Total operating costs		$ 9,056,686

FSP Technology Inc.

Statement of Selling and Marketing Expenses

January 1 to December 31, 2022

Unit: NT$ thousands

Item	Summary	Amount	Remark
Salary expenses		$ 116,443	
Commission expense		102,594	
Shipping expense		98,270	
Advertising expense		30,856	
Insurance expenses		23,294	
Others (the amount of individual item in others does not exceed 5% of the account balance)		68,732	
		$ 440,189	

Statement of General and Administrative Expenses

Item	Summary	Amount	Remark
Salary expenses		$ 316,104	
Depreciation		28,852	
Others (the amount of individual item in others does not exceed 5% of the account balance)		113,965	
		$ 458,921	

FSP Technology Inc.

Breakdown of R&D expenses

January 1 to December 31, 2022

Unit: NT$ thousands

Item	Summary	Amount	Remark
Salary expenses		$ 283,077	
Insurance expenses		26,481	
Others (the amount of individual item in others does not exceed 5% of the account balance)		78,070	
		$ 387,628	

For the table of changes in property, plant and equipment, please refer to Note VI(X).

For the table of changes in accumulated depreciation of property, plant and equipment, please refer to Note VI(X).

For the table of changes in right-of-use assets, please refer to Notes VI(XI).

For the table of changes in intangible assets, please refer to Notes VI(XII).

For the table of lease liabilities, please refer to Notes VI(XV).

For the table of provisions, please refer to Notes VI(XVI).

For the table of interest income, please refer to Note VI (XXIII).

For the table of other income, please refer to Note VI (XXIII).

For the table of other gains and losses, please refer to Note VI (XXIII).

For the table of financial costs, please refer to Note VI (XXIII).