Stock Code: 3015

FSP Technology Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

Fiscal years of 2024 and 2023

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Table of Contents

Statement

In the fiscal year 2024 of our company (from January 1, 2024 to December 31, 2024), the companies that are required to prepare consolidated financial statements for related parties in accordance with the "Guidelines for the Preparation of Business Reports, Consolidated Financial Statements for Related Parties, and Related Reports" and the companies that are required to prepare consolidated financial statements for parent-subsidiary mergers in accordance with International Financial Reporting Standard No. 10 approved by the Financial Supervisory Commission are the same. Furthermore, the relevant information that should be disclosed in the consolidated financial statements for related parties has already been disclosed in the aforementioned consolidated financial statements for parent-subsidiary mergers, so there is no need to prepare separate consolidated financial statements for related parties.

Hereby Declare

Company Name: FSP Technology Inc. and

Subsidiaries

Chairman: Cheng, Ya-Jen

Date: March 7, 2025

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have audited the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries (the "Group"), which comprise the Consolidated Balance Sheets as of December 31, 2024 and 2023, and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2024 and 2023. 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 Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations from International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinions

Our accountant conducted the audit work in accordance with the Certified Public Accountants' Rules for the Attestation of Financial Statements and Audit Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of FSP Technology Inc. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled other ethical responsibilities in accordance with 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 Consolidated Financial Statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the Consolidated 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 (XIX) for the related disclosure of revenue.

Description of key audit matter:

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. Additionally, there is a risk that revenue may not be recorded in the correct period close to the balance sheet date due to variations in the timing of revenue recognition based on different transaction conditions with customers. Hence, it is crucial to determine the recognition of revenue and the timing of transferring control over goods close to the balance sheet date in order to accurately present the financial statements. The accountant acknowledges that revenue is a crucial aspect to consider during the audit of the financial statements for the current fiscal 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 in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order 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 end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

Some subsidiary financial statements included in the FSP Technology Inc.'s consolidated financial report were not audited by our accountant but were audited by other auditors. Therefore, our accountant's opinion on the aforementioned consolidated financial report is based on the audit reports of other auditors for the amounts listed in the financial statements of those subsidiary companies. The total assets of these subsidiaries as of December 31, 2024, and December 31, 2023, accounted for 9.11% and 9.22% of the consolidated total assets, respectively. Meanwhile, the net operating revenue for the period from January 1 to December 31, 2024 and 2023 accounted for 9.75% and 11.36% of the consolidated net operating revenue, respectively.

FSP Technology Inc. has prepared its parent-company-only financial statements for the years ended December 31, 2024 and 2023, on which we have issued an unqualified opinion with the section of Other Matters in the audit report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Consolidated 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.

The governance of the Company, including the Audit Committee, is responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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. Having a reasonable assurance is having a high level of confidence, but performing audit work in accordance with auditing standards cannot guarantee the detection of all material misstatements in the consolidated financial statements. 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 on the basis of these Consolidated Financial Statements.

The auditor exercised professional judgment and professional skepticism in accordance with auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Consolidated 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 Consolidated 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 Consolidated Financial Statements, including the disclosures, and whether the Consolidated 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 entities or business activities within the Company to express an opinion on the Consolidated 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 Consolidated Financial Statements for the year ended December 31, 2024. 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 Chiang, Chia-Chi.

KPMG Taiwan

Taipei, Taiwan (Republic of China)

March 7, 2025

FSP Technology Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

Unit: NT$ thousands

		2024.12.31		2023.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**				
1100	Cash and cash equivalents (Note VI(I))	$ 3,879,851	18	4,225,848	21
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	983,657	4	698,828	3
1150	Notes receivable, net (Notes VI(IV) and (XIX))	235,225	1	126,773	1
1170	Accounts receivable, net (Notes VI(V) and (XIX))	2,532,685	12	2,331,178	11
1180	Accounts receivable - related parties, net (Notes VI(IV), (XIX) and VII)	622,078	3	541,208	3
1200	Other receivables (Notes VI(III), (V) and VII)	451,059	2	430,235	2
1220	Current income tax assets	6,859	-	8,351	-
130x	Inventories (Note VI(VI))	2,172,006	10	2,540,765	12
1410	Prepayments	81,292	-	63,325	-
1470	Other current assets (Note VIII)	60,843	-	23,537	1
	Total current assets	11,025,555	50	10,990,048	54
15xx	**Non-current assets:**				
1510	Financial assets at fair value through profit or loss - non-current (Note VI(II))	46,287	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	7,906,709	36	7,016,906	34
	(Note VI(III))	-	-	-	-
1550	Investment under equity method (Note VI(VII))	38,978	-	34,561	-
1600	Property, plant, and equipment (Notes VI(VIII), (XI), (XII), VIII and IX)	1,670,658	8	1,481,716	7
1755	Right-of-use assets (Notes VI(IX), (XIII) and VII)	692,097	3	434,682	3
1780	Intangible assets (Note VI(X))	232,124	1	223,440	1
1840	Deferred income tax assets (Note VI(XVI))	238,341	1	171,954	1
1900	Other non-current assets (Notes VI(VIII), (XV), VIII and IX)	166,036	1	69,515	-
	Total non-current assets	10,991,230	50	9,432,774	46
1xxx	**Total assets**	**$ 22,016,785**	**100**	**20,422,822**	**100**

		2024.12.31		2023.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**				
2100	Short-term borrowings (Notes VI(VIII), (XI), and VIII)	$ 3,253	-	1,536	-
2150	Notes payable	14,297	-	11,450	-
2170	Accounts payable	3,255,750	15	2,993,921	15
2180	Accounts payable - related parties (Note VII)	63,626	-	87,065	-
2200	Other payables (Notes VI(XV), (XX) and VII)	1,530,177	7	1,535,992	8
2230	Current income tax liabilities	53,871	-	133,695	1
2250	Provisions - current (Note VI(XIV))	138,268	1	130,311	1
2280	Lease liabilities - current (Notes VI(XIII) and VII)	173,749	1	190,025	1
2300	Other current liabilities (Notes VI(XII) and (XIX))	189,459	1	200,961	1
2320	Long-term liabilities due within one year or one operating cycle (Notes VI(VIII), (XII), and VIII)	48,200	-	75,616	-
	Total current liabilities	5,470,650	25	5,360,572	27
25xx	**Non-current liabilities:**				
2540	Long-term borrowings (Notes VI(VIII), (XII), and VIII)	1,381	-	48,788	-
2570	Deferred income tax liabilities (Note VI(XVI))	162,950	1	86,100	-
2580	Lease liabilities - non-current (Notes VI(XIII) and VII)	518,374	2	255,209	2
2645	Guarantee deposits received	522	-	500	-
2670	Other non-current liabilities (Note VI(XII))	2,433	-	2,429	-
	Total non-current liabilities	685,660	3	393,026	2
2xxx	**Total liabilities**	6,156,310	28	5,753,598	29
31xx	**Equity attributable to owners of the parent (Notes VI(III), (VII), (XV), (XVI) & (XVII)):**				
3100	Capital stock	1,872,620	9	1,872,620	9
3200	Capital surplus	861,396	4	861,207	4
3300	Retained earnings:				
3310	Legal reserve	1,411,213	6	1,301,707	6
3350	Unappropriated earnings	4,382,326	20	4,126,229	20
	Total retained earnings	5,793,539	26	5,427,936	26
34xx	Other equity:				
3410	Exchange differences on translation of financial statements of foreign operations	(47,247)	-	(126,335)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,965,505	31	6,232,008	31
	Total other equity	6,918,258	31	6,105,673	30
	Total equity attributable to shareholders of the parent	15,445,813	70	14,267,436	69
36xx	**Non-controlling interests (Note VI(XVII))**	414,662	2	401,788	2
3xxx	**Total equity**	15,860,475	72	14,669,224	71
2-3xxx	**Total liabilities and equity**	**$ 22,016,785**	**100**	**20,422,822**	**100**

(Please see accompanying notes to the Consolidated Financial Statements)

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

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NT$ thousands

		2024 Amount	2024 %	2023 Amount	2023 %
4000	**Operating revenue (Notes VI(XIX) and VII)**	$ 11,601,092	100	13,179,581	100
5000	**Operating costs (Notes VI(VI), (VIII), (IX), (X), (XIII), (XIV), (XV), VII and XII)**	9,577,853	83	10,773,503	82
5920	Add: Realized (unrealized) profit on sales	598	-	(2,051)	-
5900	**Gross profit**	2,023,837	17	2,404,027	18
6000	**Operating expenses (Notes VI(IV), (V), (VIII), (IX), (X), (XIII), (XV), (XX), VII and XII):**				
6100	Selling and marketing expenses	627,220	6	710,183	5
6200	General and administrative expenses	691,098	6	648,076	5
6300	Research and development expenses	621,609	5	559,978	4
6450	Expected credit impairment losses	34,707	-	16,977	-
	Total operating expenses	1,974,634	17	1,935,214	14
6900	**Net operating margin**	49,203	-	468,813	4
7000	**Non-operating income and expenses (Notes VI(II), (III), (VII), (VIII), (IX), (X), (XII), (XIII), (XVII), (XXI), and VII):**				
7100	Interest income	66,911	1	74,461	1
7010	Other income	270,097	3	251,049	2
7020	Other gains and losses	143,275	1	9,879	-
7050	Finance costs	(9,045)	-	(24,146)	-
7060	Share of profits (losses) of associates and joint ventures under equity method	2,257	-	2,453	-
	Total non-operating income and expenses	473,495	5	313,696	3
7900	**Income before income tax from continuing operations**	522,698	5	782,509	7
7950	**Less: Income tax expense (Note VI(XVI))**	84,679	1	142,825	1
8200	**Current net income**	438,019	4	639,684	6
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss (Notes VI(XV), (XVI) and (XVII))**				
8311	Gains (losses) on re-measurements of defined benefit plans	11,302	-	(788)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,284,738	11	1,100,229	8
8349	Less: Income tax related to components that will not be reclassified to profit or loss	2,261	-	(157)	-
	Total items that will not be reclassified to profit or loss	1,293,779	11	1,099,598	8
8360	**Items that may be reclassified subsequently to profit or loss (Note VI(VII) and (XVII))**				
8361	Exchange differences on translation of financial statements of foreign operations	81,284	1	(49,896)	-
8370	Share of other comprehensive income (losses) of associates and joint ventures under equity method	2,570	-	(41)	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	83,854	1	(49,937)	-
8300	**Other current comprehensive income**	1,377,633	12	1,049,661	8
8500	**Total current comprehensive income**	$ 1,815,652	16	1,689,345	14
	Current net income attributable to:				
8610	Shareholders of the parent	$ 404,559	4	599,238	6
8620	Non-controlling interests	33,460	-	40,446	-
		$ 438,019	4	639,684	6
	Total comprehensive income (losses) attributable to:				
8710	Shareholders of the parent	$ 1,777,426	16	1,649,780	14
8720	Non-controlling interests	38,226	-	39,565	-
		$ 1,815,652	16	1,689,345	14
	Earnings per share (unit: NT$) (Note VI(XVIII))				
9750	Basic earnings per share	$	2.16		3.20
9850	Diluted earnings per share	$	2.15		3.17

(Please see accompanying notes to the Consolidated Financial Statements)

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

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2024 and 2023

Unit: NT$ thousands

	Equity Attributable to Owners of the Parent										
			Retained Earnings			Other Equity Items					
	Capital Stock - Common Shares	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Total Equity Attributable to Shareholders of the Parent	Non-controlling interests	Total Equity
Balance as of January 1, 2023	$ 1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251	394,334	13,723,585
Appropriation and distribution of earnings:											
Legal reserve	-	-	126,385	(126,385)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)	-	(561,786)
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)	-	(149,809)
Current net income	-	-	-	599,238	599,238	-	-	-	599,238	40,446	639,684
Other current comprehensive income	-	-	-	(701)	(701)	(48,986)	1,100,229	1,051,243	1,050,542	(881)	1,049,661
Total current comprehensive income	-	-	-	598,537	598,537	(48,986)	1,100,229	1,051,243	1,649,780	39,565	1,689,345
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	496,528	496,528	-	(496,528)	(496,528)	-	-	-
Distribution of cash dividends for non-controlling interests	-	-	-	-	-	-	-	-	-	(32,111)	(32,111)
Balance as of December 31, 2023	1,872,620	861,207	1,301,707	4,126,229	5,427,936	(126,335)	6,232,008	6,105,673	14,267,436	401,788	14,669,224
Appropriation and distribution of earnings:											
Legal reserve	-	-	109,506	(109,506)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(599,238)	(599,238)	-	-	-	(599,238)	-	(599,238)
Current net income	-	-	-	404,559	404,559	-	-	-	404,559	33,460	438,019
Other current comprehensive income	-	-	-	9,041	9,041	79,088	1,284,738	1,363,826	1,372,867	4,766	1,377,633
Total current comprehensive income	-	-	-	413,600	413,600	79,088	1,284,738	1,363,826	1,777,426	38,226	1,815,652
Proceeds received from the disposal of employee stock ownership trust shares	-	189	-	-	-	-	-	-	189	-	189
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	551,241	551,241	-	(551,241)	(551,241)	-	-	-
Distribution of cash dividends for non-controlling interests	-	-	-	-	-	-	-	-	-	(25,352)	(25,352)
Balance as of December 31, 2024	**$ 1,872,620**	**861,396**	**1,411,213**	**4,382,326**	**5,793,539**	**(47,247)**	**6,965,505**	**6,918,258**	**15,445,813**	**414,662**	**15,860,475**

(Please see accompanying notes to the Consolidated Financial Statements)

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

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: NT$ thousands

	2024	2023
Cash flows from operating activities:		
Income before income tax	$ 522,698	782,509
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	401,414	379,163
Amortization expenses	7,852	6,349
Expected credit impairment losses	34,707	16,977
Interest expense	9,045	24,146
Interest income	(66,911)	(74,461)
Dividend income	(175,553)	(192,437)
Share of profits (losses) of associates and joint ventures under equity method	(2,257)	(2,453)
Loss (gain) on disposal and scrap of property, plant, and equipment	(5,976)	607
Expenses transfer from property, plant, and equipment	176	-
Loss (gain) on disposal and write-off of intangible assets	36	11
Loss on disposal of investments	-	549
Unrealized (realized) profit on sales	(598)	2,051
Gains on lease modifications	(1,208)	(12)
Total adjustments for profit or loss	200,727	160,490
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(331,116)	(138,379)
Notes receivable	(108,452)	(45,205)
Accounts receivable	(236,214)	820,961
Accounts receivable - related parties	(80,870)	180,630
Other receivables	(30,572)	(356,952)
Inventories	368,759	517,874
Prepayments	(17,967)	(18,747)
Other current assets	(4,521)	7,321
Other non-current assets	(9,120)	(10,581)
Total changes in operating assets	(450,073)	956,922
Changes in operating liabilities:		
Notes payable	2,847	(1,607)
Accounts payable	261,829	(860,898)
Accounts payable - related parties	(23,439)	(64,708)
Other payables	5,112	283,908
Provisions for liabilities	7,957	(844)
Other current liabilities	(11,825)	32,140
Other non-current liabilities	-	(9,556)
Total changes in operating liabilities	242,481	(621,565)
Total changes in operating assets and liabilities	(207,592)	335,357
Total adjustments	(6,865)	495,847
Cash flows generated by operating activities	515,833	1,278,356
Interest received	69,518	72,385
Interest paid	(9,048)	(24,227)
Income tax paid	(153,891)	(183,401)
Net cash flows generated from operating activities	422,412	1,143,113
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(228,730)	(50,745)
Disposal of financial assets at fair value through other comprehensive income	631,169	502,498
Acquisition of property, plant, and equipment	(394,985)	(195,910)
Disposal of property, plant, and equipment	9,806	5,784
Acquisition of intangible assets	(16,550)	(4,906)
Increase in refundable deposits	(3,462)	(5,800)
Increase in prepayments for equipment	(74,130)	(2,006)
Dividends received	176,199	192,437
Increase in restricted time deposits	(32,785)	-
Net cash flows from investing activities	66,532	441,352
Cash flows from financing activities:		
Proceeds from short-term borrowings	7,165	1,560
Decrease in short-term loans	(5,365)	(7,697)
Repayments of long-term loans	(74,823)	(74,930)
Increase in deposited margin	5	-
Repayment of the principal of lease liabilities	(204,925)	(186,867)
Cash dividends paid	(599,238)	(711,595)
Proceeds received from the disposal of employee stock ownership trust shares	189	-
Cash dividends paid to non-controlling interests	(25,352)	(32,111)
Net cash flows used in financing activities	(902,344)	(1,011,640)
Effects of exchange rate changes on the balance of cash held in foreign currencies	67,403	(42,947)
Net increase (decrease) in cash and cash equivalents	(345,997)	529,878
Cash and cash equivalents at the beginning of the period	4,225,848	3,695,970
Cash and cash equivalents at the end of the period	$ 3,879,851	4,225,848

(Please see accompanying notes to the Consolidated Financial Statements)

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

FSP Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Fiscal years of 2024 and 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company History

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2025.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adopting newly issued and amended standards and interpretations approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

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

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

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

The Group assesses that the adoption of the following new amendments effective from January 1, 2025 will not have a significant impact on the Consolidated Financial Statements.

- IAS 21 "Lack of Exchangeability"

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

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

New or Amended Standards	Content of Amendment	Effective Date per International Accounting Standards Board
IFRS 18 "Presentation and Disclosure of Financial Statements"	The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.	January 1, 2027
IFRS 18 "Presentation and Disclosure of Financial Statements"	• A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called 'operating profit' and require that all revenues and expenses be classified into three new categories based on the company's main business activities.	January 1, 2027

New or Amended Standards	Content of Amendment	Effective Date per International Accounting Standards Board
	• Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

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

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

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance declaration

The Company's accompanying Consolidated Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations from International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (collectively as "IFRSs").

(II) Preparation basis

1. Measurement basis

The Consolidated 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 (assets), which are 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 effect of the asset ceiling as mentioned in Note IV (XVII).

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Consolidated 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) Basis of consolidation

1. Principles of preparation of the Consolidated Financial Statements

The entities in the Consolidated Financial Statements include the Company and its subsidiaries.

The financial statements of the subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Profit or loss attributable to the non-controlling interests of the subsidiaries is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. If the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, as well as any carrying amount of non-controlling interests at the date of loss of control. In addition, the Group recognizes the fair value of the retained investment in the former subsidiary at the date of loss of control, and also recognizes the resulting difference in profit or loss as income or loss attributable to the Company. All inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation.

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

2. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2024.12.31	Percentage of Ownership 2023.12.31	Description
The Company	FSP International Inc. (BVI)	Investment holdings	100.00%	100.00%	Note 3
〃	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	
〃	Amacrox Technology Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	
〃	3Y Power Technology (TAIWAN) Inc. (hereinafter referred to as 3Y Power)	Trading and manufacturing of power supplies and related electronic products	65.87%	65.87%	
〃	Harmony Trading (HK) Ltd.	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	FSP Technology USA Inc.	Business development and product technical service	100.00%	100.00%	
〃	FSP Turkey Dis Tic.Ltd.Sti.	Business development and product technical service	91.41%	91.41%	

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2024.12.31	Percentage of Ownership 2023.12.31	Description
〃	FSP Technology Vietnam Co., Ltd. (hereinafter referred to as FSP VN)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	Note 1
FSP International Inc. (BVI)	Shenzhen Huili Electronic Co., Ltd. (hereinafter referred to as Huili)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	Note 3
〃	FSP Technology Inc. (BVI)	Investment holdings	100.00%	100.00%	
〃	Proteck Electronics (Samoa) Corp.	Investment holdings	100.00%	100.00%	
〃	Power Electronics Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	
〃	Famous Holding Ltd.	Investment holdings	100.00%	100.00%	
〃	FSP International (HK) Ltd.	Investment holdings	100.00%	100.00%	
FSP Technology Inc. (BVI)	FSP-C R&D Center (hereinafter referred to as FSP Jiangsu)	Research & development and design of various energy saving technology	100.00%	100.00%	
Protek Electronics (Samoa) Corp.	Protek Electronics (China) Corp. (hereinafter referred to as Protek Dongguan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Power Electronics Co., Ltd. (BVI)	Zhonghan Electronics (Shenzhen) Co., Ltd. (hereinafter referred to as Zhonghan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Famous Holding Ltd.	WUXI SPI Technology Co., Ltd. (hereinafter referred to as WUXI SPI)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
〃	WUXI Zhonghan Technology Co., Ltd. (hereinafter referred to as WUXI Zhonghan)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership		Description
			2024.12.31	2023.12.31	
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. (hereinafter referred to as Hao Han)	Trading and manufacturing of electronic components	100.00%	100.00%	
WUXI Zhonghan	Shenzhen Zhonghan Technology Co., Ltd. (hereinafter referred to as Zhonghan Tech.)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	
3Y Power	3Y Power Technology Inc. (hereinafter referred to as 3Y Power USA)	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	Luckyield Co., Ltd.	Investment holdings	100.00%	100.00%	
Luckyield Co., Ltd.	WUXI 3Y Technology Co., Ltd. (hereinafter referred to as WUXI 3Y)	Design, manufacturing and trading of power supplies	100.00%	100.00%	Note 2

Note 1: The Company established FSP VN on June 19, 2023, with an initial investment of NT$30,500 thousand (US$1,000 thousand), making it a subsidiary from that date. On March 14, 2024, the Board of Directors resolved to increase the capital by US$4,000 thousand. As of December 31, 2024, the actual capital increase to FSP Technology Vietnam Co., Ltd. amounted to US$4,000 thousand.

Note 2: The Company invested in WUXI 3Y through Luckyield Co., Ltd., and the shareholding percentage as of December 31, 2024 and 2023 was 65.87%.

Note 3: On February 1, 2024, the Company received approval from the Investment Commission to increase the capital of our subsidiary, FSP International Inc. (BVI), by US$10,000 thousand. Subsequently, FSP International Inc. (BVI) increased the capital of Shenzhen Huili Electronic Co., Ltd. in mainland China by US$10,000 thousand. As of December 31, 2024, a total of US$7,000 thousand has been remitted through FSP International Inc. (BVI) for the capital increase of Shenzhen Huili Electronic Co., Ltd. in mainland China.

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

(IV) Foreign currencies

1. Foreign currency transactions

   Foreign currency transactions are translated into the 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 disposing of foreign operating entities that result in loss of control, joint control, or significant influence, the accumulated translation differences related to those entities are reclassified in their entirety to profit or loss. When partially disposing of subsidiary companies that include foreign operations, the related accumulated exchange differences are proportionately reallocated to non-controlling interests. When disposing of investments that include affiliated enterprises or joint ventures with foreign operating organizations, the accumulated exchange differences related to these investments should be reclassified proportionally in the income statement.

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

The Group classifies an asset as a current asset if it meets any of the following conditions. All other assets that do not meet these criteria are classified as non-current assets:

1. The asset is expected to be realized or intended to be sold or consumed within the entity's normal operating cycle.
2. The asset is held primarily for trading purposes.

3. The asset is expected to be realized within twelve months after the reporting period.
4. The asset is cash or a cash equivalent (as defined in IAS 7), unless its use for settling liabilities is restricted for at least twelve months after the reporting period.

The Group classifies a liability as a current liability if it meets any of the following conditions. All other liabilities that do not meet these criteria are classified as non-current liabilities:

1. The liability is expected to be settled within the entity's normal operating cycle.
2. The liability is held primarily for trading purposes.
3. The liability is due to be settled within twelve months after the reporting period.
4. The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period's end.

(VI) <u>Cash and cash equivalents</u>

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 the purpose of fulfilling short-term cash commitment rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the Consolidated Statements of Cash Flows.

(VII) <u>Financial instruments</u>

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instruments. 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 is initially measured at the transaction price.

1. Financial assets

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

The financial assets were initially classified as follows: financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. When the Group 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 in order 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 initial 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 Group may make an irrevocable election to present subsequent changes in 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 clearly 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 Group 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 measured at amortized cost or fair value through other comprehensive income, such as financial assets held for trading and managed and evaluated for performance based on fair value, are measured at fair value through profit or loss. At initial recognition, the Group may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or at 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 Group recognizes allowance for expected credit losses on financial assets measured at amortized cost. These include cash and cash equivalents, notes receivable 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 Group's historical experience, credit assessment, as well as forward-looking information, the Group 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 Group 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 Group in accordance with the contracts and the cash flows that the Group 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 is written off when the Group has no reasonable expectation of recovering the entire or part of the financial assets. The Group individually makes the assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group 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 in order to comply with the Group's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Group 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 Group 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 Group 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 is 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 Group after deducting all of its liabilities. Equity instruments issued by the Group 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 is also recognized in profit or loss.

(3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, 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 Group has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VIII) 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 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 of 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 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.

(IX) Investments in associates

An associate is an entity in which the Group has significant influence, but not control over their financial and operating policies. The Group 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 Group'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 Group and an associate are recognized only to the extent of unrelated investors' interests in the associate.

When the Group's share of losses of an associate equals 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 Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group 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 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 in relation to 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 Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group 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.

(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 Group.

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	3~15 years
Machinery	1~24 years
Transportation Equipment	4~19 years
Other Equipment	1~26 years
Leasehold Improvements	3~11 years

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

(XI) Leases - Lessee

At inception of a contract, the Group 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 for a period of time in exchange for consideration.

The Group 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 Group 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 Group's incremental borrowing rate is applied. Generally, the Group 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 on 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 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.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and any difference between this amount and the remeasured lease liability is recognized in the income statement.

The Group 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 Consolidated Balance Sheets.

For certain short-term leases and low-value asset leases related to buildings, construction, machinery, equipment, and transportation equipment, the Group has opted not to recognize right-of-use assets and lease liabilities. Instead, the related lease payments are recognized as expenses on a straight-line basis over the lease term.

(XII) Intangible assets

1. Recognition and measurement

Goodwill of the Group occurred in the business combination prior to the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Group 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 in accordance with 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 Group'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 Group 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 Group 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 the purpose of 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 less 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 been recognized for the assets in prior years.

(XIV) Provisions for liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will 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 Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

(XVI) Government grant

When the Group can receive the government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Group recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Group 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 Group'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 Group'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 Group, 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 is recognized in profit or loss. When the settlement occurs, the Group 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 Group 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.

The Group has determined that interest or penalties associated with income tax, including uncertain tax treatments, do not fall under the definition of income tax. As a result, they are subject to accounting treatment in accordance with International Accounting Standard 37.

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 are 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 tax is recognized based on the temporary differences between the carrying amounts of assets and liabilities as of the reporting date and their tax bases. Deferred income taxes are not recognized for the following temporary differences:

1. Assets or liabilities that are not initially recognized as part of a business combination and do not impact accounting profit, taxable income (loss), or generate equal temporary differences for taxable and deductible purposes at the time of the transaction;
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that 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 it is probable that future taxable profits will 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) Earnings per share

The basic and diluted EPS attributable to stockholders of the Group are disclosed in the Consolidated Financial Statements. Basic EPS of the Group 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 Group's dilutive potential common shares include estimates of employee compensation.

(XX) Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's key operation decision maker, who determine the allocation of resources to the segment and assesses its performance.

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

When preparing the consolidated financial statements, management is required to make judgments and estimates about the future (including climate-related risks and opportunities). These judgments and estimates will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from the estimates. Management continuously reviews estimates and underlying assumptions to ensure alignment with the Group's risk management and climate-related commitments. Changes in these estimates are recognized prospectively during the period of the change and in future periods affected by the change.

The Consolidated Financial Statements involve material judgment as to whether the Group has substantive control over the investee, FSP Group USA Corp. and it has a material impact on the amounts recognized in the Consolidated Financial Statements. The related information is as follows:

The Group holds 45% of the shares of FSP Group USA Corp., and the remaining 55% of the shares are held by the other three shareholders. In the past years, these three shareholders attended each shareholders' meeting and hence the Group did not have more than half of the voting rights. These three shareholders may jointly exercise the right of consent at the shareholders' meeting due to the same position. In addition, the Group did not assume the position of director, so it was determined that the Group only has significant influence over FSP Group USA Corp.

In the Consolidated Financial Statements, there is no accounting policy that involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Consolidated Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	$ 7,405	9,808
Cash equivalents		
Repurchase agreements	14,425	105,842
Deposits in saving accounts and checking accounts	2,469,138	1,544,510
Time deposits	1,388,883	2,565,688
	$ 3,879,851	4,225,848

Please refer to Note VI (XXII) for the disclosure of interest rate risk of the Group's financial assets and liabilities.

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

	2024.12.31	2023.12.31
Financial assets mandatorily measured at fair value through profit or loss - current:		
Non-derivative financial assets		
Beneficiary certificates	$ 355,779	277,366
Private equity funds	121,250	68,545
Foreign unlisted stocks	72,248	71,632
Structured deposits	434,380	281,285
Subtotal	983,657	698,828
Financial assets mandatorily measured at fair value through profit or loss - non-current:		
Non-derivative financial assets		
Structured products	46,287	-
Total	$ 1,029,944	698,828

As of December 31, 2024, and December 31, 2023, the Group held structured deposits with expected yields ranging from 0.85% to 2.20% and 1.30% to 2.70%, respectively. These deposits are set to mature between March and April 2025 and between February and March 2024, respectively.

The dividend income recognized by the Group for the financial assets measured at fair value through profit or loss, as listed above, amounted to NT$3,218 thousand for 2024 and NT$619 thousand for 2023.

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

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

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

	2024.12.31	2023.12.31
Equity instruments at fair value through other comprehensive income:		
Domestic listed (OTC) stocks	$ 7,582,980	6,748,094
Foreign listed stocks	9,028	9,253
Foreign unlisted stocks	55,302	26,493
Domestic unlisted stocks	259,399	233,066
Total	$ 7,906,709	7,016,906

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

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

   The dividend income recognized by the Group for 2024 and 2023 from equity instruments designated as at fair value through other comprehensive income amounted to NT$172,335,000 and NT$191,818,000, respectively.

   In 2024, to align with the Group's capital utilization plan, designated financial assets measured at fair value through other comprehensive income were sold. The total fair value at the time of disposal amounted to NT$623,666 thousand, with total disposal gains of NT$551,241 thousand. As of December 31, 2024, the outstanding proceeds from disposal amounted to NT$939 thousand, which was recognized under other receivables. In 2023, to align with the Group's capital utilization plan, designated financial assets measured at fair value through other comprehensive income were sold. The fair value at the time of disposal amounted to NT$510,881 thousand, with a disposal gain of NT$496,528. As of December 31, 2023, the outstanding disposal proceeds of NT$8,442 thousand were recorded under other receivables.

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

(IV) Notes receivable and accounts receivable

	2024.12.31	2023.12.31
Notes receivable	$ 235,225	126,773
Accounts receivable	2,553,215	2,345,626
Accounts receivable - related parties	622,078	541,208
Less: Loss allowances	(20,530)	(14,448)
	$ 3,389,988	2,999,159

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

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

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

	2024.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted-average Expected Credit Loss Rate (%)	Allowance for Expected Credit Loss
Not past due	$ 2,441,936	0.09	2,128
Past due within 30 days	42,814	5.74	2,459
Past due 31~60 days	6,879	18.10	1,245
Past due 61~90 days	5,837	34.65	2,023
Past due 121~180 days	1,620	100.00	1,620
Past due 181~365 days	2,235	100.00	2,235
Past due over a year above	750	100.00	750
	$ 2,502,071		12,460

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT$13,108 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT$2,622 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

	2023.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	**Weighted-average Expected Credit Loss Rate (%)**	**Allowance for Expected Credit Loss**
Not past due	$ 2,047,808	0.24	4,533
Past due within 30 days	48,729	6.30	3,068
Past due 31~60 days	1,452	19.88	289
Past due 91~120 days	1,303	45.45	592
Past due over 121 days	1,645	100.00	1,645
	$ 2,100,937		10,127

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

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

	2024.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	**Weighted-average Expected Credit Loss Rate (%)**	**Allowance for Expected Credit Loss**
Not past due	$ 708,265	0.05	365
Past due within 30 days	20,404	0.05	11
Past due 31~60 days	17,247	0.05	9
Past due 61~90 days	2,198	0.05	1
Past due 91~120 days	1,458	0.05	1

	2024.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted-average Expected Credit Loss Rate (%)	Allowance for Expected Credit Loss
Past due 121~180 days	1,080	0.05	1
Past due 181~365 days	482	0.05	-
Past due over a year above	1,304	0.05	1
	$ 752,438		389

	2023.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted-average Expected Credit Loss Rate (%)	Allowance for Expected Credit Loss
Not past due	$ 720,132	0.05	362
Past due within 30 days	14,133	0.05	7
Past due 31~60 days	10,105	0.05	5
Past due 61~90 days	2,077	0.05	1
Past due 121~180 days	604	0.05	-
Past due 181~365 days	656	0.05	-
Past due over a year above	376	0.05	1
	$ 748,083		376

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

	2024.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted-average Expected Credit Loss Rate (%)	Allowance for Expected Credit Loss
Not past due	$ 93,209	-	-
Past due within 30 days	32,608	-	-
Past due 31~60 days	3,698	0.14	5
Past due 181~365 days	13,386	37.76	5,054
	$ 142,901		5,059

	2023.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted-average Expected Credit Loss Rate (%)	Allowance for Expected Credit Loss
Not past due	$ 107,133	-	-
Past due within 30 days	22,222	-	-
Past due 31~60 days	13,523	-	-
Past due 61~90 days	8,559	-	-
Past due 91~120 days	10,371	0.30	3,071
Past due over a year above	398	100.00	398
	$ 162,206		**3,469**

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

	2024	2023
Beginning balance	$ 14,448	24,641
Write-off amounts turnover in the previous year	-	1,392
Impairment losses recognized (reversed)	34,707	(11,529)
Write-off	(28,901)	-
Effect of foreign exchange rate changes	276	(56)
Ending balance	**$ 20,530**	**14,448**

(V) Other receivables

	2024.12.31	2023.12.31
Other receivables	$ 481,057	458,840
Less: Loss allowances	(29,998)	(28,605)
	$ 451,059	**430,235**

Changes in loss allowance for other receivables:

	2024	2023
Beginning balance	$ 28,605	510
Impairment losses recognized	-	28,506
Effect of foreign exchange rate changes	1,393	(411)
Ending balance	**$ 29,998**	**28,605**

(VI) Inventories

	2024.12.31	2023.12.31
Finished goods	$ 1,197,721	1,503,290
Work in process	481,919	434,453
Raw materials	492,366	603,022
	$ 2,172,006	2,540,765

Breakdown of cost of goods sold:

	2024	2023
Inventories sold	$ 9,192,961	10,328,490
Loss on inventory write-down	26,088	21,731
Loss on inventory	-	17
Unallocated manufacturing expense	319,078	376,612
Loss on inventory obsolescence	39,913	46,796
Income from sales of scraps	(187)	(143)
	$ 9,577,853	10,773,503

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

(VII) Investments recognized through the equity method

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

	2024.12.31	2023.12.31
Associate	$ 38,978	34,561

1. Associate

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

	2024.12.31	2023.12.31
The carrying amount of investments in associates that were not individually material to the Group at the end of the period	$ 38,978	34,561

	2024	2023
Attributable to the Group:		
Income from continuing operations	$ 2,257	2,453
Other comprehensive income	2,570	(41)
Total comprehensive income	$ 4,827	2,412

2. Collateral

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

(VIII) Property, plant, and equipment

The details of changes in cost, depreciation, and impairment losses of property, plant, and equipment for the Group for 2024 and 2023 are as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Equipment Pending Inspection	Total
Cost or deemed cost:									
Balance as of January 1, 2024	$ 310,476	1,224,490	27,949	1,307,563	22,060	517,402	89,879	9,348	3,509,167
Addition	-	20,682	-	120,303	3,634	28,771	3,977	206,694	384,061
Disposal and obsolescence	(2,597)	(7,236)	-	(22,248)	(908)	(16,491)	-	-	(49,480)
Reclassification (Note)	-	8,460	-	1,745	-	636	-	(9,348)	1,493
Effect of exchange rate changes	-	9,269	845	32,382	683	4,131	3,119	837	51,266
Balance as of December 31, 2024	**$ 307,879**	**1,255,665**	**28,794**	**1,439,745**	**25,469**	**534,449**	**96,975**	**207,531**	**3,896,507**
Balance as of January 1, 2023	$ 310,476	1,217,961	28,387	1,235,925	18,803	499,757	76,042	73	3,387,424
Addition	-	12,039	-	126,673	4,197	32,234	15,867	9,348	200,358
Disposal and obsolescence	-	(540)	-	(39,443)	(642)	(12,307)	(213)	-	(53,145)
Reclassification (Note)	-	-	-	1,681	-	93	-	(73)	1,701
Effect of exchange rate changes	-	(4,970)	(438)	(17,273)	(298)	(2,375)	(1,817)	-	(27,171)
Balance as of December 31, 2023	**$ 310,476**	**1,224,490**	**27,949**	**1,307,563**	**22,060**	**517,402**	**89,879**	**9,348**	**3,509,167**
Depreciation and impairment loss:									
Balance as of January 1, 2024	$ -	564,899	11,598	960,777	14,277	428,499	47,401	-	2,027,451
Recognition in current period	-	52,529	2,178	100,359	3,398	35,235	11,988	-	205,687
Disposal and obsolescence	-	(7,107)	-	(22,056)	(908)	(15,403)	-	-	(45,474)
Effect of exchange rate changes	-	8,271	329	24,204	465	3,274	1,642	-	38,185
Balance as of December 31, 2024	**$ -**	**618,592**	**14,105**	**1,063,284**	**17,232**	**451,605**	**61,031**	**-**	**2,225,849**
Balance as of January 1, 2023	$ -	519,214	9,607	912,700	13,376	405,636	38,896	-	1,899,429
Recognition in current period	-	50,321	2,155	93,965	1,742	36,690	9,555	-	194,428
Disposal and obsolescence	-	(272)	-	(33,427)	(642)	(12,200)	(213)	-	(46,754)
Effect of exchange rate changes	-	(4,364)	(164)	(12,461)	(199)	(1,627)	(837)	-	(19,652)
Balance as of December 31, 2023	**$ -**	**564,899**	**11,598**	**960,777**	**14,277**	**428,499**	**47,401**	**-**	**2,027,451**

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Equipment Pending Inspection	Total
Carrying amounts:									
Balance as of December 31, 2024	$ 307,879	637,073	14,689	376,461	8,237	82,844	35,944	207,531	1,670,658
Balance as of December 31, 2023	$ 310,476	659,591	16,351	346,786	7,783	88,903	42,478	9,348	1,481,716

Note: During fiscal years 2024 and 2023, prepayments for equipment were transferred in the amounts of NT$1,493 thousand and NT$1,701 thousand, respectively.

Details of assets pledged as collateral for short-term and long-term borrowings, as well as credit facilities, as of December 31, 2024, and December 31, 2023, are provided in Note VIII.

(IX) Right-of-use assets

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

	Land	Housing and Construction	Machinery	Transportation Equipment	Total
Costs of right-of-use assets:					
Balance as of January 1, 2024	$ 27,483	1,194,676	-	5,618	1,227,777
Addition	-	497,068	402	1,720	499,190
Lease modification	-	3,679	-	-	3,679
Reduction (contract expired and contract modification)	(1,489)	(144,274)	-	(716)	(146,479)
Effect of exchange rate changes	561	42,185	-	34	42,780
Balance as of December 31, 2024	$ 26,555	1,593,334	402	6,656	1,626,947
Balance as of January 1, 2023	$ 27,784	1,119,990	-	3,497	1,151,271
Addition	-	97,236	-	2,511	99,747
Reduction (contract expired and early termination of contract)	-	(2,276)	-	(390)	(2,666)
Effect of exchange rate changes	(301)	(20,274)	-	-	(20,575)
Balance as of December 31, 2023	$ 27,483	1,194,676	-	5,618	1,227,777
Depreciation of right-of-use assets:					
Balance as of January 1, 2024	$ 5,087	785,603	-	2,405	793,095
Depreciation in current period	962	192,529	13	2,223	195,727
Lease modification	-	2,801	-	-	2,801
Reduction (contract expired and contract modification)	(38)	(83,372)	-	(716)	(84,126)
Effect of exchange rate changes	85	27,246	-	22	27,353
Balance as of December 31, 2024	$ 6,096	924,807	13	3,934	934,850
Balance as of January 1, 2023	$ 4,106	618,627	-	1,041	623,774

	Land	Housing and Construction	Machinery	Transportation Equipment	Total
Depreciation in current period	1,023	181,955	-	1,757	184,735
Reduction (contract expired and early termination of contract)	-	(1,899)	-	(390)	(2,289)
Effect of exchange rate changes	(42)	(13,080)	-	(3)	(13,125)
Balance as of December 31, 2023	$ 5,087	785,603	-	2,405	793,095
Carrying amounts:					
Balance as of December 31, 2024	$ 20,459	668,527	389	2,722	692,097
Balance as of December 31, 2023	$ 22,396	409,073	-	3,213	434,682

(X) Intangible assets

The Group's costs, amortization and impairment loss of intangible assets for the years ended December 31, 2024 and 2023 were as follows:

	Goodwill	Software Cost	Patent	Total
Cost:				
Balance as of January 1, 2024	$ 218,672	15,376	16,715	250,763
Addition in current period	-	16,474	76	16,550
Disposal in current period	-	(1,778)	(89)	(1,867)
Effect of exchange rate changes	-	-	29	29
Balance as of December 31, 2024	$ 218,672	30,072	16,731	265,475
Balance as of January 1, 2023	$ 218,672	18,846	16,507	254,025
Addition in current period	-	4,665	241	4,906
Reduction in current period	-	(8,135)	(18)	(8,153)
Effect of exchange rate changes	-	-	(15)	(15)
Balance as of December 31, 2023	$ 218,672	15,376	16,715	250,763
Amortization and impairment loss:				
Balance as of January 1, 2024	$ -	11,237	16,086	27,323
Amortization for the period	-	7,769	83	7,852
Disposal in current period	-	(1,778)	(53)	(1,831)

	Goodwill	Software Cost	Patent	Total
Effect of exchange rate changes	-	-	7	7
Balance as of December 31, 2024	$ -	17,228	16,123	33,351
Balance as of January 1, 2023	$ -	13,099	16,021	29,120
Amortization for the period	-	6,273	76	6,349
Reduction in current period	-	(8,135)	(7)	(8,142)
Effect of exchange rate changes	-	-	(4)	(4)
Balance as of December 31, 2023	$ -	11,237	16,086	27,323
Carrying amounts:				
Balance as of December 31, 2024	$ 218,672	12,844	608	232,124
Balance as of December 31, 2023	$ 218,672	4,139	629	223,440

1. Amortization expenses

   The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for the years ended December 31, 2024 and 2023:

	2024	2023
Operating costs	$ 570	362
Operating expenses	7,282	5,987
Total	$ 7,852	6,349

2. Impairment test for goodwill

   (1) For the purpose of impairment test, goodwill is allocated to the Group's operating units, which are the smallest levels used by the Group to monitor goodwill for internal management purposes and shall not be larger than the operating departments of the Group. Allocation of the carrying amount of goodwill as of December 31, 2024 and 2023 was as follows:

	2024.12.31	2023.12.31
FSP Technology Inc. and Processing Subsidiaries	$ 114,411	114,411
3Y Power	104,261	104,261
	$ 218,672	218,672

(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 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.

B. The Group estimates the pre-tax discount rate based on the weighted average cost of capital (WACC), the discount rates as of December 31, 2024 and 2023 were 9.47% and 9.88% respectively.

(3) According to the asset impairment test conducted in 2024 and 2023, no impairment losses were recognized as the recoverable amount of cash-generating unit was higher than the carrying amount.

(XI) Short-term loans

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

		2024.12.31	2023.12.31
Credit loans	$	3,253	1,536
Unused facility	$	834,175	818,000
Interest rate range		5.56~7.10	7.42

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

(XII) Long-term loans

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

		2024.12.31	2023.12.31
Secured bank borrowings	$	48,788	124,404
Other long-term borrowings		793	-
Less: Current portion due within 1 year		48,200	75,616
Total	$	1,381	48,788
Unused facility	$	-	-
Interest rate range		1.58~3.50	1.40

1. Collateral for bank borrowings

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

2. Government-subsidized loan with preferential interest rate

In August 2020, the Group obtained a NT$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The drawdown period was until December 31, 2021, and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Group was NT$296,650 thousand as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT$6,585 thousand which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Deferred income for 2024 and 2023 was reclassified as other income in the amounts of NT$564,000 and NT$976,000, respectively.

(XIII) Lease liabilities

The carrying amount of lease liabilities were as follows:

	2024.12.31	2023.12.31
Current	$ 173,749	190,025
Non-current	518,374	255,209
Total	**$ 692,123**	**445,234**

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

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest expense on lease liabilities	**$ 7,313**	**9,750**
Variable lease payments not included in the measurement of lease liabilities	**$ 1,910**	**1,319**
Expenses of short-term leases	**$ 15,514**	**13,095**
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	**$ 257**	**202**
Rent concession arising from the COVID-19 pandemic (recognized in other income)	**$ -**	**4**

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

	2024	2023
Total cash outflow in operating activities	$ 24,994	24,366
Total cash outflow in financing activities	204,925	186,867
Total cash flows on lease	**$ 229,919**	**211,233**

1. Lease of land, buildings and construction

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

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

   For these lease contracts, the variable lease payments paid by the Group in 2024 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	$ 1,910	19

2. Other leases

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

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

(XIV) Provisions for liabilities

	2024	2023
Balance as of January 1	$ 130,311	131,155
Addition of provision during the year	57,752	63,163
Amount utilized during the year	(49,795)	(64,007)
Closing balance as of December 31	$ 138,268	130,311

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

(XV) Employee benefits

1. Defined benefit plans

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

	2024.12.31	2023.12.31
Present value of defined benefit obligation	$ 109,429	130,884
Fair value of plan assets	(128,868)	(143,666)
Net defined benefit assets	**$ (19,439)**	**(12,782)**
Recorded under other non-current assets	**$ 19,439**	**12,782**

The Group makes contribution of 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 prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Group 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", with regard to 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, 2024, the balance of the labor pension reserve account at Bank of Taiwan was NT$127,194,000. For information on the labor pension fund assets, including yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

As of December 31, 2023, the Group's subsidiary, 3Y Power, no longer had employees under the old pension scheme. However, the Bank of Taiwan account associated with the old scheme had not yet been settled. As of December 31, 2024, and December 31, 2023, the balance in the Bank of Taiwan's labor retirement reserve account for the subsidiary amounted to NT$13,720 thousand and NT$12,001 thousand, respectively.

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

Changes in present value of the defined benefit obligations in 2024 and 2023 were as follows:

		2024	2023
Defined benefit obligations at January 1	$	130,884	157,942
Service costs and interest in the year		2,849	3,443
Remeasurement on the net defined benefit liabilities (assets)			
— Actuarial loss (gain) arising from experience adjustments		4,879	1,813
— Actuarial loss (gain) arising from changes in demographic assumption		(1)	1
— Actuarial loss (gain) arising from changes in financial assumption		(4,154)	477
Benefits paid by the plan		(9,103)	(1,022)
Planned repayment impact amount		(15,843)	-
Effect of plan curtailment		(82)	(31,770)
Defined benefit obligations at December 31	**$**	**109,429**	**130,884**

(3) Changes in fair value of plan assets

Changes in fair value for the Group's defined benefit plan assets for the years ended December 31, 2024 and 2023 were as follows:

		2024	2023
Fair value of plan assets on January 1	$	131,665	159,594
Interest income		1,502	1,942
Remeasurement on the net defined benefit assets - Return on plan assets (excluding interests)		12,026	1,503
Amount contributed to the plan		5,550	11,059
Benefits already paid by the plan		(7,207)	(1,022)
Scheduled repayment amount		(14,668)	(29,410)
Fair value of plan assets on December 31	**$**	**128,868**	**143,666**

Note: Changes in the fair value of plan assets for 2024 do not include the balance of the Bank of Taiwan labor retirement reserve account for the Group's subsidiary, 3Y Power.

(4) Expenses recognized in profit or loss

Details of the Group's expenses (gains) recognized in profit or loss for the years ended December 31, 2024 and 2023:

	2024	2023
Service costs for the current period	$ 1,373	1,542
Net interest expense of net defined benefit liabilities	(26)	(41)
Impact of changes or curtailments	(82)	-
Benefits of clearing	(1,175)	(2,360)
	$ 90	(859)
Operating costs	$ 8	(4)
Selling and marketing expenses	13	(7)
General and administrative expenses	28	(824)
Research and development expenses	41	(24)
	$ 90	(859)

(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:

	2024.12.31	2023.12.31
Discount rate	1.60%	1.20%
Future salary increases	2.00%	2.00%

The Group estimates to make contribution of NT$2,439 thousand to the defined benefit plan in the year following December 31, 2024.

The weighted-average duration of the defined benefit plan is 7 years.

(6) Sensitivity analysis

The impact of a change in assumptions on the present value of the defined benefit obligation as of December 31, 2024 and 2023 is summarized below:

	Impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2024		
Discount rate (change by 0.25%)	(2,072)	2,148
Future salary adjustment rate (change by 0.25%)	2,093	(2,028)
December 31, 2023		
Discount rate (change by 0.25%)	(2,477)	2,567
Future salary adjustment rate (change by 0.25%)	2,506	(2,429)

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

The retirement expenses under the defined contribution retirement plan for the Group were NT$38,783,000 for 2024 and NT$36,262,000 for 2023, and they have been allocated to the Labor Insurance Bureau.

The remaining retirement expenses for the consolidated subsidiaries for 2024 and 2023, as per local regulations, were NT$98,688,000 and NT$84,388,000, respectively.

3. Other short-term employee benefits

For the years ended December 31, 2024 and 2023, the Group contributed NT$16,370,000 and NT$36,643,000 respectively to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of December 31, 2024 and 2023, the Group had accrued unused leave bonuses of NT$50,372,000 and NT$48,304,000, respectively, which were recorded under other payables.

(XVI) Income tax

1. Details of income tax expense (benefit) for the years ended December 31, 2024 and 2023 were as follows:

		2024	2023
Income tax expense for the period			
Income tax expense incurred	$	106,343	165,222
Adjustment for prior year		(30,784)	(7,353)
		75,559	157,869
Deferred income tax benefit			
Origination and reversal of temporary differences		9,120	(15,044)
Income tax expense	**$**	**84,679**	**142,825**

Details of the Group's income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

		2024	2023
Items that will not be reclassified to profit or loss:			
Gains (losses) on re-measurements of defined benefit plans	**$**	**2,261**	**(157)**

The reconciliation of income tax expenses to income before tax for the Group for 2024 and 2023 was as follows:

		2024	2023
Income before tax	**$**	**522,698**	**782,509**
Income tax using the Company's statutory tax rate	$	104,540	156,502
Effect of different tax rates in foreign jurisdictions		20,981	14,333
Non-deductible expenses		13,296	8,691
Tax-exempt income		(450)	-
Cash dividend income		(35,111)	(38,474)
Gains on securities transactions		109,658	99,305
Gains on exemption from securities transaction tax		(110,636)	(101,763)
Adjustments in respect of prior years		(30,784)	(7,353)
Additional 5% tax on undistributed earnings		1,970	11,584
Investment tax credits		(2,487)	-
Basic income tax amount		9,586	-
Net change in unrecognized deferred tax assets		4,116	-
Total	**$**	**84,679**	**142,825**

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

Group's unrecognized deferred income tax assets:

	2024.12.31	2023.12.31
Tax loss	$ 84,296	70,605

In accordance with the U.S. federal tax laws, losses approved by the tax authority may be deducted from the net income of the current year before income tax is assessed. Losses incurred in 2018 and subsequent years can be deducted indefinitely against the taxable income of future years, provided that the amount of offsetting in any profitable year is limited to 80% of the taxable income of that year. Losses incurred prior to the 2018 can be carried forward for a maximum of twenty years, with no restriction on the amount that can be deducted in a single tax year. The above deferred income tax asset was not recognized as the Group believed that it is not probable that future taxable income will be available against which the Group can utilize the temporary differences.

As of December 31, 2024, the expiry years of unused tax losses were as follows:

Loss Year	Unused Tax Loss	Year of Expiry
Fiscal year 2014	$ 1,608	Fiscal year 2034
Fiscal year 2015	3,499	Fiscal year 2035
Fiscal year 2017	3,823	Fiscal year 2037
Fiscal year 2018	9,763	No expiry date
Fiscal year 2019	37,575	No expiry date
Fiscal year 2020	14,337	No expiry date
Fiscal year 2023	13,691	No expiry date
Total	$ 84,296	

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities in 2024 and 2023 were as follows:

	Pension Provision	Unrealized Valuation Gains	Others	Total
Deferred income tax liabilities:				
January 1, 2024	$ (3,441)	(2,919)	(79,740)	(86,100)
Debit income statement	(1,091)	(3,738)	(29,894)	(34,723)
Debit other comprehensive income	(2,261)	-	-	(2,261)

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

		Pension Provision	Unrealized Valuation Gains	Others	Total
Exchange differences on translation of financial statements of foreign operations		-	-	(39,866)	(39,866)
December 31, 2024	$	(6,793)	(6,657)	(149,500)	(162,950)
January 1, 2023	$	(1,583)	(2,919)	(117,438)	(121,940)
Debit income statement		(2,068)	-	35,805	33,737
Credit other comprehensive income		210	-	-	210
Exchange differences on translation of financial statements of foreign operations		-	-	1,893	1,893
December 31, 2023	$	(3,441)	(2,919)	(79,740)	(86,100)

		Allowance for Inventory Valuation Loss	Pension Provision	Unrealized Foreign Exchange Gain or Loss	Others	Total
Deferred income tax assets:						
January 1, 2024	$	42,682	1,061	16,475	111,736	171,954
Credit/(Debit) income statement		6,652	-	(15,428)	34,379	25,603
Exchange differences on translation of financial statements of foreign operations		227	-	-	40,557	40,784
December 31, 2024	$	49,561	1,061	1,047	186,672	238,341
January 1, 2023	$	35,246	1,114	10,267	146,105	192,732
Credit/(Debit) income statement		7,479	-	6,208	(32,380)	(18,693)
Debit other comprehensive income		-	(53)	-	-	(53)
Exchange differences on translation of financial statements of foreign operations		(43)	-	-	(1,989)	(2,032)
December 31, 2023 (Restated)	$	42,682	1,061	16,475	111,736	171,954

3. Income tax assessment

The tax returns for the years up to 2022 filed by the Company have been approved by the tax authority.

(XVII) Capital and other equity

1. Common stock issuance

As of December 31, 2024 and 2023, the Company's authorized common stock was NT$3,600,000,000 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:

		2024.12.31	2023.12.31
Paid-in capital in excess of par value	$	856,427	856,427
Proceeds received from the disposal of employee stock ownership trust shares		189	-
Adjustments arising from changes in percentage of ownership in subsidiaries		4,780	4,780
	$	**861,396**	**861,207**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

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

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 legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with 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 set forth 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. In light of our company's stable growth phase and the industry consolidation trend, we are committed to continuously expanding our scale to ensure sustainable operation and stable growth. According to our dividend policy, if there are no accumulated losses in the previous period, the company will distribute dividends to shareholders amounting to at least 50% of the annual net profit after tax. Dividends can be in the form of either stock or cash, with cash dividends constituting no less than 30% of the total shareholder dividends.

(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

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

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

On March 7, 2025, the shareholders' meeting resolved on the distribution of earnings for the year ended 2024, and the amount of dividends distributed to shareholders was as follows:

	2024
Cash dividend distributed to the shareholders of common stock	$ 404,559

For information on the distribution of our company's earnings, please contact the Public Information Observation Station.

4. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Total
Balance as of January 1, 2024	$ (126,335)	6,232,008	6,105,673
Exchange differences on translation of financial statements of foreign operations	76,518	-	76,518
Share of other comprehensive income of associates and joint-ventures under the equity method	2,570	-	2,570
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,284,738	1,284,738
Disposal of equity instruments at fair value through other comprehensive income	-	(551,241)	(551,241)
Balance as of December 31, 2024	$ (47,247)	6,965,505	6,918,258
Balance after January 1, 2023	$ (77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	(49,494)	-	(49,494)
Subsidiary	549	-	549
Share of other comprehensive income of associates and joint-ventures under the equity method	(41)	-	(41)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,100,229	1,100,229
Disposal of equity instruments at fair value through other comprehensive income	-	(496,528)	(496,528)
Balance after December 31, 2023	$ (126,335)	6,232,008	6,105,673

On January 5, 2023, the Group resolved at the Board of Directors' meeting to liquidate its subsidiary Power North America. The liquidation was completed on August 29, 2023 with a recognized disposal loss of NT$549,000, accounted for under other gains and losses.

5. Non-controlling interests (net after tax)

	2024	2023
Beginning balance	$ 401,788	394,334
Net income for the year attributable to non-controlling interests	33,460	40,446
Gains (losses) on re-measurements of defined benefit plans	-	70
Exchange differences on translation of financial statements of foreign operations	4,766	(951)
Distribution of cash dividends to non-controlling interests	(25,352)	(32,111)
	$ 414,662	**401,788**

(XVIII) Earnings per share

	2024	2023
Basic earnings per share:		
Net income attributable to the ordinary shareholders of the Company	**$ 404,559**	**599,238**
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	**187,262**	**187,262**
Basic earnings per share (Unit: In New Taiwan Dollars)	**$ 2.16**	**3.20**
Diluted earnings per share:		
Net income attributable to the ordinary shareholders of the Company	**$ 404,559**	**599,238**
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262
Employee compensation (Unit: Thousands of shares)	1,146	1,564
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	**188,408**	**188,826**
Diluted earnings per share (Unit: In New Taiwan Dollars)	**$ 2.15**	**3.17**

(XIX) Revenue from contracts with customers

1. Breakdown of revenue

	2024					
	The Company and its processing subsidiaries	**3Y Power**	**Zhonghan Tech.**	**WUXI Zhonghan**	**Others**	**Total**
Primary geographical markets:						
Taiwan	$ 1,691,531	535,070	-	-	-	2,226,601
China	1,630,919	101,178	1,306,217	563,979	11,743	3,614,036
U.S.A.	915,723	18,803	-	-	541,216	1,475,742
Germany	1,491,939	107,937	-	-	-	1,599,876
Other countries	2,482,707	38,124	-	-	164,006	2,684,837
	$ 8,212,819	801,112	1,306,217	563,979	716,965	11,601,092
Major product/service line:						
Sales of power supply	$ 8,212,819	801,112	1,306,217	563,979	716,965	11,601,092

	2023					
	The Company and its processing subsidiaries	**3Y Power**	**Zhonghan Tech.**	**WUXI Zhonghan**	**Others**	**Total**
Primary geographical markets:						
Taiwan	$ 1,670,028	734,986	-	-	-	2,405,014
China	1,446,487	165,458	1,469,800	538,653	16,464	3,636,862
U.S.A.	1,012,567	5,390	-	-	649,672	1,667,629
Germany	2,237,489	65,806	-	-	-	2,303,295
Other countries	2,983,681	13,442	-	-	169,658	3,166,781
	$ 9,350,252	985,082	1,469,800	538,653	835,794	13,179,581
Major product/service line:						
Sales of power supply	$ 9,350,252	985,082	1,469,800	538,653	835,794	13,179,581

2. Contract balance

	2024.12.31	**2023.12.31**	**2023.1.1**
Notes and accounts receivable (including related parties)	$ 3,410,518	3,013,607	3,968,657
Less: Loss allowances	(20,530)	(14,448)	(24,641)
Total	$ 3,389,988	2,999,159	3,944,016
Contract liabilities (recognized in other current liabilities)	$ 60,843	61,491	93,296

The amounts recognized as income for the contract liabilities' initial balances of January 1, 2024 and 2023 were NT$17,382,000 and NT$46,222,000, respectively. The change in contractual liabilities primarily occurs due to the discrepancy between the timing of fulfilling contractual obligations and the timing of customer payments.

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

(XX) Remuneration of employees and directors

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

The estimated amounts of employee remuneration for the 2024 and 2023 fiscal years of the Company are NT$56,000,000 and NT$66,000,000, respectively. The estimated amounts of director remuneration are NT$5,600,000 and NT$7,000,000, respectively. These estimates are based on the Company's pre-tax net profit for the respective periods, after deducting the amounts of employee and director remuneration, multiplied by the distribution percentages of employee and director remuneration as stipulated in the Company's articles of incorporation. They are reported as operating expenses for the 2024 and 2023 fiscal years. 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 Consolidated Financial Statements for the years ended December 31, 2024 and 2023. 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.

(XXI) Non-operating income and expenses

1. Interest income

	2024	2023
Bank deposits	$ 66,911	74,461

2. Other income

	2024	2023
Dividend income	$ 175,553	192,437
Other income		
Government grant	16,960	17,539
Rent concessions reclassified to revenue	-	4
Tax refund	23,171	17,987
Gain on write-off of overdue payable	3	687
Compensation income	30,000	-
Others	24,410	22,395
	$ 270,097	251,049

3. Other gains and losses

	2024	2023
Foreign currency exchange gain (loss), net	$ 138,667	(361)
Gain on financial assets measured at fair value through profit or loss	3,436	12,288
Gain (loss) on disposal of property, plant, and equipment, net	5,976	(607)
Loss on disposal of intangible assets, net	(36)	(11)
Loss on disposal of subsidiary	-	(549)
Gains on lease modifications	1,208	12
Others	(5,976)	(893)
	$ 143,275	9,879

4. Finance costs

	2024	2023
Interest expense:		
Loan interest	$ 1,732	14,396
Lease liabilities	7,313	9,750
	$ 9,045	24,146

(XXII) 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, 2024 and 2023, top three customers accounted for 20% and 19% of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

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

2. Liquidity risk

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

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

	Carrying Amount	Contractual Cash Flows	Within 6 Months	6-12 Months	1-2 Years	2-5 Years	Over 5 Years
December 31, 2024							
Non-derivative financial liabilities							
Short-term loans	$ 3,253	3,335	3,334	1	-	-	-
Long-term loans	49,581	50,038	38,711	9,911	1,416	-	-
Notes payable	14,297	14,297	14,297	-	-	-	-
Accounts payable	3,255,750	3,255,750	3,255,750	-	-	-	-
Accounts payable - related parties	63,626	63,626	63,626	-	-	-	-
Other payables	1,530,177	1,530,177	1,530,177	-	-	-	-
Lease liabilities	692,123	726,791	99,030	86,647	140,955	368,891	31,268
Guarantee deposits received	522	522	522	-	-	-	-
	$ 5,609,329	5,644,536	5,005,447	96,559	142,371	368,891	31,268
December 31, 2023							
Non-derivative financial liabilities							
Short-term loans	$ 1,536	1,599	1,593	6	-	-	-
Long-term loans	124,404	124,893	38,579	38,455	47,859	-	-
Notes payable	11,450	11,450	11,450	-	-	-	-
Accounts payable	2,993,921	2,993,921	2,993,921	-	-	-	-
Accounts payable - related parties	87,065	87,065	87,065	-	-	-	-
Other payables	1,535,992	1,535,992	1,535,992	-	-	-	-
Lease liabilities	445,234	465,388	102,561	94,467	98,348	126,090	43,922
Guarantee deposits received	500	500	-	-	-	-	500
	$ 5,200,102	5,220,808	4,771,161	132,928	146,207	126,090	44,422

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

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

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

	2024.12.31			2023.12.31		
	Foreign Currencies	**Exchange Rate**	**NT$**	**Foreign Currencies**	**Exchange Rate**	**NT$**
Financial assets						
Monetary items						
RMB	$ 171,663	4.478	768,707	169,439	4.327	733,163
USD	120,698	32.785	3,957,084	137,572	30.705	4,224,148
HKD	3,653	4.222	15,423	1,976	3.929	7,764
EUR	69	34.140	2,356	36	33.980	1,223
Non-monetary items						
USD	2,534	28.511	72,248	2,534	28.268	71,632
USD	1,315	32.785	43,112	1,280	30.705	39,302
USD	972	32.778	31,860	-	-	-
USD	440	32.789	14,427	-	-	-
RMB	6,322	8.748	55,302	6,322	4.191	26,494
HKD	2,139	4.221	9,028	2,355	3.929	9,253
Financial liabilities						
Monetary items						
RMB	86,450	4.478	387,123	122,215	4.327	528,824
USD	82,642	32.785	2,709,418	84,642	30.705	2,598,933
HKD	9,126	4.222	38,530	6,747	3.929	26,505

(2) Sensitivity analysis

The Group's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at fair value through profit or loss, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. If the New Taiwan Dollar depreciates or appreciates by 5% relative to the US Dollar, Renminbi, Hong Kong Dollar, and Euro, with all other factors remaining unchanged, the after-tax net profit for 2024 and 2023 will increase or decrease by NT$64,340,000 and NT$72,481,000, respectively. This analysis is based on the same assumptions for both periods.

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

Due to the wide variety of functional currencies within the Group, the information on gains or losses from currency exchange is disclosed in an aggregated manner. For 2024 and 2023, the gains or losses from foreign currency exchange (including realized and unrealized) were NT$138,667,000 and (NT$361,000), respectively.

4. Market risk

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

	2024		2023	
Security Price at the Reporting Date	**Other Comprehensive Income (Pre-tax)**	**Pre-tax Income**	**Other Comprehensive Income (Pre-tax)**	**Pre-tax income**
Increase by 5%	$ 379,600	17,789	337,867	13,868
Decrease by 5%	$ (379,600)	(17,789)	(337,867)	(13,868)

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

5. Interest rate analysis

The Group's financial assets and liabilities exposed to interest rate risk include bank deposits and bank borrowings. However, the impact of interest rate fluctuations on these financial assets and liabilities is not significant, and therefore, there is no substantial related fair value risk or cash flow risk.

6. Fair value information

(1) Category of financial instruments and their fair value

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

	2024.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 355,779	355,779	-	-	355,779
Private equity funds	121,250	-	-	121,250	121,250
Non-publicly quoted equity instruments measured at fair value	72,248	-	-	72,248	72,248
Structured deposits	434,380	-	-	434,380	434,380
Structured products	46,287	-	46,287	-	46,287
Subtotal	1,029,944	355,779	46,287	627,878	1,029,944
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	$ 7,582,980	7,582,980	-	-	7,582,980
Foreign listed stock	9,028	9,028	-	-	9,028
Non-publicly quoted equity instruments measured at fair value	314,701	-	-	314,701	314,701
Subtotal	7,906,709	7,592,008	-	314,701	7,906,709
Financial assets at amortized cost					
Cash and cash equivalents	3,879,851	-	-	-	-
Notes receivable and accounts receivable	3,389,988	-	-	-	-
Other receivables	451,059	-	-	-	-
Restricted bank deposits (classified in other current assets)	32,785	-	-	-	-

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

	2024.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	50,382	-	-	-	-
Subtotal	7,804,165	-	-	-	-
Total	$ 16,740,818	7,947,787	46,287	942,579	8,936,653
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 52,834	-	-	-	-
Notes payable and accounts payable	3,333,673	-	-	-	-
Other payables	1,530,177	-	-	-	-
Lease liabilities	692,123	-	-	-	-
Guarantee deposits received	522	-	-	-	-
Total	$ 5,609,329	-	-	-	-

	2023.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 277,366	277,366	-	-	277,366
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	281,285	-	-	281,285	281,285
Subtotal	698,828	277,366	-	421,462	698,828

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

	2023.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	$ 6,748,094	6,748,094	-	-	6,748,094
Foreign listed stock	9,253	9,253	-	-	9,253
Non-publicly quoted equity instruments measured at fair value	259,559	-	-	259,559	259,559
Subtotal	7,016,906	6,757,347	-	259,559	7,016,906
Financial assets at amortized cost					
Cash and cash equivalents	4,225,848	-	-	-	-
Notes receivable and accounts receivable	2,999,159	-	-	-	-
Other receivables	430,235	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	46,920	-	-	-	-
Subtotal	7,702,262	-	-	-	-
Total	$ 15,417,996	7,034,713	-	681,021	7,715,734
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 125,940	-	-	-	-
Notes payable and accounts payable	3,092,436	-	-	-	-

	2023.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Other payables	1,535,992	-	-	-	-
Lease liabilities	445,234	-	-	-	-
Guarantee deposits received	500	-	-	-	-
Total	$ 5,200,102	-	-	-	-

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

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

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

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

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

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

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

The Group's fair value measurements categorized as Level 3 primarily include financial assets measured at fair value through profit or loss—equity securities investments, private equity fund investments, and financial assets measured at fair value through other comprehensive income—equity securities investments.

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

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

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

Item	Valuation Technique	Significant Unobservable Inputs	Relationship between Significant Unobservable Inputs and Fair Value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value

Item	Valuation Technique	Significant Unobservable Inputs	Relationship between Significant Unobservable Inputs and 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 to the Company Act	• P/E ratios (as of December 31, 2024, and December 31, 2023) were 16.22 and 2.48, respectively	• The higher the multiple, the higher the fair value
		• Net worth multiples (as of December 31, 2024, and December 31, 2023) ranged from 1.92 to 6.5 and 2.57 to 25.9, respectively	• The higher the multiple, the higher the fair value
		• Discount for lack of marketability (as of December 31, 2024, and December 31, 2023) was 29.39% for both years	• The higher the discount for lack of market liquidity, the lower the fair value

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

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

	Input	Upward or Downward Change	Fair Value Change Reflected in Current Profit or Loss		Fair Value Change Reflected in Other Comprehensive Income	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2024						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,612	(3,612)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	2,765	(2,765)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	7,370	(7,370)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	500	(500)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,100	(2,100)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	3,000	(3,000)
December 31, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,258	(3,258)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	6,313	(6,313)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,155	(2,155)

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

(XXIII) Financial risk management

1. Overview

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this Note, the Group has disclosed the information on exposure to the aforementioned risks, and the Group'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 Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 on a regular basis to reflect the changes in market conditions and the Group's operations. The Group 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 Group resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Group's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Group's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Group 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 Group's accounts receivable risk. The Group regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management is able to effectively manage the risk of accounts receivable.

The Group has established the 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 Group on an prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Group. Since the counterparties of transactions and obligations of the Group 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

As of December 31, 2024, details regarding the endorsements and guarantees provided by the Group are provided in Note XIII.

4. Liquidity risk

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

The Group ensures that it has sufficient cash to meet all contractual obligations. Additionally, as of December 31, 2024 and 2023, the Group had unused borrowing facilities totaling NT$834,175,000 and NT$818,000,000, 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 Group'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 Group is exposed to exchange rate risk arising from sales, procurement, and borrowing transactions denominated in currencies other than the functional currency of the respective group entities. The Group's functional currencies mainly include New Taiwan Dollar, US Dollar and Renminbi. 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 Group, so the Group currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

   (2) Interest rate risk

   The Group's financial assets and liabilities exposed to interest rate risk include bank deposits and bank borrowings. However, the impact of interest rate fluctuations on these financial assets and liabilities is not significant, and therefore, there is no substantial related fair value risk or cash flow risk.

   (3) Other market price risk

   The Group'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, unlisted stocks, foreign listed stocks and foreign unlisted stocks. Because they are measured at fair value, the Group is exposed to the risk of changes in the market price of equity securities. In order to manage market risk, the Group selects investment targets carefully and controls its position in order to mitigate the market risk.

(XXIV) <u>Capital management</u>

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 Group's share capital, capital surplus, retained earnings, other equity and non-controlling interests. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2024 and 2023, debt-to-equity ratio was as follows:

	2024.12.31	2023.12.31
Total liabilities	$ 6,156,310	5,753,598
Less: cash and cash equivalents	(3,879,851)	(4,225,848)
Net liability	$ 2,276,459	1,527,750
Equity	$ 15,860,475	14,669,224
Debt-to-equity ratio	14.35%	10.41%

As of December 31, 2024, there was no material change in the Group's capital management.

(XXV) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities in 2024 and 2023 was as follows:

			Non-cash changes				
	2024.1.1	Cash flows from	Addition	Contract termination and reassessment	Changes in foreign exchange rate	Changes in lease payment	2024.12.31
Long-term loans	$ 124,404	(74,823)	-	-	-	-	49,581
Short-term loans	1,536	1,800	-	-	(83)	-	3,253
Lease liabilities	445,234	(204,925)	499,190	(62,683)	15,307	-	692,123
Total liabilities from financing activities	$ 571,174	(277,948)	499,190	(62,683)	15,224	-	744,957

			Non-cash changes				
	2023.1.1	Cash flows from	Addition	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	2023.12.31
Long-term loans	$ 199,334	(74,930)	-	-	-	-	124,404
Short-term loans	7,692	(6,137)	-	-	(19)	-	1,536
Lease liabilities	540,315	(186,867)	99,747	-	(7,572)	(389)	445,234
Total liabilities from financing activities	$ 747,341	(267,934)	99,747	-	(7,591)	(389)	571,174

VII. Related Party Transactions

(I) Related party name and relationship

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

Related Party	Relationship with the Group
FSP Group USA Corp.	Group's associate
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. ("Amacrox")	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. ("Voltronic")	Substantive related party

Related Party	Relationship with the Group
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
3Y Power Exchange Inc.	Substantive related party
Cheng, Ya-Jen	Chairman of the Company

(II) Significant related party transactions

1. Operating revenue

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

	2024	2023
Associate	$ 74,349	75,259
Other related party	25,530	106,919
FSP Power Solution GmbH	720,497	641,196
Sparkle Power Inc.	358,793	349,504
Fortron/Source (Europa) GmbH	348,618	324,152
FSP North America Inc.	261,638	371,529
	$ 1,789,425	1,868,559

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

2. Purchases

The amounts of purchases from related parties were as follows:

	2024	2023
Other related party	$ 135,106	351,835

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

3. Receivables from related parties

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

Accounting Subject	Related Party Category/Name	2024.12.31	2023.12.31
Accounts receivable - related parties, net	Associate	$ 25,666	19,427

Accounting Subject	Related Party Category/Name	2024.12.31	2023.12.31
	Other related party		
	FSP Power Solution GmbH	350,026	202,377
	Sparkle Power Inc.	127,709	111,732
	Fortron/Source (Europa) GmbH	73,953	62,050
	FSP North America Inc.	36,382	91,415
	Others	8,342	54,207
		622,078	541,208
Other receivables	Associate	565	347
	Other related party		
	FSP Power Solution GmbH	8,710	22,252
	Others	7,000	8,608
		16,275	31,207
		$ 638,353	572,415

As of December 31, 2024 and December 31, 2023, there were no provisions for allowance for doubtful accounts related to accounts receivable—related parties. Please refer to Note VI (IV) for details. As of December 31, 2024, there were no provisions for allowance for doubtful accounts related to other receivables from related parties. However, as of December 31, 2023, an allowance for doubtful accounts was provided for other receivables from the related party 3Y Power Exchange Inc. Please refer to Note VI (V) for further details.

4. Payables to related parties

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

Accounting Subject	Related Party Category/Name	2024.12.31	2023.12.31
Accounts payable - related parties	Other related party	$ 63,626	87,065

5. Purchase of services from related parties

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

		2024	2023
Associate			
FSP Group USA Corp.	$	10,787	11,390
Other related party			
Amacrox		7,265	9,575
FSP North America Inc.		15,026	-
Others		8,091	6,937
	$	**41,169**	**27,902**

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

Accounting Subject	Related Party Category/Name		2024.12.31	2023.12.31
Other payables	Associate	$	1,258	1,279
	Other related party		20,920	5,332
		$	**22,178**	**6,611**

6. Leases

The Group leased office space from the Company's Chairman. As of December 31, 2024 and December 31, 2023, the lease liabilities were NT$4,946 thousand and NT$5,883 thousand, respectively. For the years 2024 and 2023, interest expenses recognized amounted to NT$97 thousand and NT$113 thousand, respectively.

(III) Compensation for key management personnel

		2024	2023
Short-term employee benefits	$	69,510	72,746
Post-employment benefits		770	665
	$	**70,280**	**73,411**

VIII. Pledged Assets

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

Assets	Pledged to Secure	2024.12.31	2023.12.31
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	$ 100	100
Restricted time deposits (recognized in other current assets)	Subsidiaries' short-term loan facilities	32,785	-
Land	Long-term and short-term loan facilities	161,077	161,077
Housing and Construction	Long-term and short-term loan facilities	162,458	170,455
Total		$ 356,420	331,632

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of December 31, 2024 and December 31, 2023, the Company had a credit guarantee limit for customs and commodity tax provided by the bank amounting to NT$200,000 thousand. The utilized amounts were NT$60,000 thousand and NT$33,000 thousand, respectively. Additionally, as of December 31, 2024, the subsidiary had a customs guarantee limit of NT$3,000 thousand for imported goods.

(II) The Group purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Group in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the Group, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

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

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

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

(III) A printer sold by the Group's customer, Zebra Technology Inc. (hereinafter referred to as "Zebra"), to an end customer caught fire on July 10, 2021, resulting in property damage to the end customer. Some components of the Zebra printer were sold by the Group to the related party, FSP North America Inc., which then resold them to Zebra. Consequently, the end customer's insurance company, Great American Insurance Company, filed a subrogation lawsuit against the Group, FSP North America Inc., and Zebra on February 16, 2023 in the U.S. Federal Court for the Galveston Division of the Southern District of Texas, seeking compensation of US$4,933 thousand. The subrogation lawsuit was settled on November 20, 2024, through Fubon Insurance Co., Ltd., for a settlement amount of US$1.5 million.

(IV) As of December 31, 2024, and December 31, 2023, the Group had signed real estate, plant, and equipment procurement contracts amounting to NT$483,800 thousand and NT$16,534 thousand, respectively. The amounts paid under these contracts were NT$50,760 thousand and NT$8,045 thousand, respectively, and were recorded under construction in progress and other non-current assets within property, plant, and equipment.

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	2024			2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	1,278,542	985,674	2,264,216	1,319,236	946,710	2,265,946
Insurance expense	20,290	85,771	106,061	7,604	75,258	82,862
Pension expense	92,715	44,846	137,561	78,635	41,156	119,791
Remuneration paid to directors	-	15,728	15,728	-	16,675	16,675
Other employee benefit expense	55,671	40,708	96,379	45,658	43,863	89,521
Depreciation expenses	293,178	108,236	401,414	282,114	97,049	379,163
Amortization expenses	570	7,282	7,852	362	5,987	6,349

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

In accordance with the 2024 Regulations Governing the Preparation of Financial Reports by Securities Issuers, information on significant transactions is disclosed as follows:

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

Unit: NT$ thousands

Number	Endorser's Company Name	Endorsee		Endorsement and Guarantee Limit for a Single Enterprise (Note 1)	Highest Endorsement and Guarantee Balance for the Current Period	Ending Balance of Endorsement and Guarantee	Actual Amount Disbursed	Endorsement and Guarantee Amount Secured by Assets	Accumulated Endorsement and Guarantee Amount as a Percentage of the Latest Financial Statement's Net Worth (Note 2)	Maximum Endorsement and Guarantee Limit (Note 1)	Endorsement and Guarantee by the Parent Company for Subsidiaries	Endorsement and Guarantee by Subsidiaries for the Parent Company	Endorsement and Guarantee for Mainland China
		Name of Company	Relationship										
0	The Company	FSP Technology Vietnam Co.,Ltd.	(Note 3)	3,089,162	32,000	32,000	2,895	32,000	0.20%	6,178,325	Y	N	N

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

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

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

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

Shares units: Shares

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Maximum Shareholding Percentage During the Period	Remark
				Shares/Units	Carrying Amount	Percentage of Shareholding %	Fair Value		
	Stock:								
The Company	Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,925,000	72,248	8.26	72,248	8.26	
	Beneficiary certificates:								
The Company	Fuh Hwa Guardian Fund	—	〃	3,504,199	73,145	-	73,145	-	
	Fuh Hwa Ruei Hua Fund	—	〃	1,961,169	23,922	-	23,922	-	
	The maturity of the Fu Hua three to eight-year floating rate notes and bonds (in New Taiwan Dollars)	—	〃	5,000,000	53,616	-	53,616	-	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund	—	〃	400,000	18,284	-	18,284	-	
	Taiwan Technology High Dividend Fund A	—	〃	6,000,000	59,280	-	59,280	-	
	Asia-Pacific Technology (in USD)	—	〃	105,988	62,860	-	62,860	-	
	0056 Yuanta High Dividend	—	〃	300,000	11,004	-	11,004	-	
	00933B Cathay 10-Year+ Financial Bond	—	〃	200,000	3,354	-	3,354	-	
	00919 Capital Taiwan High Dividend	—	〃	300,000	7,014	-	7,014	-	

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

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance: Shares/Units	Ending Balance: Carrying Amount	Ending Balance: Percentage of Shareholding %	Ending Balance: Fair Value	Maximum Shareholding Percentage During the Period	Remark
	00939 Unified Taiwan High Interest			1,000,000	14,130	-	14,130	-	
	00940 Yuanta Taiwan High-yield Value			1,000,000	9,410	-	9,410	-	
3Y Power	Fuh Hwa Taiwan Technology High Dividend Fund	—	〃	2,000,000	19,760	-	19,760	-	
					355,779		355,779	-	
	Private equity fund:								
The Company	Heshunhsing Intelligent Mobile LP	—	〃	61,250,000	61,250	1.39	61,250	1.39	
	Hong Chi Sustainable Climate Limited Partnership	—	〃	30,000,000	30,000	2.00	30,000	2.00	
	Mesh Cooperative Ventures Fund	—	〃	30,000,000	30,000	3.08	30,000	3.08	
					121,250		121,250	-	
	Structured products:								
The Company	X220401	—	〃	10,000	31,860	-	31,860	-	
3Y Power	XP240807	—	〃	5,000	14,427	-	14,427	-	
					46,287		46,287	-	
					595,564		595,564	-	
	Stock:								
The Company	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,105,822	5,776,829	3.54	5,776,829	5.97	
	JESS-LINK Products Co., Ltd.	—	〃	10,000,000	1,465,000	8.19	1,465,000	11.40	
	WT Microelectronics Co., Ltd. (Preferred stock)	—	〃	1,000,000	49,800	0.74	49,800	0.74	
	WT Microelectronics Co., Ltd.	—	〃	400,000	44,000	0.04	44,000	0.04	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	〃	10,000	10,750	-	10,750	-	
	Coretronic Corporation	—	〃	380,000	35,568	0.10	35,568	0.10	
	Eastern Union Interactive Corp.	—	〃	838,000	124,409	3.37	124,409	3.37	
	Champ-ray Industrial Co., Ltd.	—	〃	200,000	18,748	0.75	18,748	0.75	
	Channel Well Technology Co., Ltd.	—	〃	100,000	7,080	0.04	7,080	0.04	
	Delta Electronics Inc.	—	〃	10,000	4,305	-	4,305	-	
	Quanta Computer Inc.	—	〃	60,000	17,220	-	17,220	-	
	Chenbro Micom Co., Ltd.	—	〃	74,000	19,721	0.06	19,721	0.06	
	Formosa International Hotels Corporation	—	〃	50,000	9,550	0.04	9,550	0.04	
	TOT BIOPHARM International Co., Ltd.	—	〃	1,195,200	9,028	0.15	9,028	0.15	
	Taiwan Truewin Technology Co., Ltd.	—	〃	2,226,704	147,399	3.51	147,399	3.67	

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Maximum Shareholding Percentage During the Period	Remark
				Shares/Units	Carrying Amount	Percentage of Shareholding %	Fair Value		
The Company	Stock: StockSense Media Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income	962,121	42,000	6.15	42,000	6.15	
	Liwatt X Inc.	—	〃	1,000,000	10,000	14.29	10,000	14.29	
	LINCO Technology Co., Ltd.	—	〃	500,000	60,000	0.67	60,000	0.67	
					7,851,407		7,851,407		
FSP Jiangsu	Powerland Technology Inc.	—	〃	-	55,302	3.39	55,302	3.39	
					7,906,709		7,906,709	-	

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:

Shares units: Shares

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			3,376,822	5,774,366	-	-	271,000	524,790	1,279	523,511	3,105,822	5,776,829 (Note)

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

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

Company Acquiring Property	Property Name	Date of Occurrence	Transaction Amount	Payment Situation	Counterparty	Relationship	Previous Transfer Data for Transactions with Related Parties				Reference Basis for Price Determination	Purpose of Acquisition and Circumstances of Use	Other Terms and Conditions
							Owner	Relationship with the Issuer	Transfer Date	Amount			
3Y Power	Housing and Construction	2024.6.7	481,300	49,480	Li, Chien-Lung, Zhongsen Construction Co., Ltd.	None				-	Reference to real estate appraisal report	In response to operational planning needs	

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

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

Company Purchases and (Sales) of Goods	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	SparklePower Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(339,990)	(3.74)	Note 1			122,343	4.75	
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(347,780)	(3.83)	Note 1			73,953	2.87	

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

Company Purchases and (Sales) of Goods	Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)(%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes and Accounts Receivable (Payable)%	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(612,245)	(6.74)	Note 1			308,533	11.98	
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	(Sales)	(281,022)	(3.09)	Note 1			145,748	5.66	Note 5
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(187,713)	(2.07)	Note 1			41,678	1.62	Note 5
The Company	Zhonghan Tech.	100% owned investment via indirect shareholding	(Sales)	(206,923)	(2.28)	Note 1			-	-	Note 5
The Company	FSP North America Inc.	Substantive related party of the Company	(Sales)	(261,638)	(2.88)	Note 1			36,383	1.41	
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	741,594	12.92	Note 4		Note 4	(78,303) (Note 3)	(2.66)	Note 5
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	347,761	6.06	Note 4		Note 4	(39,942) (Note 3)	(1.36)	Note 5
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	238,480	4.15	Note 4		Note 4	(49,806) (Note 3)	(1.69)	Note 5
The Company	3Y Power	65.87% owned investment via indirect shareholding	Purchases (Note 2)	262,132	4.57	Note 1			(74,261) (Note 3)	(2.52)	Note 5
The Company	Voltronic	The Company is the Director of this company	Purchases	134,163	2.34	Note 6			(63,626)	(2.16)	
3Y Power	3Y Power Technology Inc.	100% owned investment via direct shareholding	(Sales)	(219,118)	(11.26)	Note 1			26,209	8.07	Note 5
3Y Power	FSP Power SolutionGmbH	Substantive related party of the Company	(Sales)	(108,115)	(5.56)	Note 1			41,493	12.77	
3Y Power	Zhonghan Tech.	Affiliate	(Sales)	(600,198)	(30.85)	Note 1			-	-	Note 5
3Y Power	Huili	Affiliate	Purchases (Note 2)	243,869	22.17	Note 4		Note 4	(42,290) (Note 3)	(6.88)	Note 5

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

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

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

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

Note 5: Eliminated under consolidation.

Note 6: The Group does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

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

Company with Accounts Receivable	Related Party	Relationship	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Recovery from Overdue Receivables from Related Parties (Note)	Loss Allowance
					Amount	Action Taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	122,343	2.92	-		63,968	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	308,533	2.46	-		99,747	-
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	145,748	2.37	-		58,473	-

Note: As of February 28, 2024.

9. Derivative instruments transactions: None.

10. Business relationship and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Ledger Account	Amount	Transaction Term	Percentage of Total Consolidated Operating Revenue or Total Assets (Note 3)
0	The Company	3Y Power	1	Cost of goods sold	262,132	No significant difference from other suppliers	2.26%
0	The Company	Huili	1	Cost of goods sold	741,594	No comparison is available	6.39%
0	The Company	Zhonghan	1	Cost of goods sold	347,761	No comparison is available	3.00%
0	The Company	WUXI SPI	1	Cost of goods sold	238,480	No comparison is available	2.06%
0	The Company	WUXI Zhonghan	1	Operating revenue	281,022	No significant difference from other customers	2.42%
0	The Company	Zhonghan Tech.	1	Operating revenue	206,923	No significant difference from other customers	1.78%
0	The Company	FSP Technology USA Inc.	1	Operating revenue	187,713	No significant difference from other customers	1.62%
1	3Y Power	3Y Power Technology Inc.	3	Operating revenue	219,118	No significant difference from other customers	1.89%
1	3Y Power	Huili	3	Cost of goods sold	243,869	No comparison is available	2.10%
1	3Y Power	Zhonghan Tech.	3	Operating revenue	600,198	No significant difference from other customers	5.17%

Note 1: Fill in the number as per below:

1. 1.0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: The relationships with counterparty are as follows:

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

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

(II) Information on invested companies:

Investment information in 2024 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End-of-period Holdings			Maximum Shareholding During the Period	Profit (Loss) of Investee for the Period (Notes 1 & 2)	Investment Gain (Loss) Recognized for the Period (Notes 1 & 2)	Remark
				Ending Balance for the Current Period	At the End of Last Year	Shares	Shareholding (%)	Carrying Amount				
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,468,081	1,241,751	32,202,500	100.00	2,240,296	1,468,081	(108,434)	(108,434)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	323	1,752	25	25	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	79,355	40,925	5,730	5,730	Subsidiary
	3Y Power	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	812,076	304,406	90,262	59,449	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	2,025	45	75	76	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	12,242	3,143	5,739	5,740	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	26,391	22,640	3,340	3,052	Subsidiary
	FSP Technology VIETNAM CO.,LTD.	Vietnam	Manufacturing and trading of power supply	222,010	92,600	169,691,000	100.00	168,618	222,010	(34,875)	(34,875)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	117,989	62,883	(13,710)	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	154,316	217,707	(7,855)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,349,691	807,483	(39,791)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	21,847	32,984	(11,889)	-	Sub-subsidiary
	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	35,068	141,042	(12,635)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	2,972	18,181	(55)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	38,978	14,903	5,015	2,257	Associate
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	252,358	233,850	(26,081)	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	4,996	4,500	2,051	-	Sub-subsidiary

Note 1: The company's recognition of investment gains and losses does not include 3Y Power, 3Y Power Technology Inc. and Luckyied Co., Ltd. The financial statements have been audited by other Taiwanese certified public accountants, and the remaining financial statements are based on the financial statements audited by the Taiwanese parent company's certified public accountants of the invested company, and are accounted for using the equity method.

Note 2: The profit and loss of the sub-subsidiary has been consolidated into the profit and loss of the subsidiary. The transactions between the Company and each subsidiary of the Company including sales transaction amount, accounts receivable and payable, carrying amount of long-term equity investment and investment profit and loss recognized in the current period, have been eliminated in preparing the consolidated financial statements.

(III) Information on investment in mainland China:

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

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Maximum Shareholding During the Period	Profit (Loss) of Investee for the Period	Percentage of Ownership of Direct or Indirect Investment	Recognition of Investment Gains and Losses for the Current Period (Notes 3 and 4)	The Year-end Carrying Value of Investments (Notes 3 and 4)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated							
Huili	Processing of power supply	376,107	(II), 1	176,873	226,330	-	403,203	403,203	(28,540)	100.00	(28,540)	456,938	197,299
Zhonghan	Processing of power supply	231,020 (Note 2)	(II), 1	104,342	-	-	104,342	104,342	(7,926)	100.00	(7,926)	153,362	75,044
WUXI SPI	Processing of power supply	744,647 (Note 2)	(II), 1	508,326	-	-	693,140	693,140	4,691	100.00	4,691	93,438	-
WUXI Zhonghan	Manufacturing and trading of power supply	428,934	(II), 1	380,595	-	-	380,595	380,595	(44,546)	100.00	(44,546)	876,729	-
Zhonghan Tech.	Manufacturing and trading of power supply	134,340	(II), 1	20,196	-	-	20,196	20,196	(33,749)	100.00	(33,749)	756,693	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II), 1	13,380	-	-	13,380	13,380	(13,710)	100.00	(13,710)	119,675	-
Protek Dongguan	Processing of power supply	40,607	(II), 1	38,038	-	-	38,038	38,038	(11,904)	100.00	(11,904)	21,632	-
Hao Han	Transformer processing	168,722 (Note 2)	(II), 1	-	-	-	-	-	(12,635)	100.00	(12,635)	35,068	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,250	(II), 2	-	-	-	-	-	2,051	65.87	1,351	4,996	-

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

(I) Direct investment in mainland China.

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

1. Through FSP International Inc. to invest in mainland China.

2. Through 3Y Power to invest in mainland China.

(III) Others.

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

Note 3: The investment 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.

Note 4: Eliminated under consolidation.

2. The limit of investment in mainland China:

Accumulated Investment in Mainland China at the End of Period	Investment Amounts Approved by Investment Commission, MOEA	Limit of Investment in Mainland China Approved by Investment Commission, MOEA
1,435,606 (Note 2) (HK$ 12,500 thousand and US$ 42,640 thousand)	2,089,051 (Note 2) (HK$ 12,500 thousand and US$ 62,110 thousand)	9,267,488 (Note 1)

Note 1: 60% of net worth.

Note 2: For the amounts of the above investment in mainland China, except that the accumulated investment amount remitted from Taiwan to mainland China at the end of the current period is based on the historical exchange rate, the investment profit and loss recognized in the current period is based on the weighted average exchange rate (USD/TWD: 1:32.1120, CNY/TWD: 1:4.4543, HKD/TWD: 1:4.1152). 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, 2024 (USD/TWD: 1:32.7850, CNY/TWD: 1:4.4780, HKD/TWD: 1:4.2220).

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 2024 (which were eliminated when preparing the consolidated report), please refer to the description of "Information on Significant Transactions".

(IV) Information on major shareholders:

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

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury shares) were disclosed. The number of shares recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to different basis of preparation of the calculations.
2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider declaration for shareholding more than 10% of total shares in accordance with the Securities and Exchange Act, their shareholding shall include the shares held by themselves plus the shares that they have delivered to the trust and have the right to exercise decision-making power over the trust property. For more information, please refer to Market Observation Post System website.
3. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

(I) General information

The Group and its processing subsidiaries (including Huili, Zhonghan, WUXI SPI and Protek Dongguan), Zhonghan Tech., WUXI Zhonghan and 3Y Power, manufacture and sell their own products separately. The reportable segment of the Group is a product-specific business unit, and provides different products according to the functional requirements of customers. Since each product-specific business unit requires different technologies and marketing strategies, it has to be managed separately. The Group does not allocate income tax expenses to reportable segments.

The reported amounts are consistent with the reports used by operation decision makers. The accounting policies of the operating segments are the same as the summary of significant accounting policies described in Note IV. Profit or loss of the operating segments of the Group is measured at net income before income taxes and are used as the basis for evaluating performance.

(II) Information on segment's profit or loss, assets, liabilities and reconciliation

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

	2024						
	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan	Others	Adjustment and Elimination	Consolidation
Revenue:							
Revenue from external customers	$ 8,212,819	801,112	1,306,217	563,979	716,965	-	11,601,092
Intersegment revenue	2,495,689	1,124,252	27,093	16,691	168,336	(3,832,061)	-
Total revenues	$ 10,708,508	1,925,364	1,333,310	580,670	885,301	(3,832,061)	11,601,092
Segment profit (loss)	$ 497,461	96,481	(33,045)	(10,798)	(60,861)	33,460	522,698

	2023						
	The Company and its processing subsidiaries	3Y Power	Zhonghan Tech.	WUXI Zhonghan	Others	Adjustment and Elimination	Consolidation
Revenue:							
Revenue from external customers	$ 9,350,252	985,082	1,469,800	538,653	835,794	-	13,179,581
Intersegment revenue	2,600,218	1,251,220	15,920	12,728	83,015	(3,963,101)	-
Total revenue	$ 11,950,470	2,236,302	1,485,720	551,381	918,809	(3,963,101)	13,179,581
Segment profit (loss)	$ 641,619	165,142	396	(2,038)	(18,742)	(3,868)	782,509

Note: As the total assets of the segment are not provided to the operation decision makers, it is not intended to disclose the measured amounts of the assets.

(III) Export sales information

1. Product and service information

The Group is engaged in the single electronics business and does not operate in other industries. Its revenue from external customers is provided in the operating segment's financial information.

2. Geographic information

Revenue from external customers

Region	2024	2023
Taiwan	$ 2,226,601	2,405,014
China	3,614,036	3,636,862
U.S.A.	1,475,742	1,667,629
Germany	1,599,876	2,303,295
Others (below 5%)	2,684,837	3,166,781
Total	$ 11,601,092	13,179,581

Non-current assets:

Region	2024.12.31	2023.12.31
Taiwan	$ 1,450,122	1,385,775
Mainland China	1,047,728	642,994
Other countries	193,144	120,782
Total	**$ 2,690,994**	**2,149,551**

Non-current assets include property, plant, and equipment, right-of-use assets, intangible assets and other assets, but exclude financial instruments, deferred tax assets and retirement benefits assets.

(IV) Major customer information

In 2024 and 2023, there were no customers whose sales revenue accounted for more than 10% of the revenue on the income statement.