

Stock Code: 3015

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

For the Six Months Ended June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Preface

We have reviewed the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries, which comprise the Consolidated Balance Sheets as of June 30, 2025 and 2024, and the Consolidated Statements of Comprehensive Income from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024, and the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to June 30, 2025 and 2024. The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

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

Basis for Qualified Conclusion

As stated in Note IV(II) to the consolidated financial statements, it has included part of its insignificant subsidiaries in the aforesaid consolidated financial statements based on the financial statements of these invested companies not reviewed by the independent auditors for the same period. As of June 30, 2025 and 2024, these subsidiaries had the total assets of NT\$2,542,646 thousand and NT\$2,492,361 thousand, respectively, representing 12.74% and 11.39% of the consolidated total assets, had the total liabilities of NT\$877,370 thousand and NT\$853,104 thousand, respectively, representing 13.29% and 15.15% of the consolidated total liabilities, and realized the comprehensive profit (loss) of NT\$(32,355) thousand, NT\$(4,020) thousand, NT\$(81,699) thousand and NT\$22,670 thousand from April 1 to June 30, 2025 and 2024, and from January 1 to June 30, 2025 and 2024, respectively, representing 4.38%, (0.24)%, 4.25% and 1.03% of the consolidated comprehensive profit (loss), respectively.

Besides the above-mentioned in the previous paragraph, as stated in Note VI(VII) of the

consolidated financial statements, investments accounted for under the equity method of FSP Technology Inc. and subsidiaries amounted to NT\$37,532 thousand and NT\$35,795 thousand as of June 30, 2025 and 2024, respectively. The share of corporate profit recognized under the equity method were NT\$1,220 thousand, NT\$312 thousand, NT\$2,127 thousand and NT\$308 thousand from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024, respectively. Those amounts were recognized based on financial statements of the investees for the same period and have not been reviewed by the independent auditors.

Qualified Conclusion

Except for possible effects from financial statements of these investees mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of FSP Technology Inc. and its subsidiaries as of June 30, 2025 and 2024, and their consolidated financial performance and cash flows from April 1 to June 30 and from January 1 to June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission.

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

KPMG

Taipei, Taiwan (Republic of China)

August 5, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FSP Technology Inc. and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2025, December 31, 2024 and June 30, 2024

Unit: NT\$ thousand

Assets	2025.6.30		2024.12.31		2024.6.30		1xxx	Total assets	2025.6.30		2024.12.31		2024.6.30	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx Current assets:							21xx Liabilities and Equity							
1100 Cash and cash equivalents (Note VI(I))	\$ 3,808,522	18	3,879,851	18	3,794,697	17	2100 Short-term borrowings (Notes VI(VIII) and (XI), and VIII)	\$ 294	-	3,253	-	2,839	-	
1110 Financial assets at fair value through profit or loss - current (Note VI(II))	705,705	3	983,657	4	873,487	4	2150 Notes payable	9,137	-	14,297	-	15,266	-	
1150 Notes receivable, net (Notes VI (IV) and (XIX))	120,478	1	235,225	1	114,391	1	2170 Accounts payable	3,475,174	17	3,255,750	15	2,559,237	12	
1170 Accounts receivable, net (Notes VI (IV) and (XIX))	3,094,093	16	2,532,685	12	2,559,393	12	2180 Accounts payable - related parties (Note VII)	74,740	-	63,626	-	78,721	-	
1180 Accounts receivable - related parties, net (Notes VI (IV), (XIX) and VII)	617,868	3	622,078	3	711,038	3	2200 Other payables (Note VI (XV), (XX) and VII)	1,338,237	7	1,530,177	7	1,402,923	5	
1200 Other receivables (Notes VI (III), (V) and VII)	314,100	2	451,059	2	384,710	2	2216 Dividends payable (Note VI(I) and (XVII))	561,786	3	-	-	624,590	3	
1220 Current income tax assets	5,403	-	6,859	-	9,770	-	2230 Current income tax liabilities	40,536	-	53,871	-	114,071	1	
130x Inventories (Note VI (VI))	2,189,198	11	2,172,006	10	1,993,129	9	2250 Provisions - current (Note VI (XIV))	131,048	1	138,268	1	130,940	1	
1410 Prepayments	103,571	1	81,292	-	74,203	-	2280 Lease liabilities - current (Notes VI (XIII) and VII)	170,116	1	173,749	1	147,648	1	
1470 Other current assets (Note VIII)	20,291	-	60,843	-	33,055	-	2300 Other current liabilities (Notes VI (XII) and (XIX))	166,583	1	189,459	1	162,170	1	
Total current assets	10,979,229	55	11,025,555	50	10,547,873	48	2320 Long-term liabilities due within one year or one operating cycle (Notes VI (VIII), (XII) and VIII)	11,152	-	48,200	-	75,966	-	
15xx Non-current assets:							Total current liabilities	5,978,803	30	5,470,650	25	5,314,371	24	
1510 Financial assets at fair value through profit or loss - non-current (Note VI (II))	58,040	-	46,287	-	31,025	-	25xx Non-current liabilities:							
1517 Financial assets at fair value through other comprehensive income - non-current (Note VI (III))	5,992,086	31	7,906,709	36	8,787,648	40	2540 Long-term borrowings (Notes VI (VIII), (XII) and VIII)	-	-	1,381	-	10,717	-	
1550 Investment under equity method (Note VI (VII))	37,532	-	38,978	-	35,795	-	2570 Deferred income tax liabilities	150,143	1	162,950	1	91,838	1	
1600 Property, plant and equipment (Notes VI (VIII), (XI), and (XII), VIII and IX)	1,649,954	8	1,670,658	8	1,578,172	7	2580 Lease liabilities - non-current (Notes VI (XIII) and VII)	470,131	2	518,374	2	211,651	1	
1755 Right-of-use assets (Note VI (IX), (XIII) and (VII))	638,359	3	692,097	3	350,932	2	2645 Guarantee deposits received	477	-	522	-	516	-	
1780 Intangible assets (Note VI (X))	232,407	1	232,124	1	224,567	1	2670 Other non-current liabilities (Note VI (XII))	-	-	2,433	-	2,785	-	
1840 Deferred income tax assets	223,568	1	238,341	1	178,332	1	Total non-current liabilities	620,751	3	685,660	3	317,507	2	
1900 Other non-current assets (Notes VI (VIII), VIII and IX)	145,131	1	166,036	1	152,186	1	Total liabilities	6,599,554	33	6,156,310	28	5,631,878	26	
Total non-current assets	8,977,077	45	10,991,230	50	11,338,657	52	31xx Equity attributable to owners of the parent (Note VI (III), (VII) & (XVII)):							
							3100 Capital Stock	1,872,620	9	1,872,620	9	1,872,620	9	
							3200 Capital surplus	861,649	4	861,396	4	864,425	4	
							3300 Retained earnings:							
							3310 Legal reserve	1,507,697	8	1,411,213	6	1,411,213	6	
							3350 Unappropriated earnings	3,957,180	20	4,382,326	20	3,814,437	17	
							Total retained earnings	5,464,877	28	5,793,539	26	5,225,650	23	
							34xx Other Equity:							
							3410 Exchange differences on translation of financial statements of foreign operations	(278,118)	(1)	(47,247)	-	(72,478)	-	
							3420 Unrealized gains (losses) on financial assets at fair value through other comprehensive income	5,035,678	25	6,965,505	31	7,970,097	36	
							Total other equity	4,757,560	24	6,918,258	31	7,897,619	36	
							Total equity attributable to shareholders of the parent	12,956,706	65	15,445,813	70	15,860,314	72	
							36xx Non-controlling Interests (Note VI (XVII))	400,046	2	414,662	2	394,338	2	
							3xxx Total equity	13,356,752	67	15,860,475	72	16,254,652	74	
							2-3xxx Total liabilities and equity	\$ 19,956,306	100	22,016,785	100	21,886,530	100	

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng Ya-Jen

Manager: Cheng Ya-Jen

Accounting Supervisor: Sang Hsi-Yun

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

April 1 to June 30, 2025 and 2024 and January 1 to June 30, 2025 and 2024

Unit: NT\$ thousand

	April to June, 2025		April to June, 2024		January to June, 2025		January to June, 2024	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Notes VI (XIX) and VII)	\$ 3,688,890	100	2,898,071	100	6,720,565	100	5,604,597	100
5000 Operating costs (Notes VI (VI), (VIII), (IX), (X), (XIII), (XIV), (XV), VII and XII)	3,048,503	83	2,356,950	81	5,547,070	83	4,602,171	82
5920 Add: Realized (Unrealized) Profit on Sales	1,511	-	(1,566)	-	1,474	-	(1,314)	-
5900 Gross profit	641,898	17	539,555	19	1,174,969	17	1,001,112	18
6000 Operating expenses (Notes VI (IV), (VIII), (IX), (X), (XIII), (XIV), (XVI), (XX), VII and XII):								
6100 Selling and marketing expenses	184,734	5	147,723	5	357,722	5	290,565	5
6200 General and administrative expenses	149,299	4	172,669	6	327,058	5	339,007	6
6300 Research and development expenses	163,204	4	159,931	6	320,865	5	312,454	6
6450 Expected credit loss	5,234	-	4,939	-	8,374	-	10,080	-
Total operating expenses	502,471	13	485,262	17	1,014,019	15	952,106	17
6900 Net operating income	139,427	4	54,293	2	160,950	2	49,006	1
7000 Non-operating income and expenses (Notes VI (II), (III), (VII), (VIII), (IX), (X), (XII), (XIII), (XXI) and VII):								
7100 Interest income	15,649	-	15,500	1	28,263	-	34,522	1
7010 Other income	25,678	1	11,684	-	35,516	1	54,719	1
7020 Other gains and losses	(130,440)	(4)	32,643	1	(110,885)	(2)	130,617	2
7050 Finance costs	(4,119)	-	(2,473)	-	(7,971)	-	(5,583)	-
7060 Share of profits (losses) of associates and joint ventures under equity method	1,220	-	312	-	2,127	-	308	-
Total non-operating income and expenses	(92,012)	(3)	57,666	2	(52,950)	(1)	214,583	4
7900 Income before income tax from continuing operations	47,415	1	111,959	4	108,000	1	263,589	5
7950 Less: Income tax expense (Note VI (XVI))	8,757	-	24,194	1	22,205	-	52,651	1
8200 Current net income	38,658	1	87,765	3	85,795	1	210,938	4
8300 Other comprehensive income:								
8310 Items that will not be reclassified to profit or loss (Note VI(XVII))								
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(504,377)	(14)	1,585,850	54	(1,771,768)	(26)	1,938,272	34
8349 Less: Income tax related to items that will not be reclassified subsequently	-	-	-	-	-	-	-	-
Total items that will not be reclassified to profit or loss	(504,377)	(14)	1,585,850	54	(1,771,768)	(26)	1,938,272	34
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	(266,780)	(7)	17,107	1	(232,579)	(4)	55,049	1
8370 Share of other comprehensive income (losses) of associates and joint ventures under equity method	(5,986)	-	582	-	(5,047)	-	2,239	-
8399 Less: Income tax related to items that may be reclassified subsequently	-	-	-	-	-	-	-	-
Total items that may be reclassified subsequently to profit or loss	(272,766)	(7)	17,689	1	(237,626)	(4)	57,288	1
8300 Other current comprehensive income	(777,143)	(21)	1,603,539	55	(2,009,394)	(30)	1,995,560	35
8500 Total current comprehensive income	\$ (738,485)	(20)	1,691,304	58	(1,923,599)	(29)	2,206,498	39
8610 Current net income (losses) attributable to:								
Shareholders of the parent	\$ 37,511	1	82,776	3	75,065	1	196,769	4

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng Ya-Jen

Manager: Cheng Ya-Jen

Accounting Supervisor: Sang Hsi-Yun

8620	Non-controlling interests		<u>1,147</u>	-	<u>4,989</u>	-	<u>10,730</u>	-	<u>14,169</u>	-
		\$	38,658	1	87,765	3	85,795	1	210,938	4
	Total comprehensive income (losses) attributable to:									
8710	Shareholders of the parent	\$	(732,290)	(20)	1,685,408	58	(1,927,574)	(29)	2,188,898	39
8720	Non-controlling interests		<u>(6,195)</u>	-	<u>5,896</u>	-	<u>3,975</u>	-	<u>17,600</u>	-
		\$	(738,485)	(20)	1,691,304	58	(1,923,599)	(29)	2,206,498	39
	Earnings per share (unit: NT\$) (Note VI (XVIII))									
9750	Basic earnings per share	\$	0.20		0.44		0.40		1.05	
9850	Diluted earnings per share	\$	0.20		0.44		0.40		1.05	

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng Ya-Jen

Manager: Cheng Ya-Jen

Accounting Supervisor: Sang
Hsi-Yun

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to June 30, 2025 and 2024

Unit: NT\$ thousand

	Equity Attributable to Owners of the Parent										
	Retained earnings					Other equity items			Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Capital stock - common shares	Capital surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total			
Balance as of January 1, 2024	\$ 1,872,620	861,207	1,301,707	4,126,229	5,427,936	(126,335)	6,232,008	6,105,673	14,267,436	401,788	14,669,224
Appropriation and distribution of earnings:											
Legal reserve	-	-	109,506	(109,506)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(599,238)	(599,238)	-	-	-	(599,238)	-	(599,238)
Changes in other capital surplus:											
Changes in other capital surplus	-	3,218	-	-	-	-	-	-	3,218	302	3,520
Current net income	-	-	-	196,769	196,769	-	-	-	196,769	14,169	210,938
Other current comprehensive income	-	-	-	-	-	53,857	1,938,272	1,992,129	1,992,129	3,431	1,995,560
Total current comprehensive income	-	-	-	196,769	196,769	53,857	1,938,272	1,992,129	2,188,898	17,600	2,206,498
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	200,183	200,183	-	(200,183)	(200,183)	-	-	-
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(25,352)	(25,352)
Balance as of June 30, 2024	\$ 1,872,620	864,425	1,411,213	3,814,437	5,225,650	(72,478)	7,970,097	7,897,619	15,860,314	394,338	16,254,652
Balance as of January 1, 2025	\$ 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
Appropriation and distribution of earnings:											
Legal reserve	-	-	96,484	(96,484)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)	-	(561,786)
Current net income	-	-	-	75,065	75,065	-	-	-	75,065	10,730	85,795
Other current comprehensive income	-	-	-	-	-	(230,871)	(1,771,768)	(2,002,639)	(2,002,639)	(6,755)	(2,009,394)
Total current comprehensive income	-	-	-	75,065	75,065	(230,871)	(1,771,768)	(2,002,639)	(1,927,574)	3,975	(1,923,599)
Disposal of shares held under employee stock ownership trust	-	253	-	-	-	-	-	-	253	-	253
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	158,059	158,059	-	(158,059)	(158,059)	-	-	-
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(18,591)	(18,591)
Balance as of June 30, 2025	\$ 1,872,620	861,649	1,507,697	3,957,180	5,464,877	(278,118)	5,035,678	4,757,560	12,956,706	400,046	13,356,752

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng Ya-Jen

Manager: Cheng Ya-Jen

Accounting Supervisor:
Sang Hsi-Yun

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to June 30, 2025 and 2024

Unit: NT\$ thousand

	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Cash flows from operating activities:		
Income before income tax	\$ 108,000	263,589
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	205,320	198,532
Amortization expenses	7,423	3,025
Expected credit loss	8,374	10,080
Interest expenses	7,971	5,583
Interest income	(28,263)	(34,522)
Dividend income	(10,637)	(2,614)
Share of profits (losses) of associates and joint ventures under equity method	(2,127)	(308)
Loss (gain) on disposal and scrap of property, plant and equipment	394	(6,063)
Property, plant and equipment transferred to expenses	-	177
Disposal of Intangible Asset Loss	192	36
Unrealized (realized) sales gains	(1,474)	1,314
Gains on lease modifications	-	2,043
Total adjustments for profit or loss	<u>187,173</u>	<u>177,283</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	266,199	(205,684)
Notes receivable	114,747	12,382
Accounts receivable	(569,782)	(238,295)
Accounts receivable - related parties	4,210	(169,830)
Other receivables	140,720	55,799
Inventories	(17,192)	550,653
Prepayments	(22,279)	(10,878)
Other current assets	8,552	(9,518)
Other Non-Current Assets	(183)	4,329
Total changes in operating assets	<u>(75,008)</u>	<u>(11,042)</u>
Changes in operating liabilities:		
Notes payable	(5,160)	3,816
Accounts payable	219,424	(434,684)
Accounts payable - related parties	11,114	(8,344)
Other payables	(211,526)	(129,097)
Provisions for liabilities	(7,220)	629
Other current liabilities	(25,309)	(38,435)
Total changes in operating liabilities	<u>(18,677)</u>	<u>(606,115)</u>
Total changes in operating assets and liabilities	<u>(93,685)</u>	<u>(617,157)</u>
Total adjustments	<u>93,488</u>	<u>(439,874)</u>
Cash provided by operations	201,488	(176,285)
Interest received	29,678	36,380
Interest paid	(7,971)	(5,584)
Income tax paid	(34,084)	(73,694)
Net cash provided by operating activities	<u>189,111</u>	<u>(219,183)</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(74,162)	(82,901)
Disposal of financial assets at fair value through other comprehensive income	217,955	238,299
Acquisition of property, plant, and equipment	(84,152)	(196,316)
Disposal of property, plant and equipment	-	9,805
Acquisition of restricted time deposit	-	(32,450)
Disposal of restricted time deposit	32,000	-
Acquisition of intangible assets	(8,014)	(4,171)
Decrease (increase) in refundable deposits	1,848	(1,231)
Increase in prepayments for equipment	(9,632)	(54,018)
Dividends received	4,522	2,614
Net cash flows generated from (used in) investing activities	<u>80,365</u>	<u>(120,369)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	-	1,217
Decrease in short-term loans	(2,436)	-
Repayments of long-term loans	(38,429)	(37,721)
Decrease in guarantee deposits received	-	(7)
Repayment of the principal of lease liabilities	(97,031)	(100,882)
Cash dividends paid to non-controlling interests	(18,591)	-
Disposal of shares held under employee stock ownership trust	253	-
Net cash flows used in financing activities	<u>(156,234)</u>	<u>(137,393)</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	(184,571)	45,794
Net decrease in cash and cash equivalents	(71,329)	(431,151)
Cash and cash equivalents at the beginning of the year	3,879,851	4,225,848
Cash and cash equivalents at the end of the year	<u>\$ 3,808,522</u>	<u>3,794,697</u>

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

**FSP Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024
(Amounts in NT\$ thousands, unless specified otherwise)**

I. Company History

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on August 5, 2025.

III. Application of New and Amended Standards and Interpretations

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

The Group has initially adopted the following new amendments to IFRS Accounting Standards since January 1, 2025, and there was no significant impact on its Consolidated Financial Statements.

- Amendment to International Accounting Standard No. 21: 'Lack of Convertibility'
- Amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments," regarding the application guidance of Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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

The Group assesses that the adoption of the following new amendments effective from January 1, 2026 will not have a significant impact on the Consolidated Financial Statements.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments," regarding the application guidance of Section 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7

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

- Annual improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7, "Contracts Referencing Nature-dependent Electricity"

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

- (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
International Financial Reporting Standard 18, "Presentation and Disclosure in Financial Statements"	<p>The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.</p> <ul style="list-style-type: none"> • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding 	January 1, 2027

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

the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with IFRS Accounting Standards.

- 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.

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 Venture”
- International Financial Reporting Standard 19, "Subsidiaries without Public Accountability: Disclosures"

IV. Summary of Significant Accounting Policies

Except for the following descriptions, the consolidated financial statements adopt the same significant accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2024. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2024 for details.

(I) Compliance declaration

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

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

by the FSC (hereafter referred to as the IFRS Accounting Standards endorsed by the FSC).

(II) Basis of consolidation

The consolidated financial statements adopt the preparation principles as the ones used in the consolidated financial statements for the year ended December 31, 2024. Please refer to Note IV(III) of the consolidated financial statements for the year ended December 31, 2024 for details.

1. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Percentage of ownership			Description
			2025.6.30	2024.12.31	2024.6.30	
The Company	FSP International Inc. (BVI)	Investment transfer	100.00%	100.00%	100.00%	Note 4
"	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	100.00%	Note 3
"	Amacrox Technology Co., Ltd. (BVI)	Investment transfer	100.00%	100.00%	100.00%	Note 3
"	3Y Power Technology (TAIWAN) Inc. ("3Y Power")	Trading and manufacturing of power supplies and related electronic products	65.87%	65.87%	65.87%	Note 3
"	Harmony Trading (HK) Ltd.	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 3
"	FSP Technology USA Inc.	Business development and product technical service	100.00%	100.00%	100.00%	Note 3
"	FSP Turkey Dis Tic.Ltd.Sti.	Business development and product technical service	91.41%	91.41%	91.41%	Note 3
"	FSP Technology Vietnam Co., Ltd. ("FSP VN")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 1 and Note 3
FSP International	Shenzhen Huili Electronic Co.,	Manufacturing of power	100.00%	100.00%	100.00%	Note 4

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

Name of investor	Name of subsidiary	Main business activities	Percentage of ownership			Description
			2025.6.30	2024.12.31	2024.6.30	
Inc. (BVI)	Ltd. (Huili)	supplies and related electronic products				
"	FSP Technology Inc. (BVI)	Investment transfer	100.00%	100.00%	100.00%	Note 3
"	Proteck Electronics (Samoa) Corp.	Investment transfer	100.00%	100.00%	100.00%	Note 3
"	Power Electronics Co., Ltd. (BVI)	Investment transfer	100.00%	100.00%	100.00%	
"	Famous Holding Ltd.	Investment transfer	100.00%	100.00%	100.00%	
"	FSP International (HK) Ltd.	Investment transfer	100.00%	100.00%	100.00%	Note 3
FSP Technology Inc. (BVI)	FSP-C R&D Center (FSP Jiangsu)	Research & development and design of various energy saving technology	100.00%	100.00%	100.00%	Note 3
Protek Electronics (Samoa) Corp.	Protek Electronics (China) Corp. (Protek Dongguan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 3
Power Electronics Co., Ltd. (BVI)	Zhonghan Electronics (Shenzhen) Co., Ltd. (Zhonghan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
Famous Holding Ltd.	WUXI SPI Technology Co., Ltd. (WUXI SPI)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
"	WUXI Zhonghan Technology Co., Ltd. (WUXI Zhonghan)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	100.00%	
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. (Hao Han)	Trading and manufacturing of electronic components	100.00%	100.00%	100.00%	Note 3
WUXI	Shenzhen	Trading and	100.00%	100.00%	100.00%	

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

Name of investor	Name of subsidiary	Main business activities	Percentage of ownership			Description
			2025.6.30	2024.12.31	2024.6.30	
Zhonghan	Zhonghan Technology Co., Ltd. (“Zhonghan Tech.”)	manufacturing of power supplies and related electronic products				
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 3
3Y Power	3Y Power Technology Inc. (3Y Power USA)	Trading of power supplies and related electronic products	100.00%	100.00%	100.00%	Note 3
"	Luckyield Co., Ltd.	Investment transfer	100.00%	100.00%	100.00%	Note 3
Luckyield Co., Ltd.	WUXI 3Y Technology Co., Ltd. (WUXI 3Y)	Design, manufacturing and trading of power supplies	100.00%	100.00%	100.00%	Note 2 and Note 3

Note 1: On June 19, 2023, the Company established FSP VN with an investment of NT\$30,500 thousand (US\$1,000 thousand), and it has become a subsidiary of the Company since that date. On March 14, 2024, the Board of Directors resolved to increase the capital of FSP Technology Vietnam Co., Ltd. by US\$4,000 thousand. As of March 31, 2025, the Company has injected a total capital of US\$4,000 thousand into FSP Technology Vietnam Co., Ltd.

Note 2: The Company invested in WUXI 3Y through Luckyield Co., Ltd., and the comprehensive shareholding percentage as of June 30, 2025, December 31, 2024 and June 30, 2024 were all 65.87%.

Note 3: It was a non-significant subsidiary, and its financial statements were not reviewed by the independent auditors.

Note 4: On February 1, 2024, the Company obtained approval from the Department of Investment Review to increase the capital of its subsidiary, FSP International Inc. (BVI), by US\$10,000 thousand. Subsequently, FSP International Inc. (BVI) increased the capital of Shenzhen Huili Electronic Co., Ltd. by US\$10,000 thousand. As of June 30, 2025, the Company had actually remitted US\$8,000 thousand through FSP International Inc. (BVI) to increase the capital of Shenzhen Huili Electronic Co., Ltd.

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

(III) Employee benefits

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

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

(IV) Income tax

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

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

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

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

When preparing the consolidated financial statements in accordance with the preparation guidelines and International Accounting Standard 34, "Interim Financial Reporting," as endorsed by the FSC, management is required to make judgments and estimates regarding the future (including climate-related risks and opportunities), which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from the estimates.

When preparing the consolidated financial statements, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the Group's accounting policies are consistent with Note V of the consolidated financial statements for the year ended December 31, 2024.

VI. Details of Significant Accounts

Except for the following descriptions, the details of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2024. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2024 for relevant information.

(I) Cash and cash equivalents

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Cash on hand	\$ 6,710	7,405	6,806
Cash equivalents			
Attached Repurchase Bonds	12,892	14,425	114,278
Deposits in saving accounts and checking accounts	2,338,953	2,469,138	2,178,039

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

Time deposits	1,449,967	1,388,883	1,495,574
	\$ 3,808,522	3,879,851	3,794,697

The Company transferred NT\$561,786 thousand of cash dividends payable into the designated dividend disbursement account on June 26, 2025. Since such bank deposits are restricted for a specific purpose, they are still classified as cash and cash equivalents. Cash dividends are scheduled to be distributed on July 1, 2025, and were recorded under dividends payable as of June 30, 2025.

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

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

	2025.6.30	2024.12.31	2024.6.30
Financial assets mandatorily measured at fair value through profit or loss - current:			
Non-derivative financial assets			
Beneficiary certificates	\$ 286,569	355,779	360,548
Private equity funds	162,726	121,250	85,682
Foreign unlisted stocks	60,287	72,248	71,632
Foreign listed (OTC) stocks	12,028	-	-
Structured deposits	184,095	434,380	355,625
Subtotal	705,705	983,657	873,487
	2025.6.30	2024.12.31	2024.6.30
Financial assets mandatorily measured at fair value through profit or loss - non-current:			
Non-derivative financial assets			
Preferred shares of foreign listed companies	17,177	-	-
Structured products	40,863	46,287	31,025
Subtotal	58,040	46,287	31,025
Total	\$ 763,745	1,029,944	904,512

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group held structured deposits and expected yields ranged from 0.70% to 2.20%, 0.85% to 2.20%, and 1.20% to 2.45% with maturity from July 2025 to September 2025, March 2025 to April 2025, and September 2024, respectively.

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

The Group recognized dividend income of NT\$2,372 thousand and NT\$861 thousand for the aforementioned financial assets at fair value through profit or loss from January 1 to June 30, 2025 and 2024, respectively.

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

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

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

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Equity instruments at fair value through other comprehensive income			
Domestic listed (OTC) stock	\$ 5,685,308	7,582,980	8,575,867
Foreign listed stocks	15,018	9,028	10,889
Foreign unlisted stocks	55,301	55,302	26,493
Domestic unlisted stocks	236,459	259,399	174,399
Total	<u>\$ 5,992,086</u>	<u>7,906,709</u>	<u>8,787,648</u>

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

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

The Group recognized dividend income of NT\$8,265 thousand and NT\$1,753 thousand for the aforementioned investments in equity instruments at fair value through other comprehensive income from January 1 to June 30, 2025 and 2024, respectively.

From January 1 to June 30, 2025, to align with the capital utilization plan of the consolidated company, the Group disposed of financial assets designated at fair value through other comprehensive income, with a total fair value at the time of disposal amounting to NT\$217,016 thousand, resulting in a disposal gain of NT\$158,059 thousand. As of June 30, 2025, all proceeds from the disposal had been fully collected. From January 1 to June 30, 2024, to align with the capital utilization plan of the consolidated company, the Group disposed of financial assets designated at fair value through other comprehensive income, with fair value at the time of disposal amounting to NT\$250,431 thousand, resulting in a disposal gain of NT\$200,183 thousand. As of June 30, 2024, the outstanding

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

proceeds from disposal amounted to NT\$20,574 thousand, which was recognized under other receivables.

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

(IV) Notes receivable and accounts receivable

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Notes receivable	\$ 120,478	235,225	114,391
Accounts receivable	3,121,525	2,553,215	2,584,286
Accounts receivable - related parties	617,868	622,078	711,038
Less: Allowance for impairment loss	<u>(27,432)</u>	<u>(20,530)</u>	<u>(24,893)</u>
	<u>\$ 3,832,439</u>	<u>3,389,988</u>	<u>3,384,822</u>

The 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:

	<u>2025.6.30</u>		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 3,000,434	0.08	2,526
Past due within 30 days	137,271	0.85	1,172
Past due 31-60 days	2,162	4.3	93
Past due 61-90 days	1,927	7.22	139
Past due 91-120 days	1,448	21.96	318
Past due over 121 days	<u>7,886</u>	100	<u>7,886</u>
	<u>\$ 3,151,128</u>		<u>12,134</u>

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

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT\$8,158. Due to the uncertainty in the recoverability of the related receivables, an allowance for loss amounting to NT\$1,632 thousand has been recognized for the above-mentioned receivables. Accordingly, the Group does not intend to include these amounts in the calculation of the allowance for expected credit losses over the remaining period.

	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	<u>750</u>	100.00	<u>750</u>
	<u>\$ 2,502,071</u>		<u>12,460</u>

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. 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, for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

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

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

Past due over 121 days	3,966	100.00	3,966
	\$ 2,555,660		11,527

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

	2025.6.30		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 501,351	0.07	335
Past due within 30 days	20,639	0.07	14
Past due 31-60 days	-	0.07	-
Past due 61-90 days	9,634	0.07	6
Past due 91-120 days	153	0.07	-
Past due over a year	1,191	0.07	1
	\$ 532,968		356

	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
Past due 121-180 days	1,080	0.05	1
Past due over 181-360 days	482	0.05	-
Past due over a year	1,304	0.05	1
	\$ 752,438		389

	2024.6.30		
	Carrying amount of notes receivable and accounts	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss

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

	receivable		
Not Past Due	\$ 627,484	0.06	376
Past due within 30 days	13,969	0.06	8
Past due 31-60 days	3	0.06	-
Past due 61-90 days	2,004	0.06	1
Past due 91-120 days	-	0.06	-
Past due 181-365 days	<u>1,294</u>	0.06	<u>1</u>
	<u>\$ 644,754</u>		<u>386</u>

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

	2025.6.30		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	\$ 146,016	-	-
Past due within 30 days	8,069	-	-
Past due 31-60 days	1,569	85.85	1,347
Past due 181-365 days	<u>11,963</u>	100	<u>11,963</u>
	<u>\$ 167,617</u>		<u>13,310</u>

	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	<u>13,386</u>	37.76	<u>5,054</u>
	<u>\$ 142,901</u>		<u>5,059</u>

	2024.6.30		
	Carrying amount of notes receivable and accounts	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss

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

	receivable		
Not Past Due	\$ 130,350	-	-
Past due within 30 days	33,604	-	-
Past due 31-60 days	5,459	-	-
Past due 61-90 days	1,434	-	-
Past due 91-120 days	4,368	-	-
Past due 121-180 days	8,897	-	-
Past due over a year	<u>25,189</u>	51.53	<u>12,980</u>
	<u>\$ 209,301</u>		<u>12,980</u>

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

	January to June, 2025	January to June, 2024
Beginning balance	\$ 20,530	14,448
Impairment losses recognized	8,374	10,080
Amount written off during the year due to uncollectibility	(133)	-
Foreign exchange gain/loss	<u>(1,339)</u>	365
Ending balance	<u>\$ 27,432</u>	<u>24,893</u>

(V) Other receivables

	2025.6.30	2024.12.31	2024.6.30
Other receivables	\$ 340,910	481,057	414,941
Less: Allowance for impairment loss	<u>(26,810)</u>	<u>(29,998)</u>	<u>(30,231)</u>
	<u>\$ 314,100</u>	<u>451,059</u>	<u>384,710</u>

Changes in loss allowance for other receivables:

	January to June, 2025	January to June, 2024
Beginning balance	\$ 29,998	28,605
Foreign exchange gain/loss	<u>(3,188)</u>	1,626
Ending balance	<u>\$ 26,810</u>	<u>30,231</u>

(VI) Inventories

	2025.6.30	2024.12.31	2024.6.30
Finished goods	\$ 1,055,955	1,197,721	1,215,606
Work in process	550,868	481,919	367,543
Raw materials	<u>582,375</u>	<u>492,366</u>	<u>409,980</u>
	<u>\$ 2,189,198</u>	<u>2,172,006</u>	<u>1,993,129</u>

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

Breakdown of cost of goods sold:

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Inventories sold	\$ 3,015,436	2,308,607	5,484,405	4,514,613
Loss on inventory write-down	6,576	23,193	515	40,865
Unallocated manufacturing expense	24,783	21,927	58,464	43,445
Loss on inventory obsolescence	1,708	3,223	3,686	3,248
	<u>\$ 3,048,503</u>	<u>2,356,950</u>	<u>5,547,070</u>	<u>4,602,171</u>

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group did not pledge any inventories as collateral.

(VII) Investments Accounted for Using the Equity Method

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

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Associate	<u>\$ 37,532</u>	<u>38,978</u>	<u>35,795</u>

1. Associate

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

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
The carrying amount of investments in associates that were not individually material to the Company at the end of the period	<u>\$ 37,532</u>	<u>38,978</u>	<u>35,795</u>

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Attributable to the Company:				
Income from Continuing Operations	\$ 1,220	312	2,127	308
Other comprehensive income	(5,986)	582	(5,047)	2,239
Total comprehensive income	<u>\$ (4,766)</u>	<u>894</u>	<u>(2,920)</u>	<u>2,547</u>

2. Collateral

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

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group did not pledge any investments accounted for under the equity method as collateral.

3. Unreviewed Investments Recognized Through the Equity Method

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

(VIII) Property, Plant, and Equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment from January 1 to June 30, 2025, and 2024 were as follows:

	Land	Housing and constructi on	Buildings and building improvements	Machiner y	Transport ation equipmen t	Other equipmen t	Leasehold improvements	Construct ion in progress and equipmen t under installatio n	Total
Cost or deemed cost:									
Balance as of January 1, 2025	\$ 307,879	1,255,665	28,794	1,439,745	25,469	534,449	96,975	207,531	3,896,507
Addition	-	5,515	-	56,547	391	16,031	531	24,723	103,738
Disposal	-	-	-	(6,650)	-	(4,389)	-	-	(11,039)
Reclassification (Note)	-	159,207	-	27,799	-	614	1,127	(159,875)	28,872
Effect of exchange rate changes	-	(38,762)	(2,142)	(91,973)	(2,012)	(11,798)	(9,169)	981	(154,875)
Balance as of June 30, 2025	<u>\$ 307,879</u>	<u>1,381,625</u>	<u>26,652</u>	<u>1,425,468</u>	<u>23,848</u>	<u>534,907</u>	<u>89,464</u>	<u>73,360</u>	<u>3,863,203</u>
Balance as of January 1, 2024	\$ 310,476	1,224,490	27,949	1,307,563	22,060	517,402	89,879	9,348	3,509,167
Addition	-	7,356	-	68,145	1,315	15,536	995	98,998	192,345
Disposal	(2,597)	(6,749)	-	(12,262)	(898)	(12,478)	-	-	(34,984)
Reclassification (Note)	-	6,436	-	1,587	-	-	-	(7,324)	699
Effect of exchange rate changes	-	7,240	662	24,403	479	3,236	2,049	699	38,768
Balance as of June 30, 2024	<u>\$ 307,879</u>	<u>1,238,773</u>	<u>28,611</u>	<u>1,389,436</u>	<u>22,956</u>	<u>523,696</u>	<u>92,923</u>	<u>101,721</u>	<u>3,705,995</u>
Depreciation and impairment loss:									
Balance as of January 1, 2025	\$ -	618,592	14,105	1,063,284	17,232	451,605	61,031	-	2,225,849
Recognition in current period	-	28,551	1,024	52,172	1,088	16,985	5,721	-	105,541
Disposal	-	-	-	(6,265)	-	(4,380)	-	-	(10,645)
Effect of exchange rate changes	-	(22,616)	(1,017)	(68,424)	(1,243)	(8,485)	(5,711)	-	(107,496)
Balance as of June 30, 2025	<u>\$ -</u>	<u>624,527</u>	<u>14,112</u>	<u>1,040,767</u>	<u>17,077</u>	<u>455,725</u>	<u>61,041</u>	<u>-</u>	<u>2,213,249</u>
Balance as of January 1, 2024	\$ -	564,899	11,598	960,777	14,277	428,499	47,401	-	2,027,451
Recognition in current period	-	25,845	1,081	49,297	1,735	18,001	6,058	-	102,017
Disposal	-	(6,620)	-	(12,149)	(899)	(11,397)	-	-	(31,065)
Effect of exchange rate changes	-	6,457	256	18,809	361	2,299	1,238	-	29,420
Balance as of June 30, 2024	<u>\$ -</u>	<u>590,581</u>	<u>12,935</u>	<u>1,016,734</u>	<u>15,474</u>	<u>437,402</u>	<u>54,697</u>	<u>-</u>	<u>2,127,823</u>

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

	Land	Housing and constructi on	Buildings and building improvem ents	Machiner y	Transport ation equipmen t	Other equipmen t	Leasehold improvem ents	Construct ion in progress and equipmen t under installatio n	Total
Carrying amounts:									
Balance as of January 1, 2025	\$ 307,879	637,073	14,689	376,461	8,237	82,844	35,944	207,531	1,670,658
Balance as of June 30, 2025	\$ 307,879	757,098	12,540	384,701	6,771	79,182	28,423	73,360	1,649,954
Balance as of June 30, 2024	\$ 307,879	648,192	15,676	372,702	7,482	86,294	38,226	101,721	1,578,172

Note: From January 1 to June 30, 2025 and 2024, the amount transferred from equipment prepayment was NT\$28,872 thousand and NT\$699 thousand, respectively.

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of June 30, 2025, December 31, 2024 and June 30, 2024.

(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 constructi on	Office equipment	Transport ation equipment	Total
Costs of right-of-use assets:					
Balance as of January 1, 2025	\$ 26,555	1,593,334	402	6,656	1,626,947
Addition	-	107,663	287	-	107,950
Effect of exchange rate changes	(1,418)	(146,437)	-	(57)	(147,912)
Balance as of June 30, 2025	\$ 25,137	1,554,560	689	6,599	1,586,985
Balance as of January 1, 2024	\$ 27,483	1,194,676	-	5,618	1,227,777
Addition	-	1,009	-	1,719	2,728
Lease modifications	-	3,331	-	-	3,331
Reduction (contract expired and early termination of contract)	(1,486)	-	-	(716)	(2,202)
Effect of exchange rate changes	437	30,317	-	29	30,783
Balance as of June 30, 2024	\$ 26,434	1,229,333	-	6,650	1,262,417
Depreciation of right-of-use assets:					
Balance as of January 1, 2025	\$ 6,096	924,807	13	3,934	934,850
Depreciation in current period	474	98,116	69	1,120	99,779
Effect of exchange rate changes	(265)	(85,683)	-	(55)	(86,003)
Balance as of June 30, 2025	\$ 6,305	937,240	82	4,999	948,626
Balance as of January 1, 2024	\$ 5,087	785,603	-	2,405	793,095
Depreciation in current period	481	94,946	-	1,088	96,515
Lease modifications	-	1,139	-	-	1,139
Reduction (contract expired and early termination of contract)	(37)	-	-	(716)	(753)

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

	Land	Housing and constructi on	Office equipment	Transport ation equipment	Total
Effect of exchange rate changes	65	21,407	-	17	21,489
Balance as of June 30, 2024	<u>\$ 5,596</u>	<u>903,095</u>	<u>-</u>	<u>2,794</u>	<u>911,485</u>
Carrying amounts:					
Balance as of January 1, 2025	<u>\$ 20,459</u>	<u>668,527</u>	<u>389</u>	<u>2,722</u>	<u>692,097</u>
Balance as of June 30, 2025	<u>\$ 18,832</u>	<u>617,320</u>	<u>607</u>	<u>1,600</u>	<u>638,359</u>
Balance as of June 30, 2024	<u>\$ 20,838</u>	<u>326,238</u>	<u>-</u>	<u>3,856</u>	<u>350,932</u>

(X) Intangible assets

The changes in costs, amortization and impairment loss of intangible assets from January 1 to June 20, 2025 and 2024 were as follows:

	Goodwill	Software cost	Patent	Total
Costs:				
Balance as of January 1, 2025	\$ 218,672	30,072	16,731	265,475
Addition in current period	-	8,003	11	8,014
Disposal	-	(1,906)	(339)	(2,245)
Effect of exchange rate changes	-	(85)	(53)	(138)
Balance as of June 30, 2025	<u>\$ 218,672</u>	<u>36,084</u>	<u>16,350</u>	<u>271,106</u>
Balance as of January 1, 2024	\$ 218,672	15,376	16,715	250,763
Addition in current period	-	4,129	42	4,171
Current Disposals	-	-	(88)	(88)
Effect of exchange rate changes	-	-	23	23
Balance as of June 30, 2024	<u>\$ 218,672</u>	<u>19,505</u>	<u>16,692</u>	<u>254,869</u>
Amortization and impairment loss:				
Balance as of January 1, 2025	\$ -	17,228	16,123	33,351
Amortization for the period	-	7,389	34	7,423
Disposal	-	(1,906)	(147)	(2,053)
Effect of exchange rate changes	-	(8)	(14)	(22)
Balance as of June 30, 2025	<u>\$ -</u>	<u>22,703</u>	<u>15,996</u>	<u>38,699</u>
Balance as of January 1, 2024	\$ -	11,237	16,086	27,323
Amortization for the period	-	2,983	42	3,025
Current Disposals	-	-	(52)	(52)
Effect of exchange rate changes	-	-	6	6
Balance as of June 30, 2024	<u>\$ -</u>	<u>14,220</u>	<u>16,082</u>	<u>30,302</u>
Carrying amounts:				

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

	Goodwill	Software cost	Patent	Total
Balance as of January 1, 2025	<u>\$ 218,672</u>	<u>12,844</u>	<u>608</u>	<u>232,124</u>
Balance as of June 30, 2025	<u>\$ 218,672</u>	<u>13,381</u>	<u>354</u>	<u>232,407</u>
Balance as of June 30, 2024	<u>\$ 218,672</u>	<u>5,285</u>	<u>610</u>	<u>224,567</u>

(XI) Short-term loans

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

	2025.6.30	2024.12.31	2024.6.30
Secured bank borrowings	\$ -	-	1,217
Credit loans	294	3,253	1,622
Total	<u>\$ 294</u>	<u>3,253</u>	<u>2,839</u>
Unused facility	<u>\$ 776,500</u>	<u>834,175</u>	<u>833,750</u>
Interest rate range	<u>5.88</u>	<u>5.56~7.10</u>	<u>5.83~6.96</u>

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

(XII) Long-term loans

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

	2025.6.30	2024.12.31	2024.6.30
Secured bank borrowings	\$ 10,717	48,788	86,683
Other long-term loans	435	793	-
Less: current portion of long-term debt	11,152	48,200	75,966
Total	<u>\$ -</u>	<u>1,381</u>	<u>10,717</u>
Unused facility	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>1.58~3.50</u>	<u>1.58~3.50</u>	<u>1.58</u>

1. Collateral for bank borrowings

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

2. Government-subsidized loan with preferential interest rate

In August 2020, the Group obtained a NT\$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". Drawdown period was until December 31, 2021 and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Group was NT\$296,650 thousand as

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

of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT\$6,585 thousand which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Such deferred revenue was transferred to other income amounted to NT\$49 thousand, NT\$155 thousand, NT\$124 thousand and NT\$334 thousand, respectively, from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024.

(XIII) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Current	\$ 170,116	173,749	147,648
Non-current	470,131	518,374	211,651
Total	<u>\$ 640,247</u>	<u>692,123</u>	<u>359,299</u>

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

The amounts recognized in profit or loss were as follows:

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Interest expense on lease liabilities	\$ 3,370	1,957	7,000	4,075
Variable lease payments not included in the measurement of lease liabilities	\$ 502	982	842	1,144
Expenses of short-term leases	\$ 7,228	3,813	10,603	7,299
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	\$ 36	38	111	139

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

	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Total cash outflow in operating activities	\$ 18,556	12,657
Total cash outflow in financing activities	97,031	100,882
Total cash flows on lease	<u>\$ 115,587</u>	<u>113,539</u>

1. Lease of land, buildings and construction

The Group leases land, buildings, and construction as factories, office premises, staff quarters, and warehouses with lease terms ranging from 1 to 10 years. Some

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

of these leases include the option to extend the lease term for the same period as the original contract at the end of the lease term.

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

For these lease contracts, the variable lease payments paid by the Group from January 1 to June 30, 2025 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	\$ 842	8

2. Other leases

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

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

(XIV) Provisions for liabilities

	January to June, 2025	January to June, 2024
Opening balance as of January 1	\$ 138,268	130,311
Addition of provision during the year	21,756	28,939
Amount utilized during the year	(28,976)	(28,310)
Balance as of June 30	\$ 131,048	130,940

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

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

Since no major market fluctuations, major reductions, liquidations or other major one-off events occurred after the previous annual reporting date, the Group has measured and disclosed the pension costs for the interim period by the pension costs determined by actuary on December 31, 2024, and 2023.

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

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Operating costs	\$ 35	30	73	59
Selling and marketing expenses	100	47	202	95
General and administrative expenses	153	108	305	215
Research and development expenses	279	152	561	305
	<u>\$ 567</u>	<u>337</u>	<u>1,141</u>	<u>674</u>

2. Defined contribution plans

The pension expenses of the Company and its domestic consolidated subsidiaries in accordance with the Measures for Determining Pension Appropriation are as follows:

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Operating costs	\$ 571	559	1,137	1,149
Selling and marketing expenses	1,840	1,780	3,541	3,532
General and administrative expenses	2,517	2,360	5,110	5,057
Research and development expenses	4,786	4,708	9,316	9,265
	<u>\$ 9,714</u>	<u>9,407</u>	<u>19,104</u>	<u>19,003</u>

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

In accordance with local regulations, other consolidated subsidiaries recognized pension expenses of NT\$36,454 thousand, NT\$26,833 thousand, NT\$72,019

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

thousand and NT\$50,130 thousand, respectively, from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024.

3. Other short-term employee benefits

From April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024, the Group contributed NT\$3,836 thousand, NT\$3,726 thousand, NT\$7,722 thousand and NT\$8,653 thousand, respectively, to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group had accrued unused leave bonuses of NT\$50,574 thousand, NT\$50,372 thousand and NT\$48,979 thousand, respectively, which were recorded under other payables.

(XVI) Income tax

The income tax expense of the Group from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024 were as below:

	April to June, 2025	April to June, 2024	January to June, 2025	January to June, 2024
Income tax expense for the period	\$ 8,757	24,194	22,205	52,651

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

(XVII) Capital and other equity

Except for the following descriptions, there was no significant change in the capital and other equity of the Group from January 1 to June 30, 2025, and 2024. Please refer to Note VI(XVII) of the consolidated financial statements for the year ended December 31, 2024, for details.

1. Capital surplus

The Company's capital surplus was as follows:

	2025.6.30	2024.12.31	2024.6.30
Paid-in capital in excess of par value	\$ 856,427	856,427	856,427
Disposal of shares held under employee stock ownership trust	442	189	-
Adjustments arising from changes in percentage of	4,780	4,780	4,780

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

ownership in subsidiaries	-	-	3,218
Others	-	-	3,218
	<u>\$ 861,649</u>	<u>861,396</u>	<u>864,425</u>

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.

2. Earning distribution

On March 7, 2025 and March 14, 2024, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended 2024 and 2023, respectively, and the amount of dividends distributed to shareholders was as follows:

	2024	2023
Cash dividend distributed to the shareholders of common stock	<u>\$ 561,786</u>	<u>599,238</u>

The distribution of the 2024 and 2023 earnings as mentioned above had not yet been paid as of June 30, 2025 and 2024, and was recognized as dividends payable.

3. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2025	\$ (47,247)	6,965,505	6,918,258
Exchange differences on translation of financial statements of foreign operations	(225,824)	-	(225,824)
Share of other comprehensive income of associates and joint-ventures under the equity method	(5,047)	-	(5,047)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(1,771,768)	(1,771,768)

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

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Disposal of equity instruments at fair value through other comprehensive income	-	(158,059)	(158,059)
Balance as of June 30, 2025	<u>\$ (278,118)</u>	<u>5,035,678</u>	<u>4,757,560</u>
Balance as of January 1, 2024	\$ (126,335)	6,232,008	6,105,673
Exchange differences on translation of financial statements of foreign operations	51,618	-	51,618
Share of other comprehensive income of associates and joint-ventures under the equity method	2,239	-	2,239
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,938,272	1,938,272
Disposal of equity instruments at fair value through other comprehensive income	-	(200,183)	(200,183)
Balance as of June 30, 2024	<u>\$ (72,478)</u>	<u>7,970,097</u>	<u>7,897,619</u>

4. Non-controlling interests (net after tax)

	January to June, 2025	January to June, 2024
Beginning balance	\$ 414,662	401,788
Changes in capital surplus attributable to non-controlling interests	-	302
Net income for the year attributable to non-controlling interests	10,730	14,169
Exchange differences on translation of financial statements of foreign operations	(6,755)	3,431
Distribution of cash dividends to non-controlling interests	(18,591)	(25,352)
Ending balance	<u>\$ 400,046</u>	<u>394,338</u>

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

(XVIII) Earnings per Share

	April to June, 2025	April to June, 2024	January to June, 2025	January to June, 2024
Basic earnings per share:				
Net income attributable to the ordinary shareholders of the Company	\$ 37,511	82,776	75,065	196,769
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262	187,262	187,262
Basic earnings per share (Unit: NT\$ Thousands)	\$ 0.20	0.44	0.40	1.05
Diluted earnings per share:				
Net income attributable to the ordinary shareholders of the Company	\$ 37,511	82,776	75,065	196,769
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262	187,262	187,262
Employee Compensation (Unit: Thousands of Shares)	90	243	384	703
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,352	187,505	187,646	187,965
Diluted earnings per share (Unit: NT\$ Thousands)	\$ 0.20	0.44	0.40	1.05

(XIX) Revenue from contracts with customers

1. Breakdown of revenue

	April to June, 2025					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	\$ 644,361	173,520	-	-	-	817,881
China	548,244	24,267	273,220	128,266	2,592	976,589
U.S.A.	182,825	4,561	-	-	144,868	332,254
Germany	692,679	43,975	-	-	-	736,654
Other countries	782,266	15,411	-	-	27,835	825,512
	\$ 2,850,375	261,734	273,220	128,266	175,295	3,688,890
Major product/service line:						

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

Sales of power supply	\$ 2,850,375	261,734	273,220	128,266	175,295	3,688,890
April to June, 2024						
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	\$ 448,536	129,095	-	-	-	577,631
China	410,236	27,161	322,843	145,571	3,273	909,084
U.S.A.	237,106	8,156	-	-	138,269	383,531
Germany	387,285	23,483	-	-	-	410,768
Other countries	571,436	9,268	-	-	36,353	617,057
	\$ 2,054,599	197,163	322,843	145,571	177,895	2,898,071
Major product/service line:						
Sales of power supply	\$ 2,054,599	197,163	322,843	145,571	177,895	2,898,071
January to June, 2025						
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	\$ 1,151,721	333,265	-	-	-	1,484,986
China	935,902	46,099	472,536	238,580	4,927	1,698,044
U.S.A.	378,943	4,561	-	-	332,387	715,891
Germany	1,230,931	84,389	-	-	-	1,315,320
Other countries	1,409,681	26,902	-	-	69,741	1,506,324
	\$ 5,107,178	495,216	472,536	238,580	407,055	6,720,565
Major product/service line:						
Sales of power supply	\$ 5,107,178	495,216	472,536	238,580	407,055	6,720,565
January to June, 2024						
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	\$ 861,908	257,502	-	-	-	1,119,410
China	755,929	50,066	589,718	278,414	6,187	1,680,314
U.S.A.	485,854	10,302	-	-	305,335	801,491
Germany	722,820	46,547	-	-	-	769,367
Other countries	1,136,366	12,515	-	-	85,134	1,234,015
	\$ 3,962,877	376,932	589,718	278,414	396,656	5,604,597
Major product/service line:						
Sales of power supply	\$ 3,962,877	376,932	589,718	278,414	396,656	5,604,597

2. Contract balance

	2025.6.30	2024.12.31	2024.6.30
Notes and accounts receivable	\$ 3,859,871	3,410,518	3,409,715

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

	(including related parties)		
Less: Allowance for impairment loss	(27,432)	(20,530)	(24,893)
Total	<u>\$ 3,832,439</u>	<u>3,389,988</u>	<u>3,384,822</u>
Contract liabilities (recognized in other current liabilities)	<u>\$ 73,025</u>	<u>60,843</u>	<u>75,352</u>

The amounts of contract liabilities as of January 1, 2025 and 2024, that were recognized as revenue during the periods from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024, were NT\$31,387 thousand, NT\$10,936 thousand, NT\$51,196 thousand, and NT\$22,508 thousand, respectively.

The change in contract liabilities primarily occurs due to the discrepancy between the timing of fulfilling performance 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

On June 11, 2025, the Company's shareholders approved the amendment of the Articles of Incorporation. According to the amended Articles, no less than 6% of the annual profits shall be appropriated as employees' compensation (of which no less than 10% shall be allocated to non-managerial employees), and no more than 3% shall be appropriated as directors' compensation. 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 previous Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The accrued amounts of the Company's employee remuneration for the three months and six months ended June 30, 2025 and 2024 were NT\$2,245 thousand, NT\$6,256 thousand, NT\$5,032 thousand, and NT\$14,786 thousand, respectively, and the accrued amounts of directors' remuneration for the periods then ended were NT\$0 thousand,

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries
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NT\$460 thousand, NT\$305 thousand and NT\$1,788 thousand, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating expenses for the periods. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. If employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price on the day preceding the Board of Directors' meeting.

For the years ended December 31, 2024 and 2023, the Company provided its remuneration to employees amounted to NT\$56,000 thousand and NT\$66,000 thousand, respectively, and the remuneration for Directors of NT\$5,600 thousand and NT\$7,000 thousand, respectively, which was consistent with the actual status of the distribution. The information can be obtained from MOPS.

(XXI) Non-operating income and expenses

1. Interest income

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Bank deposits	\$ 15,649	15,500	28,263	34,522

2. Other income

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Dividend income	\$ 9,829	2,226	10,637	2,614
Other income				
Compensation payments	-	-	-	30,000
Government grant	3,063	3,915	6,741	6,264
Tax refund	10,264	1,613	10,264	6,322
Technical service fees	127	1,206	127	1,206
Compliance fees	197	102	197	102
Others	2,198	2,622	7,550	8,211
	<u>\$ 25,678</u>	<u>11,684</u>	<u>35,516</u>	<u>54,719</u>

3. Other gains and losses

	<u>April to June, 2025</u>	<u>April to June,</u>	<u>January to June,</u>	<u>January to June,</u>
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Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries
(Continued)

		<u>2024</u>	<u>2025</u>	<u>2024</u>
Foreign currency exchange gain \$ (loss), net	(147,533)	28,063	(111,317)	116,341
Gain on financial assets measured at fair value through profit or loss	17,371	6,599	234	10,551
Gain (loss) on disposal of property, plant and equipment, net	(10)	(63)	(394)	6,063
Disposal of Intangible Asset Net Loss	(192)	(36)	(192)	(36)
Losses on Lease modifications	-	(1,827)	-	(2,043)
Others	(76)	(93)	784	(259)
		<u>\$ (130,440)</u>	<u>32,643</u>	<u>(110,885)</u>
				<u>130,617</u>

4. Finance costs

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Interest expense:				
Lease liabilities	\$ 3,370	516	7,000	1,508
Others	749	1,957	971	4,075
	<u>\$ 4,119</u>	<u>2,473</u>	<u>7,971</u>	<u>5,583</u>

(XXII) Financial instruments

Except for the following descriptions, there have been no significant changes in the classification and fair value of the Group's financial instruments, and the exposure to credit risk, liquidity risk and market risk arising from the financial instruments. Please refer to Note VI(XXII) of the consolidated financial statements for the year ended December 31, 2024, for relevant information.

1. Credit risk

(1) Exposure to credit risk

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

(2) Concentration of credit risk

As of June 30, 2025, December 31, 2024, and June 30, 2024, the top three customers accounted for 23%, 20%, and 17%, respectively, of the Group's accounts receivable balance.

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

(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 deposited margin. 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.

	<u>Carrying amount</u>	<u>Contractu al cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2025							
Non-derivative financial liabilities							
Short-term loans	\$ 294	294	294	-	-	-	-
Long-term loans	11,152	12,547	11,134	1,413	-	-	-
Notes payable	9,137	9,137	9,137	-	-	-	-
Accounts payable	3,475,174	3,475,174	3,475,174	-	-	-	-
Accounts payable - related parties	74,740	74,740	74,740	-	-	-	-
Other payables	1,338,237	1,338,237	1,338,237	-	-	-	-
Dividends payable	561,786	561,786	561,786	-	-	-	-
Lease liabilities	640,247	668,696	97,554	83,379	171,083	287,099	29,581
Guarantee deposits received	477	477	477	-	-	-	-
	\$ 6,111,244	6,141,088	5,568,533	84,792	171,083	287,099	29,581
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
June 30, 2024							
Non-derivative financial liabilities							

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

	Carrying amount	Contractu al cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
Short-term loans	\$ 2,839	2,876	2,876	-	-	-	-
Long-term loans	86,683	87,539	38,455	38,330	10,754	-	-
Notes payable	15,266	15,266	15,266	-	-	-	-
Accounts payable	2,559,237	2,559,237	2,559,237	-	-	-	-
Accounts payable - related parties	78,721	78,721	78,721	-	-	-	-
Other payables	1,402,923	1,402,923	1,402,923	-	-	-	-
Dividends payable	624,950	624,950	624,950	-	-	-	-
Lease liabilities	359,299	375,871	97,549	55,762	70,792	118,295	33,473
Guarantee deposits received	516	516	-	-	-	-	516
	\$ 5,130,434	5,147,899	4,819,977	94,092	81,546	118,295	33,989

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:

	2025.6.30			2024.12.31			2024.6.30		
	Foreign currenci s	Exchan ge rate	NT\$	Foreign currenci es	Exchan ge rate	NT\$	Foreign currenci es	Exchan ge rate	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB	\$ 131,763	4.091	539,042	171,663	4.478	768,707	108,516	4.445	482,354
USD	134,539	29.300	3,941,993	120,698	32.785	3,957,084	88,072	32.450	2,857,936
HKD	6,173	3.732	23,038	3,653	4.222	15,423	4,947	4.155	20,555
EUR	22	34.350	756	69	34.140	2,356	50	34.710	1,736
<u>Non-monetary items</u>									
USD	2,058	29.294	60,287	2,534	28.511	72,248	2,534	28.268	71,632
USD	1,372	29.300	40,200	1,315	32.785	43,112	-	-	-
USD	942	29.288	27,589	972	32.778	31,860	-	-	-
USD	453	29.302	13,274	440	32.789	14,427	-	-	-
RMB	6,322	8.747	55,301	6,322	8.748	55,302	6,322	4.191	26,494
HKD	2,343	3.729	8,738	2,139	4.221	9,028	2,617	4.161	10,899
AUD	1,226	19.133	23,457	-	-	-	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
RMB	102,168	4.091	417,969	86,450	4.478	387,123	72,389	4.445	321,769
USD	99,996	29.300	2,929,883	82,642	32.785	2,709,418	66,336	32.450	2,152,603
HKD	10,897	3.732	40,668	9,126	4.222	38,530	8,181	4.155	33,992

(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

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

borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. As of June 30, 2025 and 2024, if the monetary items such as New Taiwan Dollar had depreciated or appreciated by 5% against the US Dollar, Renminbi, Hong Kong Dollar and Euro with all other factors remaining unchanged, income before income tax would have increased or decreased by NT\$55,815 thousand and NT\$34,169 thousand, respectively, from January 1 to June 30, 2025 and 2024. The analysis of the two periods was conducted on the same basis.

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

As the Group has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (losses) (including realized and unrealized) from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024 were NT\$(147,533) thousand, NT\$28,063 thousand, NT\$(111,317) thousand and NT\$116,341 thousand, respectively.

4. Market risk

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

<u>Security price at the reporting date</u>	<u>January to June, 2025</u>		<u>January to June, 2024</u>	
	Other comprehensive income (pre-tax)	Pre-tax income	Other comprehensive income (pre-tax)	Pre-tax income
Increase by 5%	<u>\$ 285,016</u>	<u>14,930</u>	<u>429,338</u>	<u>18,027</u>
Decrease by 5%	<u>\$ (285,016)</u>	<u>(14,930)</u>	<u>(429,338)</u>	<u>(18,027)</u>

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

5. Interest rate analysis

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

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

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:

		2025.6.30				
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss						
Beneficiary certificates	\$	286,569	286,569	-	-	286,569
Private equity funds		162,726	-	-	162,726	162,726
Preferred shares of foreign listed companies		17,177	-	-	17,177	17,177
Non-publicly quoted equity instruments measured at fair value		60,287	-	-	60,287	60,287
Foreign listed (OTC) stocks		12,028	12,028	-	-	12,028
Structured deposits		184,095	-	-	184,095	184,095
Structured products		40,863	-	40,863	-	40,863
Subtotal		<u>763,745</u>	<u>298,597</u>	<u>40,863</u>	<u>424,285</u>	<u>763,745</u>
Financial assets at fair value through other comprehensive income						
Domestic listed (OTC) stock		5,685,308	5,685,308	-	-	5,685,308
Foreign listed stock		15,018	15,018	-	-	15,018
Foreign unlisted stocks		55,301	-	-	55,301	55,301
Domestic unlisted stocks		236,459	-	-	236,459	236,459
Subtotal		<u>5,992,086</u>	<u>5,700,326</u>	<u>-</u>	<u>291,760</u>	<u>5,992,086</u>
Financial assets at amortized cost						
Cash and cash equivalents		3,808,522	-	-	-	-
Notes receivable and accounts receivable		3,832,439	-	-	-	-
Other receivables		314,100	-	-	-	-
Restricted bank deposits (classified in other non-current assets)		100	-	-	-	-

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

Refundable deposits (classified in other non-current assets)	48,534	-	-	-	-
Subtotal	8,003,695	-	-	-	-
Total	\$ 14,759,526	5,998,923	40,863	716,045	6,755,831
2025.6.30					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 11,446	-	-	-	-
Notes payable and accounts payable	3,559,051	-	-	-	-
Other payables	1,338,237	-	-	-	-
Dividends payable	561,786	-	-	-	-
Lease liabilities	640,247	-	-	-	-
Guarantee deposits received	477	-	-	-	-
Total	\$ 6,111,244	-	-	-	-
2024.12.31					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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
Foreign unlisted stocks	55,302	-	-	55,302	55,302
Domestic unlisted stocks	259,399	-	-	259,399	259,399
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	-	-	-	-

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

Restricted bank deposits (classified in other current assets)	32,785	-	-	-	-
Restricted bank deposits (classified in other non- current assets)	100	-	-	-	-
Refundable deposits (classified in other non- current assets)	50,382	-	-	-	-
Subtotal	<u>7,804,165</u>	-	-	-	-
Total	<u>\$ 16,740,818</u>	<u>7,947,787</u>	<u>46,287</u>	<u>942,579</u>	<u>8,936,653</u>
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	<u>522</u>	-	-	-	-
Total	<u>\$ 5,609,329</u>	-	-	-	-
2024.6.30					
Fair value					
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 360,548	360,548	-	-	360,548
Private equity funds	85,682	-	-	85,682	85,682
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	355,625	-	-	355,625	355,625
Structured products	<u>31,025</u>	-	31,025	-	31,025
Subtotal	<u>904,512</u>	360,548	31,025	512,939	904,512
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	8,575,867	8,575,867	-	-	8,575,867
Foreign listed stock	10,889	10,889	-	-	10,889
Non-publicly quoted equity instruments measured at fair value	200,892	-	-	200,892	200,892
Subtotal	<u>8,787,648</u>	8,586,756	-	200,892	8,787,648
Financial assets at amortized cost					
Cash and cash equivalents	3,794,697	-	-	-	-
Notes receivable and accounts receivable	3,384,822	-	-	-	-

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

Other receivables	384,710	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	32,550	-	-	-	-
Refundable deposits (classified in other non-current assets)	48,151	-	-	-	-
Subtotal	7,644,930	-	-	-	-
Total	\$ 17,337,090	8,947,304	31,025	713,831	9,692,160
2024.6.30					
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 89,522	-	-	-	-
Notes payable and accounts payable	2,653,224	-	-	-	-
Other payables	1,402,923	-	-	-	-
Dividends payable	624,950	-	-	-	-
Lease liabilities	359,299	-	-	-	-
Guarantee deposits received	516	-	-	-	-
Total	\$ 5,130,434	-	-	-	-

(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

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

conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices.

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

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

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

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

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

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.

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

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	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	<ul style="list-style-type: none"> • P/E ratio multiple (16.22, 16.22 and 2.32 as of 2025.6.30, 2024.12.31 and 2024.6.30, respectively) • Net worth multiple (1.69~6.48, 1.92~6.50 and 2.65~4.72 as of 2025.6.30, 2024.12.31 and 2024.6.30, respectively) • Discount for lack of market liquidity (29.39% as of 2025.6.30, 2024.12.31 and 2024.6.30) 	<ul style="list-style-type: none"> • The higher the multiple, the higher the fair value • The higher the multiple, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value

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

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

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

	Input	Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
June 30, 2025						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,014	(3,014)	-	-
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%	-	-	5,994	(5,994)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	324	(324)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,505	(2,505)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	3,000	(3,000)
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	Net	5%	-	-	7,370	(7,370)

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

	Input	Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
instrument without an active market	worth ratio					
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)
June 30, 2024						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,410	(3,410)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	3,641	(3,641)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	512	(512)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	7,725	(7,725)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	834	(834)

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

(XXIII) Financial risk management

There were no significant changes in the objectives and policies of the Group's financial risk management comparing to those disclosed in Note VI(XXIII) of the consolidated financial statements for the year ended December 31, 2024.

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

(XXIV) Capital management

The Group's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. In addition, there were no significant changes in the aggregate quantitative information of capital management items comparing to the information disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to Note VI(XXIV) of the consolidated financial statements of 2024 for relevant information.

(XXV) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities from January 1 to June 30, 2025 and 2024 was as follows:

	2025.1.1	Cash flows from:	Non-cash changes				2025.6.30
			Addition	Disposal and remeasurement contracts	Changes in foreign exchange rate	Changes in lease payment	
Long-term loans	\$ 49,581	(38,429)	-	-	-	-	11,152
Short-term loans	3,253	(2,436)	-	-	(523)	-	294
Lease liabilities	692,123	(97,031)	107,950	-	(62,795)	-	640,247
Total liabilities from financing activities	<u>\$ 744,957</u>	<u>(137,896)</u>	<u>107,950</u>	<u>-</u>	<u>(63,318)</u>	<u>-</u>	<u>651,693</u>

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

VII. Related Party Transactions

(I) Related party name and relationship

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

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

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

FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
3Y Power Exchange Inc.	Substantive related party
Cheng Ya-Jen	Chairman of the Company

(II) Significant related party transactions

1. Operating revenue

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

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Associate	\$ 19,973	16,279	43,566	36,150
Other related party	449,173	468,847	887,326	886,572
	<u>\$ 469,146</u>	<u>485,126</u>	<u>930,892</u>	<u>922,722</u>

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

2. Purchases

The amounts of purchases from related parties were as follows:

	<u>April to June, 2025</u>	<u>April to June, 2024</u>	<u>January to June, 2025</u>	<u>January to June, 2024</u>
Other related party	<u>\$ 30,140</u>	<u>39,040</u>	<u>77,500</u>	<u>76,812</u>

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

3. Recovery from overdue receivables from related parties

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

<u>Accounting Subject</u>	<u>Related party category/name</u>	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Accounts receivable - related parties, net	Associate	\$ 19,041	25,666	16,456
	Other related party			

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

Accounting Subject	Related party category/name	2024.12.3		
		2025.6.30	1	2024.6.30
	FSP Power Solution GmbH	294,608	350,026	256,954
	Others	304,219	246,386	437,628
		<u>617,868</u>	<u>622,078</u>	<u>711,038</u>
Other receivables	Associate	429	565	741
	Other related party			
	Others	9,098	15,710	18,656
		<u>9,527</u>	<u>16,275</u>	<u>19,397</u>
		<u>\$ 627,395</u>	<u>638,353</u>	<u>730,435</u>

As of June 30, 2025, December 31, 2024, and June 30, 2024, there were no circumstances requiring the recognition of allowance for losses on accounts receivable – related parties and other receivables – related parties. Please refer to Notes VI(IV) and (V) for 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	2025.6.30	2024.12.31	2024.6.30
Accounts payable - related parties	Other related party	<u>\$ 74,740</u>	<u>63,626</u>	<u>78,721</u>

5. Purchase of services from related parties

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

	April to June, 2025	April to June, 2024	January to June, 2025	January to June, 2024
Associate				
FSP Group USA Corp.	\$ 2,275	2,896	5,035	5,584
Other related party				
Others	8,498	4,310	19,889	6,731
	<u>\$ 10,773</u>	<u>7,206</u>	<u>24,924</u>	<u>12,315</u>

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

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

as follows:

Accounting Subject	Related party category/name	2025.6.30	2024.12.31	2024.6.30
Other payables	Associate	\$ 747	1,258	712
	Other related party	15,049	20,920	6,809
		<u>\$ 15,796</u>	<u>22,178</u>	<u>7,521</u>

6. Leases

The Group leased an office to the Chairman of the Company. The balance of lease liabilities as of June 30, 2025, December 31, 2024, and June 30, 2024, were NT\$4,471 thousand, NT\$4,946 thousand, and NT\$5,417 thousand, respectively. The recognized interest expense from April 1 to June 30 and January 1 to June 30, 2025 and 2024 was NT\$20 thousand, NT\$24 thousand, NT\$42 thousand and NT\$50 thousand, respectively.

(III) Compensation for key management personnel

	April to June, 2025	April to June, 2024	January to June, 2025	January to June, 2024
Short-term employee benefits	\$ 9,288	8,878	18,157	19,149
Post-employment benefits	118	169	236	338
	<u>\$ 9,406</u>	<u>9,047</u>	<u>18,393</u>	<u>19,487</u>

VIII. Pledged Assets

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

Name of Assets	Pledged to secure	2025.6.30	2024.12.31	2024.6.30
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	\$ 100	100	100
Restricted time deposits (recognized in other non-current assets)	Long-term and short-term loan facilities	-	-	32,450
Restricted time deposits (recognized in other current assets)	Subsidiary's short-term borrowing facility	-	32,785	-
Land	Long-term and short-term loan facilities	161,077	161,077	161,077
Housing and construction	Long-term and short-term loan facilities	158,460	162,458	166,456

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

Total	<u>\$ 319,637</u>	<u>356,420</u>	<u>360,083</u>
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IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) (1) As of June 30, 2025, December 31, 2024 and June 30, 2024, the guarantee facilities extended by banks for customs and excise duties were NT\$203,000 thousand, and utilized facilities were NT\$60,000 thousand, NT\$60,000 thousand and NT\$30,000 thousand, respectively.

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

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US\$2,268,402.22, should be borne jointly by the 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.

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

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 Company 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 Company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the Company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the Company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the Company's financial statements. The Group recognized the aforementioned expenses as expenses for the year in which they occurred based on fiscal conservatism.

- (III) (3) As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group had entered into purchase agreements for property, plant and equipment amounting to NT\$552,835 thousand, NT\$483,800 thousand and NT\$491,571 thousand, respectively, and had paid NT\$125,601 thousand, NT\$50,760 thousand and NT\$53,072 thousand, respectively, which were recorded as construction in progress of property, plant and equipment as well as other non-current assets.

X. Significant Disaster Loss: None.

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

XII. Others

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

By function By nature	April to June, 2025			April to June, 2024		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Cost of Employee benefits						
Salary expense	394,658	249,551	644,209	320,418	249,321	569,739
Insurance expense	6,638	20,998	27,636	5,456	21,157	26,613
Pension expense	34,968	11,767	46,735	25,071	11,506	36,577
Other employee benefit expense	14,198	11,654	25,852	11,149	10,607	21,756
Depreciation expenses	72,748	28,675	101,423	73,115	26,572	99,687

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

Amortization expenses	583	3,152	3,735	64	1,579	1,643
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By nature	January to June, 2025			January to June, 2024		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Cost of Employee benefits						
Salary expense	726,521	511,235	1,237,756	596,472	503,959	1,100,431
Insurance expense	13,075	45,476	58,551	10,049	42,541	52,590
Pension expense	68,854	23,410	92,264	47,286	22,521	69,807
Other employee benefit expense	28,670	22,481	51,151	24,731	19,618	44,349
Depreciation expenses	149,063	56,257	205,320	145,735	52,797	198,532
Amortization expenses	1,156	6,267	7,423	131	2,894	3,025

(II) Seasonality in Operation

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

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, information on significant transactions from January 1 to June 30, 2025 is disclosed as follows:

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

Securities holding company	Type and name of securities	Relationship with issuer of securities	Ledger account	Number of Shares: [insert number of shares]				Remark
				End of Term				
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock: Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,998,330	60,287	8.65	60,287	
Zhong Han	Agricultural Bank of China Limited	—	"	500,000	12,028	-	12,028	
				-	72,315	-	72,315	
The Company	Preferred stock: HARRIS TECHNOLOGY	—	"	44,870,678	17,177	-	17,177	
The Company	Beneficiary certificates: Fuh Hwa Guardian Fund	—	"	3,504,199	74,651	-	74,651	
	Fuh Hwa Ruei Hua Fund	—	"	1,961,169	24,406	-	24,406	
	Fuhua three to eight-year callable bonds A and bonds (NTS)	—	"	2,500,000	25,718	-	25,718	

**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	End of Term				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund	—	"	400,000	17,448	-	17,448	
	Taiwan Technology High Dividend Fund A	—	"	6,000,000	56,460	-	56,460	
	Asia Pacific Tech (USD)	—	"	52,994	29,502	-	29,502	
	0056 Yuanta Taiwan Dividend Plus ETF	—	"	300,000	10,386	-	10,386	
	00919 Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund	—	"	300,000	6,438	-	6,438	
	00939 UPAMC Taiwan High Dividend Momentum ETF			1,000,000	13,740	-	13,740	
	00940 Yuanta Taiwan Value High Dividend ETF			1,000,000	8,980	-	8,980	
3Y Power	Fuh Hwa Taiwan Technology High Dividend Fund	—	"	2,000,000	18,840	-	18,840	
					286,569		286,569	
	Private equity fund:							
The Company	Harmony Mobile Communication Co., LTD partnership	—	"	61,250,000	28,875	-	28,875	
	Hungchi Capital Co., Ltd.	—	"	30,000,000	75,557	-	75,557	
	Mesh Cooperative Ventures Fund	—	"	30,000,000	48,291	-	48,291	
	FSP Yu-Hang Innovation & Sustainability Limited Partnership	—	"	10,000,000	10,003	-	10,003	
					162,726		162,726	
	Structured products:							
The Company	X220401 Fan Yi Fan 115 USD 8Y	—	"	10,000	27,589	-	27,589	
3Y Power	XP240807 - Fan Yi Fan 142 USD 8Y	—	"	5,000	13,274	-	13,274	
					40,863		40,863	
					579,650		579,650	
	Stock:							
The Company	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,013,822	3,797,416	3.44	3,797,416	
	JESS-LINK Products Co., Ltd.	—	"	10,010,000	1,456,455	8.20	1,456,455	
	WT Microelectronics Co., Ltd. (Preferred stock)	—	"	1,000,000	49,950	0.74	49,950	
	WT Microelectronics Co., Ltd.	—	"	400,000	51,400	0.03	51,400	
	HARRIS TECHNOLOGY			29,829,678	6,280	9.07	6,280	
	Hon Hai Precision Industry Co., Ltd.	—	"	50,000	8,050	-	8,050	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	"	10,000	10,600	-	10,600	
	Coretronic Corporation	—	"	350,000	19,145	0.09	19,145	
	Eastern Union Interactive Corp.	—	"	839,000	210,547	3.38	210,547	
	Champ-ray Industrial Co., Ltd.	—	"	200,000	28,050	0.73	28,050	
	Delta Electronics Inc.	—	"	5,000	2,065	-	2,065	
	Quanta Computer Inc.	—	"	125,000	34,312	-	34,312	
	Chenbro Micom Co., Ltd.	—	"	10,000	4,870	0.01	4,870	
	FORMOSA INTERNATIONAL HOTELS CORPORATION.	—	"	65,000	12,448	0.05	12,448	
	TOT BIOPHARM International Co., Ltd.	—	"	1,195,200	8,738	0.15	8,738	
	Taiwan Truewin Technology Co., Ltd.	—	"	1,965,317	119,873	3.03	119,873	
	StockFeel	—	"	1,002,121	50,106	6.18	50,106	
	Liwatt X Inc.	—	"	1,000,000	6,480	14.29	6,480	
	LINCO Technology Co., Ltd.	—	"	500,000	60,000	0.60	60,000	
					5,936,785		5,936,785	
FSP Jiangsu	Powerland Technology Inc.	—	"	-	55,301	-	55,301	

**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	End of Term				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
					5,992,086		5,992,086	

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

Company	Name of 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)	(188,952)	(3.25)	Note 1			109,157	3.32	
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(256,995)	(4.42)	Note 1			154,573	4.70	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(296,302)	(5.10)	Note 1			230,224	7.00	
The Company	WUXI Zhonghan	100% indirectly owned subsidiary	(Sales)	(141,353)	(2.43)	Note 1			122,497	3.72	Note 5
The Company	Zhong Han	100% indirectly owned subsidiary	(Sales)	(114,772)	(1.97)	Note 1			-	-	Note 5
The Company	FSP Technology USA Inc.	100% indirectly owned subsidiary	(Sales)	(171,212)	(2.95)	Note 1			90,052	2.74	Note 5
The Company	FSP Technology Vietnam Co., Ltd.	100% indirectly owned subsidiary	(Sales)	(123,194)	(2.12)	Note 1			121,838	3.70	Note 5
The Company	Huili	100% indirectly owned subsidiary	Purchases (Note 2)	416,316	10.62	Note 4		Note 4	(91,266) (Note 3)	(2.97)	Note 5
The Company	Zhonghan	100% indirectly owned subsidiary	Purchases (Note 2)	183,725	4.69	Note 4		Note 4	(25,344) (Note 3)	(0.82)	Note 5
The Company	WUXI SPI	100% indirectly owned subsidiary	Purchases (Note 2)	125,230	3.20	Note 4		Note 4	(53,339) (Note 3)	(1.73)	Note 5
The Company	3Y Power	65.87% indirectly owned subsidiary	Purchases (Note 2)	151,198	3.86	Note 1			(113,961) (Note 3)	(3.70)	Note 5
The Company	FSP Technology Vietnam Co., Ltd.	100% indirectly owned subsidiary	Purchases (Note 2)	185,079	4.72	Note 1			(82,224) (Note 3)	(16.94)	Note 5
3Y Power	Zhong Han	Affiliate	(Sales)	(195,843)	(20.92)	Note 1			-	-	
3Y Power	Huili	Affiliate	Purchases (Note 2)	124,325	22.32	Note 4		Note 4	-	-	Note 5

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

Company	Name of 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)	

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.

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

Company with accounts receivable	Name of related party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note 1)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	109,157	3.26	-		17,926	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	230,224	2.20	-		-	-
The Company	Fortron/Source (Europa) GmbH	Substantive related party of the Company	154,573	4.50	-		515	-
The Company	FSP Technology Vietnam Co., Ltd.	100% owned investment via indirect shareholding	121,838	3.06	-		-	-
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	122,497 (Note 2)	2.11	-		11,429	-
3Y Power	The Company	65.87% owned reinvestment via indirect shareholding	113,961 (Note 2)	3.21	-		26,265	-

Note 1: Note 1: As of July 22, 2025.

Note 2: Eliminated under consolidation.

6. Business relationship and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Nature of relationship (Note 2)	Description of Transactions			Percentage of total consolidated operating revenue or total assets (Note 3)
				Ledger	Amount	Transaction term	
0	The Company	3Y Power	1	Cost of goods sold	151,198	No significant difference from other suppliers	2.25%
0	The Company	Huili	1	Cost of goods sold	416,316	No comparison is available	6.19%
0	The Company	Zhonghan	1	Cost of goods sold	183,725	No comparison is available	2.73%
0	The Company	WUXI SPI	1	Cost of goods sold	125,230	No comparison is available	1.86%
0	The Company	WUXI Zhonghan	1	Operating revenue	141,353	No significant difference from other customers	2.10%
0	The Company	Zhong Han	1	Operating revenue	114,772	No significant difference from other customers	1.71%
0	The Company	FSP Technology USA Inc.	1	Operating revenue	171,212	No significant difference from other customers	2.55%

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

0	The Company	FSP Technology Vietnam Co., Ltd.	1	Cost of goods sold	185,079	No significant difference from other suppliers	2.75%
0	The Company	FSP Technology Vietnam Co., Ltd.	1	Operating revenue	123,194	No significant difference from other customers	1.83%
1	3Y Power	3Y Power Technology Inc.	3	Operating revenue	69,554	No significant difference from other customers	1.03%
1	3Y Power	Huili	3	Cost of goods sold	124,325	No comparison is available	1.85%
1	3Y Power	Zhong Han	3	Operating revenue	195,842	No significant difference from other customers	2.91%

Note 1: Fill in the number as per below:

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

Note 2: Types of relationships with traders are listed 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:

Reinvestment information from January 1 to June 30, 2025 is as follows:

Name of investor	Name of investee	Location	Main business activities	Initial Investment Amount		End-of-period Holdings			Profit (Loss) of investee for the period	Investment gain (loss) recognized for the period	Remark
				Ending balance for the current period	At the end of last year	Shares	Shareholding (%)	Carrying amount			
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment transfer	1,501,391	1,468,081	40,202,500	100.00	1,974,413	(121,120) (Note 1)	(121,120) (Note 1)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	290	(33) (Note 2)	(33) (Note 2)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment transfer	40,925	40,925	1,109,335	100.00	74,844	(1,691) (Note 2)	(1,691) (Note 2)	Subsidiary
	3Y Power	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	785,221	29,007 (Note 2)	19,093 (Note 2)	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment transfer	45	45	10,000	100.00	1,822	(204) (Note 2)	(204) (Note 2)	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	18,220	7,915 (Note 2)	7,915 (Note 2)	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	19,330	420 (Note 2)	384 (Note 2)	Subsidiary
	FSP Technology VIETNAM CO.,LTD.	Vietnam	Manufacturing and trading of power supply	222,010	222,010	169,691,000	100.00	131,270	(6,233) (Note 2)	(6,233) (Note 2)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment transfer	62,883	62,883	2,100,000	100.00	100,992	(16,997) (Note 2)	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment transfer	217,707	217,707	7,000,000	100.00	124,470	(17,872) (Note 1)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment	807,483	807,483	27,000,000	100.00	1,194,284	(33,213)	-	Sub-

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

Amacrox Technology Co., Ltd. (BVI)	Proteck Electronics (Samoa) Corp.	Samoa	transfer Investment transfer	32,984	32,984	1,100,000	100.00	19,894	(Note 1) (88)	-	subsidary Sub-subsidiary
	FSP International (HK) Ltd.	Hong Kong	Investment transfer	141,042	141,042	4,770,000	100.00	25,915	(Note 2) (6,563)	-	Sub-subsidiary
	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,049	(Note 2) 60	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	37,532	(Note 2) 4,726	2,127 (Note 2)	Associate
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	227,174	(Note 2) (7,744)	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment transfer	4,500	4,500	45,000	100.00	5,869	(Note 2) 1,399	-	Sub-subsidiary

Note 1: The investment profit or loss of the company was recognized based on the financial statements of the investee company for the same period audited by the independent auditors of Taiwan's parent company, accounted for and valued by the equity method.

Note 2: The investment profit or loss of the company was recognized based on the financial statements of the investee company for the same period without being reviewed by the independent auditors, accounted for and valued by the equity method.

Note 3: The profit and loss of the sub-subsidiary has been consolidated into the profit and loss of the subsidiary. The transactions between the Company and each subsidiary of the Group including sales transaction amount, accounts receivable and payable, carrying amount of long-term equity investment, except for the associates and investment profit and loss recognized in the current period, have been eliminated in preparing the consolidated financial statements.

(III) Information on investment in Mainland China:

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

Investee company	Main business activities	Paid-in capital	Method of investments (Note 1)	Accumulated amount of investments remitted from Taiwan at beginning of period	Amount of investments remitted or repatriated for the period		Accumulated amount of investments remitted from Taiwan at end of period	Profit (Loss) of investee for the period	Percentage of ownership of direct or indirect investment	Share of profits/losses for the period	Carrying amount of investment at the end of the period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Huili	Processing of power supply	373,304	(II), 1	403,203	33,310	-	436,513	(36,518)	100.00	(36,518)	413,086	197,299
Zhonghan	Processing of power supply	211,055 (Note 2)	(II), 1	104,342	-	-	104,342	(17,758)	100.00	(17,758)	122,629	75,044
WUXI SPI	Processing of power supply	680,292 (Note 2)	(II), 1	508,326	-	-	508,326	(2,090)	100.00	(2,090)	83,413	-
WUXI	Manufacturing and trading of power supply	391,865	(II), 1	380,595	-	-	380,595	(45,077)	100.00	(45,077)	758,912	-
Zhonghan	Manufacturing and trading of power supply	122,730	(II), 1	20,196	-	-	20,196	(37,015)	100.00	(37,015)	656,771	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II), 1	13,380	-	-	13,380	(16,997)	100.00	(16,997)	102,678	-
Protex Dongguan	Processing of power supply	37,097	(II), 1	38,038	-	-	38,038	(66)	100.00	(66)	19,701	-
Hao Han	Transformer processing	154,141 (Note 2)	(II), 1	-	-	-	-	(6,563)	100.00	(6,563)	25,915	-
WUXI 3Y	Design, manufacturing and trading of power supplies	3,882	(II), 2	-	-	-	-	1,399	65.87	921	5,869	-

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

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

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

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

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

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

Note 5: Eliminated under consolidation.

2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,468,916 (Note 2) (HK\$ 12,500 thousand and US\$ 43,640 thousand)	1,866,473 (Note 2) (HK\$ 12,500 thousand and US\$ 62,110 thousand)	7,774,024 (Note1)

Note 1: 60% of net worth.

Note 2: Note 2: For the amounts of the above investment in mainland China, except that the accumulated investment amount remitted from Taiwan to the 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: 1:31.8586, CNY/TWD: 1:4.3858, HKD/TWD: 1:4.0887). Paid-in capital, investment amount approved by the Investment Commission of MOEA, and the carrying amount at the end of the period is based on the exchange rates on June 30, 2025 (USD/TWD: 1:29.3000, CNY/TWD: 1:4.0910, HKD/TWD: 1:3.7320).

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

Please refer to the "Information on Significant Transactions" for direct or indirect material transactions between the Group and investees in China (which have been eliminated during the preparation of consolidated financial statements) from January 1 to June 30, 2025.

XIV. Segment Information

the Company's operating segment information and reconciliation were as follows:

	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Adjustmen t and eliminatio n	Total
April to June, 2025							
Revenue:							
Revenue from external customers	\$ 2,850,375	261,734	273,220	128,266	175,295	-	3,688,890
Intersegment revenue	825,431	251,116	13,161	6,941	160,048	(1,256,697)	-
Total revenues	\$ 3,675,806	512,850	286,381	135,207	335,343	(1,256,697)	3,688,890
Reportable segment profit or loss	\$ 43,931	(7,783)	(1,838)	(2,974)	26,456	(10,377)	47,415
April to June, 2024							
Revenue:							
Revenue from external customers	\$ 2,054,600	197,162	322,843	145,570	177,896	-	2,898,071
Intersegment revenue	591,510	268,039	7,359	5,730	37,463	(910,101)	-
Total revenues	\$ 2,646,110	465,201	330,202	151,300	215,359	(910,101)	2,898,071
Reportable segment profit or loss	\$ 105,386	23,702	(10,213)	(2,456)	(3,986)	(474)	111,959
January to June, 2025							

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

Revenue:								
Revenue from external customers	\$	5,107,178	495,216	472,536	238,580	407,055	-	6,720,565
Intersegment revenue		1,524,790	434,286	22,415	10,222	229,868	(2,221,581)	-
Total revenues	\$	6,631,968	929,502	494,951	248,802	636,923	(2,221,581)	6,720,565
Reportable segment profit or loss	\$	85,257	30,668	(5,814)	(8,440)	7,123	(794)	108,000
January to June, 2024								
Revenue:								
Revenue from external customers	\$	3,962,877	376,932	589,718	278,414	396,656	-	5,604,597
Intersegment revenue		1,078,284	528,599	12,153	7,142	77,994	(1,704,172)	-
Total revenues	\$	5,041,161	905,531	601,871	285,556	474,650	(1,704,172)	5,604,597
Reportable segment profit or loss	\$	238,892	59,344	(21,702)	(4,960)	(8,288)	303	263,589

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

The sum of reportable segment revenue should be deducted by the intersegment revenue amounted to NT\$1,256,697 thousand, NT\$910,101 thousand, NT\$2,221,581 thousand and NT\$1,704,172 thousand, respectively, for the three months and six months ended June 30, 2025 and 2024.