Stock Code: 4961

Fitipower Integrated Technology Inc. and Subsidiaries

Consolidated Financial Statements With Independent Auditors' Review Report

For the Nine Months Ended September 30, 2023 and 2022

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Independent Auditors' Review Report

To the Board of Directors of
Fitipower Integrated Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Fitipower Integrated Technology Inc. and its subsidiaries as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, and changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Fitipower Integrated Technology Inc. and its subsidiaries as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, and its consolidated cash flows for the nine months ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Pei-Ju Hsiao and Fang-Yi Li.

KPMG

Taipei, Taiwan (Republic of China)
October 25, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Fitipower Integrated Technology Inc. and Subsidiaries

Consolidated Balance Sheet

September 30, 2023, December 31, 2022 and September 30, 2022

Unit: NT$ thousands

		September 30, 2023		December 31, 2022		September 30, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6 (1))	$ 2,907,221	12	6,758,947	27	8,557,560	35
1110	Current financial assets at fair value through profit or loss (Note 6 (2))	9,470,977	39	9,642,472	38	6,016,661	24
1136	Current financial assets at amortized cost (Note 6 (1) and Note 8)	200	-	200	-	200	-
1170	Accounts receivable, net (Note 6 (4))	2,988,976	12	2,569,838	10	3,135,601	13
1181	Accounts receivable due from related parties (Note 6 (4) and Note 7)	-	-	89,495	-	95,529	-
1175	Lease payments receivable	13,305	-	12,828	-	12,673	-
1200	Other receivables	189,740	1	72,238	-	55,689	-
130X	Current inventories, net (Note 6 (5))	1,897,844	8	2,506,847	10	3,183,464	13
1410	Prepayments and other current assets (Note 6 (6))	90,858	-	165,506	2	267,798	1
		17,559,121	72	21,818,371	87	21,325,175	86
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (Note 6 (3))	14,364	-	-	-	-	-
1536	Non-current financial assets at amortized cost (Note 6 (1))	5,077,250	21	-	-	-	-
1600	Property, plant and equipment (Note 6 (9))	1,072,232	4	1,054,976	4	953,675	4
1755	Right-of-use assets (Note 6 (10))	81,502	-	40,835	-	51,240	-
1780	Intangible assets (Note 6 (11))	73,972	-	83,883	-	59,655	-
1840	Deferred tax assets	26,160	-	51,363	-	4,257	-
1900	Other non-current assets (Note 6 (12))	670,960	3	2,394,852	9	2,395,482	10
1935	Long-term lease payments receivable	1,138	-	11,177	-	14,443	-
		7,017,578	28	3,637,086	13	3,478,752	14
	Total assets	$ 24,576,699	100	25,455,457	100	24,803,927	100

		September 30, 2023		December 31, 2022		September 30, 2022	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Current borrowings (Note 6 (13))	$ -	-	220,734	1	230,650	1
2120	Current financial liabilities at fair value through profit or loss (Note 6 (2))	904	-	1,306	-	13,373	-
2130	Current contract liabilities (Note 6 (20))	111,901	-	133,496	1	128,492	1
2170	Accounts and notes payable (Note 7)	1,998,901	8	1,891,917	7	1,629,428	7
2200	Other payables (Note 6 (12))	982,737	4	959,295	4	821,834	3
2230	Current tax liabilities	442,352	2	800,658	3	828,284	3
2280	Current lease liabilities (Note 6 (14))	32,382	-	32,536	-	38,323	-
2399	Other current liabilities	19,926	-	25,845	-	18,347	-
		3,589,103	14	4,065,787	16	3,708,731	15
	Non-current liabilities:						
2570	Deferred tax liabilities	71,251	-	71,251	-	373	-
2580	Non-current lease liabilities (Note 6 (14))	48,575	-	8,633	-	15,065	-
2645	Guarantee Deposits received	155,985	1	166,277	1	171,708	1
		275,811	1	246,161	1	187,146	1
	Total liabilities	3,864,914	15	4,311,948	17	3,895,877	16
	Equity: (Note 6 (7), (8), (17) and (18))						
3110	Capital stock	1,212,545	5	1,865,453	7	1,865,453	8
3200	Capital surplus	8,619,703	35	8,615,095	34	8,624,502	35
	Retained earnings:						
3310	Legal reserve	1,160,976	5	853,945	3	853,945	3
3320	Special reserve	28,704	-	43,782	-	43,782	-
3350	Unappropriated retained earnings	5,794,201	24	6,054,591	24	5,706,046	23
		6,983,881	29	6,952,318	27	6,603,773	26
3400	Other equity	27,911	-	(28,704)	-	72,142	-
3500	Treasury stock	(8,158)	-	(9,449)	-	(9,449)	-
	Total equity attributable to owners of parent	16,835,882	69	17,394,713	68	17,156,421	69
36XX	Non-controlling interest	3,875,903	16	3,748,796	15	3,751,629	15
	Total equity	20,711,785	85	21,143,509	83	20,908,050	84
	Total liabilities and equity	$ 24,576,699	100	25,455,457	100	24,803,927	100

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh **Manager: Chiu, Shu-Hui** **CAO: Chen, Po-Tsang**

Fitipower Integrated Technology Inc. and Subsidiaries

Consolidated Statement of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

Unit: NT$ thousands

		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4111	**Operating revenue** (Note 6 (20) and Note 7)	$ 4,241,538	100	4,191,652	100	12,519,227	100	15,550,510	100
5000	**Operating cost** (Note 6 (5) (12) and Note 12)	2,822,106	67	2,884,733	69	8,509,371	68	9,512,063	61
5900	**Gross profit from operations**	1,419,432	33	1,306,919	31	4,009,856	32	6,038,447	39
	Operating expense: (Note 6 (4) (12) (14) (15) (18) (21), Note 7 and Note 12)								
6100	Selling expense	94,680	2	115,738	3	266,043	2	322,270	2
6200	Administration expense	91,052	2	109,345	2	262,808	2	332,251	2
6300	Research and development expense	583,346	14	631,891	15	1,716,682	14	1,854,066	12
6450	Impairment loss	16	-	(789)	-	(304)	-	(8,314)	-
		769,094	18	856,185	20	2,245,229	18	2,500,273	16
6900	**Net operating income**	650,338	15	450,734	11	1,764,627	14	3,538,174	23
	Non-operating income and expense: (Note 6 (14) and (22))								
7100	Interest income	54,770	1	11,018	-	152,615	1	37,677	-
7010	Other income	13,352	-	7,867	-	55,645	1	15,411	-
7020	Other gains and losses, net	78,405	2	122,465	3	151,436	1	58,477	-
7050	Financial costs, net	(301)	-	(6,400)	-	(3,061)	-	(20,277)	-
		146,226	3	134,950	3	356,635	3	91,288	-
7900	**Income before income tax**	796,564	18	585,684	14	2,121,262	17	3,629,462	23
7950	**Less: Income tax expense** (Note 6 (16))	135,978	3	112,776	3	366,073	3	658,684	4
8000	**Net income**	660,586	15	472,908	11	1,755,189	14	2,970,778	19
8300	**Other comprehensive income** (Note 6 (16) and (17))**:**								
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(3,192)	-	-	-	(7,898)	-	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	(3,192)	-	-	-	(7,898)	-	-	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**								
8361	Exchange differences on translation	275,419	7	91,494	2	(6,317)	-	247,902	2
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	27,815	1	10,614	-	16,146	-	28,995	-
	Total components of other comprehensive income that will be reclassified to profit or loss	247,604	6	80,880	2	(22,463)	-	218,907	2
	Total other comprehensive income	244,412	6	80,880	2	(30,361)	-	218,907	2
8500	**Total comprehensive income**	$ 904,998	21	553,788	13	1,724,828	14	3,189,685	21
	Profit attributable to:								
8610	Profit, attributable to owners of parent	$ 611,248	14	461,194	11	1,614,062	13	2,721,761	17
8620	Profit, attributable to non-controlling interests	49,338	1	11,714	-	141,127	1	249,017	2
		$ 660,586	15	472,908	11	1,755,189	14	2,970,778	19
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	$ 719,473	17	503,686	12	1,670,677	13	2,837,685	18
8720	Comprehensive income, attributable to non-controlling interests	185,525	4	50,102	1	54,151	1	352,000	3
		$ 904,998	21	553,788	13	1,724,828	14	3,189,685	21
	Earnings per share (Unit: NT$1) (Note 6 (19))								
9750	Basic earnings per share	$	3.98		2.48		9.21		14.62
9850	Diluted earnings per share	$	3.97		2.45		9.17		14.43

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh **Manager: Chiu, Shu-Hui** **CAO: Chen, Po-Tsang**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

Fitipower Integrated Technology Inc. and Subsidiaries

Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2023 and 2022

Unit: NT$ thousands

	Equity attributed to owners of parent										
			Retained earnings			Other equity items					
	Share capital for common stock	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Exchange difference on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,865,453	6,986,364	268,720	13,192	6,765,097	(43,782)	-	(9,449)	15,845,595	1,538,920	17,384,515
Net income in 2022	-	-	-	-	2,721,761	-	-	-	2,721,761	249,017	2,970,778
Other comprehensive income in 2022, net of income tax	-	-	-	-	-	115,924	-	-	115,924	102,983	218,907
Total comprehensive income in 2022	-	-	-	-	2,721,761	115,924	-	-	2,837,685	352,000	3,189,685
Profit allocation and distribution:											
Legal reserve appropriated	-	-	585,225	-	(585,225)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	30,590	(30,590)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(3,164,997)	-	-	-	(3,164,997)	-	(3,164,997)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	1,638,138	-	-	-	-	-	-	1,638,138	(1,638,138)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	3,498,847	3,498,847
Balance at September 30, 2022	**$ 1,865,453**	**8,624,502**	**853,945**	**43,782**	**5,706,046**	**72,142**	**-**	**(9,449)**	**17,156,421**	**3,751,629**	**20,908,050**
Balance at January 1, 2023	$ 1,865,453	8,615,095	853,945	43,782	6,054,591	(28,704)	-	(9,449)	17,394,713	3,748,796	21,143,509
Net income in 2023	-	-	-	-	1,614,062	-	-	-	1,614,062	141,127	1,755,189
Other comprehensive income in 2023, net of income tax	-	-	-	-	-	64,513	(7,898)	-	56,615	(86,976)	(30,361)
Total comprehensive income in 2023	-	-	-	-	1,614,062	64,513	(7,898)	-	1,670,677	54,151	1,724,828
Profit allocation and distribution:											
Legal reserve appropriated	-	-	307,031	-	(307,031)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(15,078)	15,078	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,582,499)	-	-	-	(1,582,499)	-	(1,582,499)
Capital reduction	(652,908)	-	-	-	-	-	-	1,291	(651,617)	-	(651,617)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	4,608	-	-	-	-	-	-	4,608	(4,608)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	77,564	77,564
Balance at September 30, 2023	**$ 1,212,545**	**8,619,703**	**1,160,976**	**28,704**	**5,794,201**	**35,809**	**(7,898)**	**(8,158)**	**16,835,882**	**3,875,903**	**20,711,785**

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh **Manager: Chiu, Shu-Hui** **CAO: Chen, Po-Tsang**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the nine months ended September 30, 2023 and 2022

Unit: NT$ thousands

	For the Nine Months Ended September 30	
	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 2,121,262	3,629,462
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	315,614	235,768
Amortization expense	76,106	45,731
Reversal gain of expected credit loss	(304)	(8,314)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(62,258)	127,141
Interest expense	3,061	20,277
Interest income	(152,615)	(37,677)
Share-based payment	17,770	37,414
Loss on disposal of property, plant, and equipment	243	-
Inventory valuation and disposal loss	55,938	182,617
Impairment loss	6,983	183,365
Total adjustments to reconcile profit (loss)	260,538	786,322
Changes in operating assets and liabilities:		
Decrease in lease payments receivable	9,562	9,109
Decrease (increase) in accounts receivable	(329,339)	1,789,511
Decrease (increase) in other receivables	(115,780)	66,078
Decrease (increase) in inventories	553,065	(27,692)
Decrease in prepayments and other current assets	74,648	281,049
Decrease in accounts payable	103,972	(1,838,917)
Increase (decrease) in other payables	23,442	(226,225)
Increase (decrease) in contract liabilities	(21,595)	44,038
Decrease in other current liabilities	(16,564)	(27,836)
Total changes in operating assets and liabilities	281,411	69,115
Cash inflow generated from operations	2,663,211	4,484,899
Interest received	152,201	37,341
Interest paid	(3,061)	(19,510)
Income taxes paid	(701,924)	(1,048,516)
Net cash inflow from operating activities	2,110,427	3,454,214
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(22,262)	-
Acquisition of financial assets at fair value through profit or loss	(9,326,476)	(8,646,504)
Proceeds from disposal of financial assets at fair value through profit or loss	9,559,827	7,404,081
Decrease (increase) in acquisition of financial assets at amortized cost	(5,077,250)	560,000
Acquisition of property, plant and equipment	(306,361)	(477,076)
Proceeds from disposal of property, plant, and equipment	1,124	-
Acquisition of intangible assets	(65,889)	(39,968)
Increase (decrease) in refundable deposits	1,699,030	(698,175)
Increase in other non-current assets	(10,041)	(65,014)
Net cash outflow from investing activities	(3,548,298)	(1,962,656)
Cash flow from financing activities:		
Decrease in current borrowings	(220,734)	(547,158)
Decrease in guarantee deposits received	(12,047)	(3,659)
Payments of lease liabilities	(35,737)	(36,521)
Cash dividend distribution	(1,582,499)	(3,164,997)
Capital reduction payments to shareholders	(651,617)	-
Changes in non-controlling interests	77,564	3,498,847
Net cash outflow from financing activities	(2,425,070)	(253,488)
Effects of exchange rate changes on cash and cash equivalents	11,215	277,285
Net increase (decrease) in cash and cash equivalents	(3,851,726)	1,515,355
Cash and cash equivalents at beginning of period	6,758,947	7,042,205
Cash and cash equivalents at end of period	$ 2,907,221	8,557,560

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh　　Manager: Chiu, Shu-Hui　　CAO: Chen, Po-Tsang

Fitipower Integrated Technology Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Fitipower Integrated Technology Inc. (hereinafter "the Company") was incorporated on July 4, 1995 with the approval of the Ministry of Economic Affairs and has its place of business registered at 3F., No.6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City. Upon the resolution of the shareholders' meeting on March 30, 2006, the Company merged with Hongxin Semiconductor Co. on May 1 of the same year. The Company's primary activities after the merger are research, development, production, manufacturing and sales of integrated circuits (ICs) of the integrated services digital networking systems, memory ICs for communications, analog and digital hybrid ICs, as well as custom design, consumer ICs and microcomputer peripheral ICs. Upon the resolution of the shareholders' meeting on April 16, 2010, the Company merged with TechPower Semiconductor Co (hereinafter "TechPower") on May 1, 2010, with the Company being the surviving one and TechPower being extinguished as a result of the merger. The Company's shares have since October 17, 2018 been listed on the Taiwan Stock Exchange. A significant subsidiary of the Company, Jadard Technology INC., was officially listed on the Sci-Tech Innovation Board on September 27, 2022 under the stock code of 688252.SH.

2. Approval Date and Procedures of the Consolidated Financial Statements

These Consolidated Financial Statements were approved for issuance by the Board of Directors on October 25, 2023.

3. Application of New and Amended Standards and Interpretations

(1) The effect or impact that may arise when it has applied new or revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC).

Since January 1, 2023, the consolidated company has started to apply the following newly amended International Financial Reporting Standards, which did not have a significant impact on the consolidated financial statements:

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

The consolidated company has been applying the following new amendments to the International Financial Reporting Standards since May 23, 2023, which have not had a significant impact on the consolidated financial statements.

- Amendment to IAS 12: "International Tax Reform - Pillar Two Model Rules"

(2) Impact of International Financial Reporting Standards not yet adopted by the FSC

The consolidated company assesses that the application of the new amendments to the International Financial Reporting Standards effective from January 1, 2024, will not have a significant impact on the consolidated financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7: "Supplier Finance Arrangements"
- Amendment to IFRS 16: "Lease Liability in a Sale and Leaseback"

(3) New and amended standards and interpretations not yet endorsed by the FSC

The consolidated company does not expect the following newly issued and amended standards, which have not yet been endorsed, to have a material impact on the consolidated financial statements.

- Amendments to IFRS 10/IAS 28: Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IFRS 17: “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendments to IAS 21: Lack of Exchangeability

4. Summary of Significant Accounting Policies

(1) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "Preparation Regulations") and the International Accounting Standard No. 34 "Interim Financial Reporting" approved by the Financial Supervisory Commission (FSC). The consolidated financial statements do not include all necessary information that should be disclosed in the complete annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) recognized by the FSC (hereinafter “IFRS endorsed by the FSC”).

Except as described below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to Note 4 of the Consolidated Financial Statements for the year ended December 31, 2022.

(2) Consolidated basis

The subsidiaries included in these Consolidated Financial Statements consist of:

Name of Investment Company	Name of Subsidiary	Business Nature	Shareholding Percentage September 30, 2023	Shareholding Percentage December 31, 2022	Shareholding Percentage September 30, 2022	Note
The Company	Trade Logic Limited (Trade Logic)	Investment company	100.00%	100.00%	100.00%	—
The Company	Visual Sensing Technology Corp. (Visual Sensing Technology)	IC design	89.16%	89.16%	83.35%	Note 1
The Company	Pu Yu Investment Co., Ltd. (Pu Yu Investment)	Investment company	100.00%	100.00%	100.00%	Note 2
Trade Logic Limited	Ever Harvest Limited (Ever Harvest)	Investment company	100.00%	100.00%	100.00%	—
Ever Harvest Limited	JADARD TECHNOLOGY INC. (Shenzhen Jadard)	IC design	54.57%	55.04%	55.04%	Note 3
JADARD TECHNOLOGY INC.	Hefei Jadard Technology Co., Ltd. (Hefei Jadard)	Supply Chain Management	100.00%	100.00%	100.00%	—
JADARD TECHNOLOGY INC.	Jadard Technology Limited (Jadard Technology)	General Trading	100.00%	100.00%	100.00%	—
JADARD TECHNOLOGY INC.	Xiamen Jadard Technology Co., Ltd. (Xiamen Jadard)	Supply Chain Management	100.00%	100.00%	100.00%	—

Note 1: In October 2022, Visual-Sensing Technology Corp. conducts a cash capital increase. After the capital increase, the Company’s shareholding ratio increased to 89.16%.

Note 2: The Company invested and established Pu Yu Investment Co., Ltd. on May 24, 2022. Pu Yu Investment Co., Ltd. has been included in the consolidated financial statements since then.

Note 3: Jadard Technology INC. conducted an employee stock option exercise to increase capital by 3,465,741 shares on January 19, 2023. After the increase, the Company's shareholding ratio fell from 55.04% to 54.57%.

(3) Government grants

The consolidated company recognizes grants without attached conditions as other income when it is probable that the government grants will be received. If the government grant is intended to compensate for expenses or losses that have already occurred, or is intended to provide immediate financial support to the consolidated company without any related future costs, it is recognized in profit or loss over the periods necessary to match them with the related costs.

(4) Income tax

The consolidated company measures and discloses income tax expenses for the interim period in accordance with paragraph B12 of IAS 34 'Interim Financial Reporting'.

Income tax expense is measured at the best estimate of the effective tax rate expected for the full year by the management, multiplied by the pre-tax profit for the interim reporting period, and is fully recognized as the current income tax expense.

Income tax expenses that are recognized directly in equity items or other comprehensive income items are measured at the applicable tax rate expected when realizing or settling the temporary differences between the carrying amounts of related assets and liabilities for financial reporting purposes and their tax bases.

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

When preparing these consolidated financial statements, the management must make judgments, estimates, and assumptions according to the Preparation Regulations and the International Accounting Standard No. 34 "Interim Financial Reporting" approved by the FSC. These will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from estimates.

When preparing the consolidated financial statements, the significant judgments made by management in adopting the consolidated company's accounting policies and the primary sources of estimation uncertainty are consistent with Note 5 to the Consolidated Financial Statements for fiscal 2022.

6. Details of Significant Accounts

Except as noted below, there are no material differences between the descriptions of significant accounting items in these consolidated financial statements and the Consolidated Financial Statements for fiscal 2022. For related information, see Note 6 to the Consolidated Financial Statements for fiscal 2022.

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash	$ 1,755	1,815	1,862
Checking and savings accounts	2,725,566	4,487,999	5,002,657
Time deposits	5,257,350	2,269,333	3,553,241
Less: Restricted deposits (recorded as financial assets measured at amortized cost) (Note 8)	(200)	(200)	(200)
Time deposits with original maturities of more than three months (recorded as financial assets measured at amortized cost)	(5,077,250)	-	-
	$ 2,907,221	6,758,947	8,557,560

1) The interest rate range for the consolidated company's time deposits is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Interest rate range	0.95%~3.74%	0.85%~4.80%	0.70%~3.45%

2) For the nine months ended September 30, 2023, and 2022, the consolidated company did not record any impairment loss on financial assets measured at amortized cost. For other credit risk information, please refer to Note 6 (23).

(2) Current financial assets and liabilities at fair value through profit or loss

1) Mandatorily measured at fair value through profit or loss:

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss:			
Current:			
Open-end Funds	$ 9,470,977	9,641,905	6,015,828
Exchange Contracts	-	540	833
Forward Foreign Exchange Contracts	-	27	-
	$ 9,470,977	9,642,472	6,016,661

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities mandatorily measured at fair value through profit or loss:			
Current:			
Exchange Contracts	$ 904	1,176	13,373
Forward Foreign Exchange Contracts	-	130	-
Total	$ 904	1,306	13,373

2) Details of derivative financial assets and liabilities were as follows:

	September 30, 2023			December 31, 2022			September 30, 2022		
	Contract Amount	Currency	Due Date	Contract Amount	Currency	Due Date	Contract Amount	Currency	Due Date
Exchange Contracts：									
USD	$ 8,000	USD	2023.10	33,000	USD	2023.01	49,500	USD	2022.10
Forward Foreign Exchange Contracts：									
Sell USD forward foreign exchange	-	-	-	6,000	USD	2023.01	-	-	-

For the nine months ended September 30, 2023 and 2022, the net valuation of financial assets (liabilities) generated by the above transactions measured at fair value through profit or loss were loss of $31,739 thousand and $157,341 thousand, respectively.

3) For the amount recognized at fair value through profit or loss, please refer to Note 6 (22).

4) For market and liquidity risk information, please refer to Note 6 (23).

5) The above financial assets have not been pledged as collateral.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Equity instruments at fair value through other comprehensive income:			
Public quoted equity	$ 14,364	-	-

1) The consolidated company holds these equity instrument investments as long-term strategic investments and not held for trading purposes, so they are designated at fair value through other comprehensive income at initial recognition

2) The consolidated company did not dispose of any strategic investments from January 1, 2023 to September 30, 2023, so there was no transfer of cumulative profit and loss within equity during this period.

3) For market risk information, please refer to Note 6 (23).

4) The above financial assets have not been pledged as collateral.

(4) Accounts receivable (including the part from related parties), net

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable (including the part from related parties)	$ 2,995,022	2,665,683	3,235,855
Less: Allowance for impairment losses	(6,046)	(6,350)	(4,725)
	$ 2,988,976	2,659,333	3,231,130

The consolidated company uses a simplified approach to estimate expected credit losses for all accounts receivable (including related parties), i.e., it uses the expected credit loss measure for the duration. For this measurement purpose, these receivables (including related parties) are grouped by common credit risk characteristics that represent the customer's ability to pay all amounts due in accordance with contractual terms and are included in forward-looking information. The expected credit losses on the consolidated company's accounts receivable (including related parties) are analyzed as follows:

	September 30, 2023		
	Accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	$ 2,780,842	0.10%	2,663
Within 30 days past due	206,173	0.36%	733
31-60 days past due	5,372	0.28%	15
More than 120 days past due	2,635	50%~100%	2,635
	$ 2,995,022		6,046

	December 31, 2022		
	Accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	$ 2,588,854	0.18%	4,585
Within 30 days past due	67,056	0.50%	335
31-60 days past due	6,873	1.22%	84
61-90 days past due	1,695	9.09%	154
91-120 days past due	15	13.33%	2
More than 120 days past due	1,190	50%~100%	1,190
	$ 2,665,683		6,350

	September 30, 2022		
	Accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	3,100,383	0.11%	3,300
Within 30 days past due	129,842	0.41%	531
31-60 days past due	2,795	0.14%	4
61-90 days past due	1,743	1.49%	26
91-120 days past due	120	80.83%	97
More than 120 days past due	972	50~100%	767
	$ 3,235,855		4,725

The changes in the allowance for losses of the accounts receivable (including the part from related parties) of the consolidated company are as follows:

	Nine Months Ended September 30	
	2023	**2022**
Beginning balance	$ 6,350	13,039
Reversal gain	(304)	(8,314)
Ending balance	$ 6,046	4,725

The consolidated company's accounts receivable have not been pledged as collateral.

(5) Net inventory

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	$ 640,453	775,849	1,175,424
Work-in-progress	806,758	1,031,913	1,227,368
Raw materials	450,633	699,085	780,672
	$ 1,897,844	2,506,847	3,183,464

1) The breakdown of cost of goods sold is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Cost of goods sold	$ 2,786,147	2,876,938	8,453,433	9,329,446
Loss on decline in value of inventories and obsolescence	35,959	7,795	55,938	182,617
	$ 2,822,106	2,884,733	8,509,371	9,512,063

2) As of September 30, 2023, December 31, 2022, and September 30, 2022, the consolidated company's inventory has not been pledged as collateral.

(6) Advance payment and other current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayment	$ 32,000	29,793	204,930
Prepaid expenses	7,495	47,825	15,058
Tax credits and prepayments	50,569	87,534	46,379
Temporary Payment	794	354	1,431
	$ 90,858	165,506	267,798

(7) Changes in ownership interests in subsidiaries

1) The initial public offering and listing of the subsidiary did not result in a loss of control.

The consolidated company's significant subsidiary, JADARD TECHNOLOGY INC., completed its initial public offering and listing on the Sci-Tech Innovation Board of the Shanghai Stock Exchange on September 27, 2022. The issuance price was RMB 21.68 per share, with the stock abbreviation "JADARD" and stock code 688252. After the initial public offering of 40,555,560 new shares, the total share capital was 405,555,600 shares. The consolidated company's ownership of the subsidiary dropped from 61.15% to 55.04%. This change did not result in a loss of control and should be treated as an equity transaction. It increased the capital surplus by $1,638,138 thousand and did not affect profit and loss. As of September 30, 2023, December 31, 2022, and September 30, 2022 the fair values of JADARD TECHNOLOGY INC., which have public quotations, attributable to the consolidated company were $17,867,100 thousand, $16,499,563 thousand and $16,972,492 thousand, respectively.

2) On January 19, 2023 JADARD TECHNOLOGY INC., carried out an increase in capital due to employees exercising stock rights, adding 3,465,741 shares. After the increase in capital, the consolidated company's ownership of the subsidiary dropped from 55.04% to 54.57%. This change did not result in a loss of control and should be treated as an equity transaction. It increased the capital surplus by $4,608 thousand and did not affect profit and loss.

3) In October 2022, Visual-Sensing Technology Corp. carried out a capital increase in cash. After the capital increase, the consolidated company's ownership of the subsidiary increased from 83.35% to 89.16%. This change is treated as an equity transaction, decreasing the capital surplus by $7,973 thousand.

(8) Subsidiaries with significant non-controlling interests

The non-controlling interests in the subsidiaries are as follows:

Name of subsidiary	Principal place of business / country of incorporation	Percentage of ownership interest and voting rights held by non-controlling interests		
		September 30, 2023	December 31, 2022	September 30, 2022
JADARD TECHNOLOGY INC.	China	45.43%	44.96%	44.96%
Visual Sensing Technology	Taiwan	10.84%	10.84%	16.65%

The aforementioned subsidiary, JADARD TECHNOLOGY INC., which is significant to the consolidated company, has the following summarized financial information. This financial information is prepared according to the International Financial Reporting Standards approved by the FSC, adjusted for differences in accounting policies, and the amounts are before the elimination of transactions between the companies:

Summarized financial information of JADARD:

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	$ 3,634,881	7,180,381	7,404,236
Non-current assets	5,786,644	1,923,625	1,914,212
Current liabilities	(829,155)	(913,517)	(885,285)
Non-current liabilities	(176,881)	(172,560)	(179,519)
Net assets	**$ 8,415,489**	**8,017,929**	**8,253,644**
Book value of non-controlling interests at the end of the period	**$ 3,871,863**	**3,737,767**	**3,751,044**

	Nine Months Ended September 30	
	2023	**2022**
Operating income	**$ 3,626,165**	**4,178,191**
Net income	$ 326,240	669,578
Other comprehensive (loss) income	22,764	65,073
Total comprehensive income	**$ 349,004**	**734,651**
Net profit for the period attributable to non-controlling interests	**$ 148,117**	**260,578**
Total comprehensive income attributable to non-controlling interests	**$ 158,452**	**330,328**

	Nine Months Ended September 30	
	2023	**2022**
Cash flows from (used in) operating activities	$ 445,901	826,058
Cash flows from (used in) investing activities	(4,002,618)	(985,955)
Cash flows from (used in) financing activities	(241,485)	3,819,046
Increase (decrease) in cash and cash equivalents	**$ (3,798,202)**	**3,659,149**

(9) Property, plant and equipment

The changes in the cost and depreciation of the consolidated company's property, plant and equipment were as follows:

	Instruments and Machinery	Office equipment	Leasehold improvement	Equipment to be inspected	Total
Cost:					
Balance at January 1, 2023	$ 1,734,756	105,734	8,818	97	1,849,405
Addition	302,043	1,463	-	2,855	306,361
Disposal	(10,755)	(558)	-	-	(11,313)
Amount transferred in (out) in the current period	-	97	-	(97)	-
Effect of the changes in exchange rates	2,410	102	-	-	2,512
Balance at September 30, 2023	$ 2,028,454	106,838	8,818	2,855	2,146,965
Balance at January 1, 2022	$ 1,079,389	84,576	7,677	3,319	1,174,961
Addition	454,827	20,955	1,036	258	477,076
Disposal	(302)	(25)	-	-	(327)
Amount transferred in (out) in the current period	3,179	140	-	(3,319)	-
Effect of the changes in exchange rates	17,542	847	67	-	18,456
Balance at September 30, 2022	$ 1,554,635	106,493	8,780	258	1,670,166
Depreciation and impairment:					
Balance at January 1, 2023	$ 721,423	67,763	5,243	-	794,429
Depreciation	265,674	15,096	754	-	281,524
Impairment loss	6,983	-	-	-	6,983
Disposal	(9,390)	(556)	-	-	(9,946)
Effect of the changes in exchange rates	1,629	114	-	-	1,743
Balance at September 30, 2023	$ 986,319	82,417	5,997	-	1,074,733
Balance at January 1, 2022	$ 458,360	48,009	3,792	-	510,161
Depreciation	184,092	14,945	1,211	-	200,248
Disposal	(302)	(25)	-	-	(327)
Effect of the changes in exchange rates	6,005	367	37	-	6,409
Balance at September 30, 2022	$ 648,155	63,296	5,040	-	716,491
Book value:					
Balance at September 2023	$ 1,042,135	24,421	2,821	2,855	1,072,232
Balance at September 2022	$ 906,480	43,197	3,740	258	953,675

1) Collateral

As of September 30, 2023, December 31, 2022, and September 30, 2022, the consolidated company's property, plants, and equipment have not been pledged as collateral.

2) Impairment losses

As of September 30, 2023, a subsidiary of the consolidated company, Visual Sensing Technology, conducted impairment testing on certain instruments and equipment. The estimated recoverable amount was $0 thousand, which is lower than the carrying amount of $6,983 thousand. Therefore, an impairment loss of $6,983 thousand was recognized and reported under "Non-operating Expenses" in the consolidated statement of comprehensive income.

(10) Right-of-use assets

The cost and depreciation changes of the right-of-use assets recognized by the consolidated company for leased properties and buildings are as follows:

		Buildings
Cost of right-to-use assets:		
Balance at January 1, 2023	$	112,919
Addition		77,880
Disposal		(37,234)
Effect of the changes in exchange rates		(60)
Balance at September 30, 2023	**$**	**153,505**
Balance at January 1, 2022	$	154,378
Addition		31,370
Disposal		(39,346)
Effect of the changes in exchange rates		550
Balance at September 30, 2022	**$**	**146,952**
Depreciation and impairment on right-of-use assets:		
Balance at January 1, 2023	$	72,084
Depreciation		34,090
Disposal		(33,979)
Effect of the changes in exchange rates		(192)
Balance at September 30, 2023	**$**	**72,003**
Balance at January 1, 2022	$	72,835
Depreciation		35,520
Disposal		(12,757)
Effect of the changes in exchange rates		114
Balance at September 30, 2022	**$**	**95,712**
Book value:		
Balance at September 30, 2023	**$**	**81,502**
Balance at September 30, 2022	**$**	**51,240**

(11) Intangible assets

1) The changes in the cost and amortization of the consolidated company's intangible assets were as follows:

	Goodwill	Computer Software	Patent and know-how	Total
Cost:				
Balance at January 1, 2023	$ 185,097	97,690	95,031	377,818
Separate acquisition	-	45,516	20,373	65,889
Effect of the changes in exchange rates	-	76	699	775
Balance at September 30, 2023	$ 185,097	143,282	116,103	444,482
Balance at January 1, 2022	$ 185,097	38,587	81,881	305,565
Separate acquisition	-	29,088	10,880	39,968
Effect of the changes in exchange rates	-	851	2,043	2,894
Balance at September 30, 2022	$ 185,097	68,526	94,804	348,427
Amortization and accumulated impairment:				
Balance at January 1, 2023	$ 183,365	46,495	64,075	293,935
Amortization	-	58,622	17,484	76,106
Effect of the changes in exchange rates	-	13	456	469
Balance at September 30, 2023	$ 183,365	105,130	82,015	370,510
Balance at January 1, 2022	$ -	22,061	36,403	58,464
Amortization	-	23,978	21,753	45,731
Impairment for the period	183,365	-	-	183,365
Effect of the changes in exchange rates	-	474	738	1,212
Balance at September 30, 2022	$ 183,365	46,513	58,894	288,772
Book value:				
Balance at September 30, 2023	$ 1,732	38,152	34,088	73,972
Balance at September 30, 2022	$ 1,732	22,013	35,910	59,655

Due to rapid market changes, the revenue from Hongxin Semiconductor in 2022 did not meet expectations. Hence, the consolidated company commissioned experts to issue an appraisal report in 2022Q2. Based on this report, the company recognized an impairment loss on goodwill amounting to $183,365 thousand for the nine months ended on September 30, 2022. The consolidated company deducted the recognized impairment loss from the book value of goodwill allocated to the cash-generating unit of Hongxin Semiconductor and reported this impairment loss under "Non-operating Expenses" in the consolidated statement of comprehensive income.

(12) Other noncurrent assets

	September 30, 2023	December 31, 2022	September 30, 2022
Prepaid bonus	$ 171,040	136,970	150,692
Refundable deposits	499,327	2,233,260	2,242,093
Other	593	24,622	2,697
	$ 670,960	2,394,852	2,395,482

1) The consolidated company offers special bonuses to employees who meet specific criteria. The bonuses are paid in a lump sum upon signing the agreement. Employees must commit to serving for a specified period. If employees fail to fulfill this commitment for any reason, they must return the entire bonus. The company amortizes the prepaid bonus amount over the agreed service period as manufacturing and operating expenses. The recognized manufacturing and operating expenses for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were $51,569 thousand, $51,834 thousand, $146,460 thousand, and $140,170 thousand, respectively.

2) To ensure stable outsourced production capacity, the consolidated company has signed capacity guarantee contracts with suppliers. According to the agreement, they pay a deposit, which will be returned upon fulfilling the contract terms. This deposit is listed under "Other Non-current Assets - Refundable Deposits." Additionally, considering market demand fluctuations and future capacity utilization, the company estimated related compensation losses and provision for liabilities based on the capacity guarantee contract. These amounts are listed under cost of goods sold and other payables. From January 1 to September 30, 2023, the consolidated company has recovered deposits of $1,676,324 thousand as per contractual agreements. JADARD TECHNOLOGY INC. terminated part of the agreements on April 18, 2023, and the original deposit of $894,510 thousand (RMB 208,900 thousand) was reclassified as prepaid payments and has been fully offset against accounts payable.

(13) Short-term loans

The details of the short-term loans of the consolidated company are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	$ -	-	7,000
Non-financial institution borrowings	-	220,734	223,650
	$ -	220,734	230,650
Interest rate collar	-	4.96%	1.43%~4.96%
Unused loan commitment	$ 9,864,690	14,149,836	4,808,250

(14) Lease liabilities

The book value of the lease liabilities of the consolidated company are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	$ 32,382	32,536	38,323
Non-current	$ 48,575	8,633	15,065

For the maturity analysis, please refer to Note 6 (23) Financial Instruments.

The amount recognized in profit and loss is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Interest expense of lease liabilities	$ 300	354	1,042	1,170
Cost of low-value leased assets (excluding low-value leases under short-term leases)	$ 3,846	66	5,007	2,298

The amount recognized in the Statement of Cash Flows is as follows:

	Nine Months Ended September 30	
	2023	2022
Total amount of cash outflow from lease	$ 41,786	39,989

Leasing of buildings and structures

The consolidated company leases buildings and premises for office use. The lease term for these offices is usually one to five years, and the rental payments of some contracts are subject to changes in the local price index.

(15) Employee benefits

Defined contribution plan

If the consolidated company is a domestic company, its defined contribution plan is based on the Labor Pension Act, which provides for a contribution rate of 6% of the workers' monthly wages to the Bureau of Labor Insurance's individual labor pension accounts. Under this plan, the consolidated company is not legally or constructively obligated to pay additional amounts after it has contributed a fixed amount to the bureau. If the consolidated company is a foreign company, it contributes an amount to the pension funds in accordance with local laws and regulations, and recognizes the required contributions in each period as current expenses. Chinese subsidiaries included in the consolidated entity are required by the Chinese government to make contributions to the basic endowment insurance premium at a statutory rate based on the approved salaries of employees and to recognize the contributions as current expenses.

For the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the retirement benefits and pension insurance expenses under the defined retirement pension plan of the consolidated company amounted to $16,668 thousand, $17,950 thousand, $50,693 thousand, and $53,090 thousand, respectively.

(16) Income tax

1) The statutory income tax rate for domestic consolidated companies is 20%, and the "Basic Income Tax Ordinance" is applied to calculate the basic tax amount. Trade Logic and Ever Harvest are established in the British Virgin Islands and Samoa, respectively. According to the laws of their respective registered countries, they do not levy corporate income tax on international business companies established within their borders that have no local income. The statutory income tax rate for Jadard Technology INC. and Hefei Jadard Technology Co., Ltd. is 25%. Jadard Technology INC. enjoys a preferential tax rate of 15% for high-tech enterprises in China. The income tax rate for Jadard Technology Limited is 16.5%.

2) Income tax expense

The details of income tax expense of the consolidated company are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Income tax expense in the current period	$ 135,978	112,776	366,073	658,684

Details of the income tax expenses recognized in the other comprehensive income of the consolidated company are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation	$ 27,815	10,614	16,146	28,995

3) The company and Visual Sensing Technology Corp. have completed corporate income tax filings and have been audited by the tax authorities up to the fiscal year 2021. All overseas subsidiaries have filed tax returns with their local tax authorities up to the fiscal year 2022.

(17) Capital and other interests

1) Common stock

As of September 30, 2023, December 31, 2022, and September 30, 2022, the company's authorized total share capital was $3,000,000 thousand, with a par value of $10 per share. Total issued shares were 121,254 thousand, 186,545 thousand, and 186,545 thousand shares, and all issued shares were common stock.

To adjust its capital structure and enhance the return on equity for shareholders, the company, through a shareholders' meeting resolution on May 31, 2023, approved a capital reduction to refund share capital in the amount of $652,908 thousand. This involved the cancellation of 65,291 thousand issued shares (including 129 thousand treasury shares), representing a capital reduction ratio of 35%. This cash capital reduction was approved by the Taiwan Stock Exchange Corporation on July 27, 2023, and the chairman set August 1, 2023, as the record date for the capital reduction. The change has been duly registered, and the date for the distribution of the refunded share capital was September 18, 2023.

The adjustment table for the number of the company's outstanding common shares is as follows: (Unit: Thousand shares)

	Nine Months Ended September 30	
	2023	**2022**
Beginning balance	186,176	186,176
Cash capital reduction	(65,162)	-
Ending balance	**121,014**	**186,176**

2) Capital surplus

The balance of the company's capital reserves are as follows:

		September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-in capital	$	6,102,418	6,102,418	6,102,418
Transaction of treasury shares		535	535	535
Difference between consideration and carrying amount of subsidiaries acquired or disposed		2,516,300	2,511,692	2,521,099
Other		450	450	450
	$	**8,619,703**	**8,615,095**	**8,624,502**

According to the Company Act, new shares or cash may only be issued from realized capital surplus in proportion to the original shares of the shareholders after the capital surplus has first been used to cover losses. Realized capital surplus as referred to in the preceding paragraph includes surplus from the issue of shares in excess of par value and proceeds from gifts. As stipulated in Article 72-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, where capital reserve is capitalized, the combined amount of any portions capitalized in any 1 year may not exceed 10% of paid-in capital.

3) Retained earnings

Under the Company's Articles of Incorporation, if there is any net profit after tax for the period, the Company shall first make up the accumulated deficit in the annual final accounts and set aside 10% as legal reserve in accordance with the law, except when the accumulated legal reserve has reached the total paid-in capital of the Company. The special reserve is appropriated or reversed as required by law or by the competent authority. The Board of Directors shall prepare a proposal for the distribution of the remaining earnings, together with the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is to allocate no less than 20% of the distributable earnings to shareholders each year, by taking into account the current and future development plans, the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders, among which no less than 10% of the total dividends for the year shall be paid in cash.

(I) Legal reserve

If the company has no losses, it may, by resolution of the shareholders' meeting, issue new shares or cash from the legal reserve, provided that the amount of such reserve exceeds 25% of the paid-in capital.

(II) Special reserve

According to the FSC's Jin-Guan-Zheng-Fa-Zi Order No. 1090150022 dated March 31, 2021, when distributing distributable earnings, the company recorded a net decrease in other equity during the year, which was not distributable from the current year's profit or loss as a supplement to the special reserve. If there is a subsequent reversal in the amount of other equity deductions, the reversed portion of the surplus may be distributed.

(III) Distribution of earnings

The company's profit distribution proposals for fiscal years 2022 and 2021 were resolved in the annual general shareholders' meetings on May 31, 2023, and June 22, 2022, respectively. Details of the dividends distributed to shareholders are as follows:

	2022		2021	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Dividends distributed to ordinary shareholders				
Cash	$ 8.5	1,582,499	17.0	3,164,997

The dividends for the fiscal year 2022 were distributed on July 26, 2023.

4) Treasury shares

In accordance with Article 167-1 of the Company Act, the company shall buy back treasury shares for the purpose of transferring shares to employees, with the following changes:

	Nine Months Ended September 30					
	2023			2022		
	Shares (in thousands)		Amount	Shares (in thousands)		Amount
Beginning amount	369	$	9,449	369		9,449
Cash capital decrease	(129)		(1,291)	-		-
Ending amount	**240**	**$**	**8,158**	**369**		**9,449**

In 2020, due to the provisions of Article 28-2 of the Securities and Exchange Act, the company bought back a total of 369 thousand shares for transfer to employees. As of September 30, 2023 and 2022, the number of shares not cancelled totaled 240 thousand and 369 thousand shares, respectively.

According to Securities and Exchange Act, treasury share held by the company cannot be pledged and is not entitled to shareholders' rights until it is transferred.

5) Other equity

The changes in the company are other equity items are as follows:

		Exchange difference on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	$	(28,704)	-	(28,704)
Differences from foreign currency translations (net amount after taxes)		64,513	-	64,513
Financial assets measured at fair value through other comprehensive income		-	(7,898)	(7,898)
Balance at September 30, 2023	**$**	**35,809**	**(7,898)**	**27,911**
Balance at January 1, 2022	$	(43,782)	-	(43,782)
Differences from foreign currency translations (net amount after taxes)		115,924	-	115,924
Balance at September 30, 2022	**$**	**72,142**	**-**	**72,142**

6) Non-controlling interests

	Nine Months Ended September 30	
	2023	2022
Beginning balance	$ 3,748,796	1,538,920
Portion attributable to non-controlling interests:		
Current net profit	141,127	249,017
Exchange difference from translating foreign operations' financial statements	(86,976)	102,983
Difference between acquisition or disposal price of a subsidiary's shares and their book value	(4,608)	(1,638,138)
Changes in non-controlling interests	77,564	3,498,847
Ending balance	**$ 3,875,903**	**3,751,629**

(18) Share-based payment transaction

1) Jadard Technology Inc. — employee stock option plan

Details on the number and weighted average exercise price related to Jadard Technology Inc.'s employee stock option plan issued in 2021 are as follows:

	Employee stock options for 2021			
	Nine Months Ended September 30			
	2023		2022	
	Weighted average exercise price (RMB/$)	**Number of stock options (in thousands)**	**Weighted average exercise price (RMB/$)**	**Number of stock options (in thousands)**
Outstanding at the beginning of the period	$ 5.00	10,519	5.00	10,519
Granted during the period	-	-	-	-
Lost during the period	-	(7,053)	-	-
Exercised during the period	-	(3,466)	-	-
Outstanding at the end of the period	-	**-**	-	**10,519**
Exercisable at the end of the period		**-**		**5,260**

2) Jadard Technology Inc. — Restricted Stock Award Plan

A subsidiary, Jadard Technology Inc., on September 11, 2023, resolved through its shareholders' meeting to issue the "Second Type Restricted Stock Award Plan." The total issued shares were 4,500 thousand (including 3,603 thousand shares of restricted stock granted and 897 thousand shares of restricted stock reserved). The grantees of this plan will receive the Class A common stock of Jadard Technology Inc. issued upon capital increase, in installments at a grant price of RMB 11.04 per share, after meeting the respective performance and vesting conditions. The grantees can acquire the Class A common stock issued by Jadard Technology Inc. on the following schedule after one year from the grant date:

Vesting Period	Cumulative Vest Percentage
One year after grant	25%
Two years after grant	50%
Three years after grant	75%
Four years after grant	100%

Jadard Technology Inc. uses the Black-Scholes option pricing model to estimate the fair value of share-based payments. The inputs for this model are as follows:

	Restricted Stock
Fair value on grant date (RMB/Yuan)	$9.02-10.04
Exercise price (RMB/Yuan)	11.04
Historical volatility	13.34%-16.40%
Risk-free Interest rate	1.5%-2.75%
Expected life	1-4 years

3) Employee expenses

The expenses incurred by the consolidated company in connection with share-based payments were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Costs incurred in connection with the issuance of restricted stock	$ 3,689	-	3,689	-
Costs incurred in connection with the issuance of employee stock options	8,600	7,097	14,081	37,414
	$ 12,289	7,097	17,770	37,414

(19) Earnings per share

The basic earnings per share and diluted earnings per share for the consolidated company are as follows:

1) Basic EPS

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Net income attributable to the equity holders of the ordinary shares of the company	**$ 611,248**	**461,194**	**1,614,062**	**2,721,761**
Weighted average number of the ordinary shares outstanding	**153,595**	**186,176**	**175,316**	**186,176**
Basic earnings per share (NT$)	**$ 3.98**	**2.48**	**9.21**	**14.62**

2) Diluted EPS

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Net income attributable to the equity holders of the ordinary shares of the company	**$ 611,248**	**461,194**	**1,614,062**	**2,721,761**
Weighted average number of the ordinary shares outstanding	153,595	186,176	175,316	186,176
Effect of the dilutive potential ordinary shares:				
－employee compensation	378	1,912	643	2,408
Weighted average number of the ordinary shares outstanding (after the adjustment to the effect of dilutive potential ordinary shares)	**153,973**	**188,088**	**175,959**	**188,584**
Diluted earnings per share (NT$)	**$ 3.97**	**2.45**	**9.17**	**14.43**

(20) Contractual revenue

1) Details of the contractual revenue

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Major regional markets:				
Taiwan	$ 412,668	695,830	1,216,146	2,185,562
China	2,820,432	2,367,370	7,988,877	10,471,545
Hong Kong	992,044	1,114,687	3,259,106	2,844,213
Japan	350	2,171	3,927	14,856
South Korea	577	377	1,201	2,164
Other countries	15,467	11,217	49,970	32,170
	$ 4,241,538	4,191,652	12,519,227	15,550,510
Main products lines:				
Display driver IC	$ 3,076,416	3,204,947	9,187,492	11,344,648
Power management IC	627,138	669,153	1,850,892	2,178,491
Other	537,984	317,552	1,480,843	2,027,371
	$ 4,241,538	4,191,652	12,519,227	15,550,510

2) Contract balances

Please refer to Note 6(4) for the disclosure of accounts receivable and impairment.

The initial balance of contract liabilities on January 1, 2023, and 2022 were recognized as income for the nine months ended September 30, 2023 and 2022, amounting to $115,821 thousand and $37,959 thousand, respectively. The change in contract liabilities mainly resulted from the difference in time between when the consolidated company delivers goods to customers and satisfies its performance obligations and the time of customer payment.

(21) Compensation for employees and directors

Subject to the provisions of the Articles of Incorporation of the company, not less than 5% of the annual profit shall be appropriated as remuneration to employees and not more than 1% of the annual profit shall be appropriated as remuneration to directors. However, where the company has accumulated losses, the amount of the indemnity should be retained in advance. The foregoing employee remuneration may be in the form of shares or cash and may be paid to employees of a subordinate company who satisfy certain conditions. The remuneration of the directors noted above shall be payable in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

The company did not allocate director compensation for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022. Employee compensation provisions were $39,103 thousand, $27,155 thousand, $104,780 thousand, and $178,165 thousand, respectively. These provisions are based on the pre-tax net profit of the respective periods, subtracted by the amount before compensation for employees and directors, and multiplied by the distribution rates stipulated in the company's articles of incorporation. These are reported as the operating costs or operating expenses for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022. If there's a discrepancy between the actual amount distributed the following year and the estimated amount, it is treated as an accounting estimate change, with the difference recognized as the profit or loss for the subsequent year. If the board of directors decides to distribute employee compensation through stocks, the number of stocks is calculated based on the closing price of the ordinary shares the day before the board's resolution.

The company did not provide director remuneration for the years 2022 and 2021, and the estimated amounts of employee remuneration were $201,488 thousand and $369,675 thousand, respectively. There was no difference from the content of the company's board of directors' resolutions. Employee remuneration for 2022 and 2021 was distributed in cash, and relevant information can be found on the Market Observation Post System website.

(22) Non-operating income and expenses

1) Interest income

The breakdown of interest income of the consolidated company is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposit interests	$ 54,545	10,650	151,839	36,470
Other interest income	225	368	776	1,207
Total interest income	$ 54,770	11,018	152,615	37,677

2) Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Income from government grants	$ 1,333	6,685	26,143	12,342
Dividend income	218	-	218	-
Other	11,801	1,182	29,284	3,069
Total other income	$ 13,352	7,867	55,645	15,411

3) Other gains and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Profit (loss) on disposal of property, plant, and equipment	$ 8	-	(243)	-
Foreign exchange gain	70,477	170,354	97,369	401,166
Profit (losses) on financial assets and liabilities measured at fair value through profit	15,178	(47,671)	62,258	(127,141)
Impairment loss	(6,983)	-	(6,983)	(183,365)
Others	(275)	(218)	(965)	(32,183)
	$ 78,405	122,465	151,436	58,477

4) Financial costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Interest expenses	$ (301)	(6,400)	(3,061)	(20,277)

(23) Financial instruments

Except as described below, there were no significant changes in the fair value of the consolidated company's financial instruments, or in the exposure to credit risk, liquidity risk, and market risk due to financial instruments. For related information, please refer to Note 6(22) of the consolidated financial statements for the year 2022.

1) Credit risk

(I) Credit risk exposure

The carrying amount of financial assets represents the maximum amount of credit risk exposure.

(II) Concentration of credit risk

As the consolidated company has a wide customer base and does not significantly concentrate its transactions with a single customer, there is no significant concentration of credit risk for accounts receivable. To reduce credit risk, the consolidated company also regularly assesses the financial condition of its customers.

(III) Credit risk on receivables

Please refer to Note 6(4) for credit risk exposure information of receivables. Other financial assets measured at amortized cost including time deposits for over three months and other receivables are financial assets with low credit risk and therefore the allowance for losses for the period is measured at the expected credit loss amount for 12 months. (Please refer to Note 4(7) to the Consolidated Financial Statements for fiscal 2022 for a description of how the consolidated company determines low credit risk).

2) Liquidity risk

The following table presents an analysis of the contractual maturities of financial liabilities, the amounts of which include estimated interest but exclude the effect of netting agreements.

	Book value	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2023							
Non-derivative financial liabilities							
Accounts and notes payable	$ 1,998,901	1,998,901	1,998,901	-	-	-	-
Other payables	982,737	982,737	982,737	-	-	-	-
Lease liabilities (including current and non-current)	80,957	87,521	19,961	15,711	19,040	32,809	-
Guarantee Deposits received	155,985	155,985	155,985	-	-	-	-
Subtotal	3,218,580	3,225,144	3,157,584	15,711	19,040	32,809	-
Derivative financial liabilities							
Currency swap contracts:							
Outflow	904	257,056	257,056	-	-	-	-
Inflow	-	(256,152)	(256,152)	-	-	-	-
Book value	904	904	904	-	-	-	-
Subtotal	904	904	904	-	-	-	-
Total	$ 3,219,484	3,226,048	3,158,488	15,711	19,040	32,809	-
December 31, 2022							
Non-derivative financial liabilities							
Current borrowings	$ 220,734	222,465	222,465	-	-	-	-
Accounts and notes payable	1,891,917	1,891,917	1,891,917	-	-	-	-
Other payables	959,295	959,295	959,295	-	-	-	-
Lease liabilities (including current and non-current)	41,169	39,709	16,218	14,187	9,304	-	-
Guarantee Deposits received	166,277	166,277	166,277	-	-	-	-
Subtotal	3,279,392	3,279,663	3,256,172	14,187	9,304	-	-
Derivative financial liabilities							
Currency swap contracts:							
Outflow	1,176	1,011,101	1,011,101	-	-	-	-
Inflow	-	(1,009,925)	(1,009,925)	-	-	-	-
Book value	1,176	1,176	1,176	-	-	-	-
Forward exchange contracts:							
Outflow	130	92,140	92,140	-	-	-	-
Inflow	-	(92,010)	(92,010)	-	-	-	-
Book value	130	130	130	-	-	-	-
Subtotal	1,306	1,306	1,306	-	-	-	-
Total	$ 3,280,698	3,280,969	3,257,478	14,187	9,304	-	-

	Book value	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2022							
Non-derivative financial liabilities							
Current borrowings	$ 230,650	235,496	11,846	223,650	-	-	-
Accounts and notes payable	1,629,428	1,629,428	1,629,428	-	-	-	-
Other payables	821,834	821,834	821,834	-	-	-	-
Lease liabilities (including current and non-current)	53,388	49,719	20,160	14,766	14,793	-	-
Guarantee Deposits received	171,708	171,708	171,708	-	-	-	-
Subtotal	2,907,008	2,908,185	2,654,976	238,416	14,793	-	-
Derivative financial liabilities							
Currency swap contracts:							
Outflow	13,373	967,299	967,299	-	-	-	-
Inflow	-	(953,926)	(953,926)	-	-	-	-
Book value	13,373	13,373	13,373	-	-	-	-
Subtotal	13,373	13,373	13,373	-	-	-	-
Total	$ 2,920,381	2,921,558	2,668,349	238,416	14,793	-	-

The consolidated company does not expect the realizing of cash flows is to be significantly earlier or the actual amounts are to be significantly different.

3) Exchange rate risk

(I) Exposure of exchange risk

The consolidated company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets									
Monetary items									
USD	$132,538	32.161	4,262,558	143,180	30.731	4,400,045	153,833	31.736	4,882,051
Financial liabilities									
Monetary items									
USD	68,337	31.910	2,180,632	116,954	30.702	3,590,736	110,443	31.576	3,487,333

(II) Sensitivity analysis

The consolidated company's exchange rate risk mainly arises from foreign currency denominated cash and cash equivalents, accounts receivable and other receivables, other non-current assets, accounts payable, and other current liabilities, etc., generating foreign exchange gains or losses when converted. If the New Taiwan Dollar depreciates or appreciates by 5% against the US dollar on September 30, 2023, and 2022, and all other factors remain unchanged, the net profit after tax for the nine months ended September 30, 2023, and 2022 would decrease or increase by $83,277 thousand and $55,789 thousand, respectively. Both periods' analyses are based on the same basis.

Due to the variety of functional currencies used by the consolidated company, consolidated disclosure is used to reveal information about the exchange losses and gains on monetary items. The foreign exchange losses and gains (including realized and unrealized) for the nine months ended September 30, 2023 and 2022 were a gain of $97,369 thousand and $401,166 thousand, respectively.

4) Fair value information

(I) Types and fair values of financial instruments

The consolidated company's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amounts and fair values of each class of financial assets and financial liabilities (including information on fair value hierarchy, except that if the carrying amount of a financial instrument that is not measured at fair value is a reasonable approximation of fair value, and for investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required) are presented below:

	September 30, 2023				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Current financial assets at fair value through profit or loss	$ 9,470,977	9,470,977	-	-	9,470,977
Non-current financial assets at fair value through other comprehensive income					
Public quoted equity	14,364	14,364	-	-	14,364

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	September 30, 2023				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost (Note)					
Cash and cash equivalents	2,907,221	-	-	-	-
Current financial assets at amortized cost (including current and non-current)	5,077,450	-	-	-	-
Accounts receivable	2,988,976	-	-	-	-
Lease payments receivable (including current and non-current)	14,443	-	-	-	-
Other receivables	189,740	-	-	-	-
Guarantee deposits paid	499,327	-	-	-	-
Total	**$ 21,162,498**	**9,485,341**	**-**	**-**	**9,485,341**
Current financial liabilities at fair value through profit or loss	$ 904	904	-	-	904
Financial liabilities measured at amortized cost (Note)					
Accounts and notes payable	1,998,901	-	-	-	-
Other current liabilities	982,737	-	-	-	-
Lease liabilities (including current and non-current)	80,957	-	-	-	-
Guarantee Deposits received	155,985	-	-	-	-
Total	**$ 3,219,484**	**904**	**-**	**-**	**904**

	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss	$ 9,642,472	9,642,472	-	-	9,642,472
Financial assets measured at amortized cost (Note)					
Cash and cash equivalents	6,758,947	-	-	-	-
Current financial assets at amortized cost	200	-	-	-	-
Accounts receivable (including the part from related parties)	2,659,333	-	-	-	-
Lease payments receivable (including current and non-current)	24,005	-	-	-	-
Other receivables	72,238	-	-	-	-
Guarantee deposits paid	2,233,260	-	-	-	-
Total	**$ 21,390,455**	**9,642,472**	**-**	**-**	**9,642,472**

	December 31, 2022				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Current financial liabilities at fair value through profit or loss	$ 1,306	1,306	-	-	1,306
Financial liabilities measured at amortized cost (Note)					
Current borrowings	$ 220,734	-	-	-	-
Accounts and notes payable	1,891,917	-	-	-	-
Other current liabilities	959,295	-	-	-	-
Lease liabilities (including current and non-current)	41,169	-	-	-	-
Guarantee Deposits received	166,277	-	-	-	-
Total	$ 3,280,698	1,306	-	-	1,306

	September 30, 2022				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Current financial assets at fair value through profit or loss	$ 6,016,661	6,016,661	-	-	6,016,661
Financial assets measured at amortized cost (Note)					
Cash and cash equivalents	8,557,560	-	-	-	-
Current financial assets at amortized cost	200	-	-	-	-
Notes and accounts receivable (including the part from related parties)	3,231,130	-	-	-	-
Lease payments receivable (including current and non-current)	27,116	-	-	-	-
Other receivables	55,689	-	-	-	-
Guarantee deposits paid	2,242,093	-	-	-	-
Total	$ 20,130,449	6,016,661	-	-	6,016,661
Current financial liabilities at fair value through profit or loss	$ 13,373	13,373	-	-	13,373
Financial liabilities measured at amortized cost (Note)					
Current borrowings	$ 230,650	-	-	-	-
Accounts and notes payable	1,629,428	-	-	-	-
Other current liabilities	821,834	-	-	-	-
Lease liabilities (including current and non-current)	53,388	-	-	-	-
Guarantee Deposits received	171,708	-	-	-	-
Total	$ 2,920,381	13,373	-	-	13,373

Note: The book amount is a reasonable approximation of fair value and there is no need to disclose the fair value.

(II) Valuation techniques and assumptions used to measure fair value

Where there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in the active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run securities from Taipei Exchange can be used as a basis to determine the fair value of the exchange-listed/OTC-listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument has an active market for public quotations if public quotations of the financial instrument are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and if the price represents an actual and frequent arm's length transaction. If these conditions are not met, the market is considered inactive. Generally speaking, a very wide bid-ask spread, a significant increase in the bid-ask spread or a very low trading volume are all indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar terms and characteristics, by discounted cash flow techniques or by applying models using other valuation techniques, including market information available at the date of the consolidated balance sheet (e.g., Taipei Exchange refers to the yield curve, Reuters average commercial paper rate quotes).

(24) Financial risk management

The objectives and policies of the consolidated company's financial risk management have not significantly changed from what was disclosed in the Consolidated Financial Statements for the year 2022. For related information, please refer to Note 6(23) of the Consolidated Financial Statements for the year 2022.

(25) Capital management

The objectives, policies, and procedures of the consolidated company's capital management are consistent with what was disclosed in the Consolidated Financial Statements for the year 2022; furthermore, the aggregate quantitative data for items under capital management also have not significantly changed from what was disclosed in the Consolidated Financial Statements for the year 2022. For related information, please refer to Note 6(24) of the Consolidated Financial Statements for the year 2022.

(26) Investment and fund-raising activities by non-cash transactions

The consolidated company's investment and financing activities in non-cash transactions for the nine months ended September 30, 2023 and 2022 were as follows:

1) Right-of-use assets acquired by lease please refer to Note 6(10).

2) The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes		
	January 1, 2023	**Cash flow**	**Change in exchange rate**	**Other**	**September 30, 2023**
Current borrowings	$ 220,734	(220,734)	-	-	-
Lease liabilities (including current and non-current)	41,169	(35,737)	(19)	75,544	80,957
Guarantee Deposits received	166,277	(12,047)	1,755	-	155,985
Total liabilities from financing activities	**$ 428,180**	**(268,518)**	**1,736**	**75,544**	**236,942**

			Non-cash changes		
	January 1, 2022	**Cash flow**	**Change in exchange rate**	**Other**	**September 30, 2022**
Current borrowings	$ 777,808	(547,158)	-	-	230,650
Lease liabilities (including current and non-current)	83,504	(36,521)	588	5,817	53,388
Guarantee Deposits received	165,706	(3,659)	9,661	-	171,708
Total liabilities from financing activities	**$ 1,027,018**	**(587,338)**	**10,249**	**5,817**	**455,746**

7. Transaction with Related Parties

(1) Name and relationship of related parties

The related parties with whom the consolidated company had transactions during the period covered by these consolidated financial statements are as follows:

Name of related party	Relationship with the consolidated company
Hon Hai Precision Industry Co., Ltd. (Hon Hai Precision)	Entity with significant influence over the Company (Note)
Fitipower Environmental Sustainability Foundation (Fitipower Foundation)	Other related party
Hongfutai Precision Electrons (Yantai) Co., Ltd. (Hongfutai (Yentai))	Other related party (Note)
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Other related party (Note)
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Other related party (Note)
Fulina Ambit (Shanghai) Microsystems Co., Ltd.	Other related party (Note)
Shenzhen Fu Tai Hong Precision Industrial Co., Ltd.	Other related party (Note)
Shenzhen Fulian Fugui Precision Industry Co., Ltd.	Other related party (Note)
Hongfujin Precision Electrons (Chongqing) Co., Ltd.	Other related party (Note)
Hongfujin Precision Electrons (Yantai) Co., Ltd.	Other related party (Note)
Nanning Fulian Fugui Precision Industry Co., Ltd.	Other related party (Note)
Kunshan Fuchengke Precision Electronical Co., Ltd. (Kunshan Fuchengke)	Other related party (Note)
Socle Technology Corp. (Socle Technology)	Other related party (Note)
CLOUD NETWORK TECHNOLOGY SINGAPORE(CLOUD NETWORK)	Other related party (Note)
FIH (HONG KONG) LIMITED	Other related party (Note)
Hongfujin Precision Industry (Shenzhen) Co., Ltd. (Renamed Foxconn Technology Group Co., Ltd. in December 2022.)	Other related party (Note)
ECMMS PRECISION SINGAPORE PTE.LTD.	Other related party (Note)
Chiun Mai Communication Systems, Inc.	Other related party (Note)
FUFutaijing Precision Electron (Beijing) Co., Ltd.	Other related party (Note)
FORTUNEBAY TECHNOLOGY PTE. LTD.(FORTUNEBAY)	Other related party (Note)

Note: On June 15, 2023, Hon Hai Precision resigned as a corporate director of the company, losing significant influence over the company. Henceforth, Foxconn Technology Group and its subsidiaries are no longer considered related parties of this group.

(2) Significant transactions with related parties

1) Operating revenue

The consolidated company's significant sales to related parties are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Hon Hai Precision	$ -	736	311	1,961
FIH (Hong Kong)	-	25,327	21,243	35,896
Kunshan Fuchengke	-	2,665	8,402	29,286
CLOUD NETWORK	-	20,555	17,235	61,242
FORTUNEBAY	-	-	25,238	-
Other related parties	-	15,036	13,037	68,332
	$ -	**64,319**	**85,466**	**196,717**

The consolidated company's sales conditions to other related parties are not significantly different from general sales prices. The agreed credit term is 90 days after acceptance. No collateral has been received for receivables between related parties.

2) Accounts receivable from related parties

Accounts receivable by the consolidated company to related parties were as follows:

Account Items	**Type of Related Party**	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Accounts receivable	Hon Hai Precision	$ -	1,003	736
Accounts receivable	Hongfutai (Yentai)	-	8	13,539
Accounts receivable	Kunshan Fuchengke	-	9,866	6,092
Accounts receivable	CLOUD NETWORK	-	28,462	21,960
Accounts receivable	FIH(HONG KONG)	-	24,131	27,680
Accounts receivable	Other related parties	-	26,025	25,522
		$ -	**89,495**	**95,529**

3) Donation expenses

From January 1 to September 30, 2023, the consolidated company donated $3,000 thousand to the Fitipower Foundation, which is recorded under operating expenses.

4) Accounts payable to related parties

Accounts payable by the consolidated company to related parties were as follows:

Account Items	**Type of Related Party**	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Accounts payable	Other related parties－Socle Technology	**$ -**	**32**	**-**

(3) Transactions related to key management personnel

Key management personnel compensation includes:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	$ 13,646	17,903	42,461	66,689
Post-employment benefits	54	41	162	111
	$ 13,700	17,944	42,623	66,800

8. Pledged Assets

The carrying amounts of assets pledged by the consolidated company are as follows:

Type of assets	Secured object	September 30, 2023	December 31, 2022	September 30, 2022
Current financial assets at amortized cost (Time deposits)	Customs Margin	$ 200	200	200
		$ 200	200	200

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

The consolidated company issued refundable deposit guarantee notes to obtain short-term loan credit lines. The balances on September 30, 2023, December 31, 2022, and September 30, 2022, were $4,837,610 thousand, $4,770,530 thousand, and $5,338,900 thousand, respectively.

10. Losses due to Major Disasters: None.

11. Subsequent Events: None.

12. Others

(1) The employee benefits, depreciation and amortization expense were summarized as follows:

Function / Nature	For the Three Months Ended September 30, 2023			For the Three Months Ended September 30, 2022		
	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total
Employee benefit expenses						
Payroll expenses	18,756	508,244	527,000	17,612	570,338	587,950
Labor/Health insurance expenses	916	22,018	22,934	958	22,074	23,032
Pension expenses	689	15,979	16,668	641	17,309	17,950
Compensation of directors	-	600	600	-	270	270
Other employee benefit expenses	978	20,203	21,181	637	13,304	13,941
Depreciation expenses	22,770	86,136	108,906	23,461	61,336	84,797
Amortization expenses	-	26,917	26,917	-	16,219	16,219

Function / Nature	For the Nine Months Ended September 30, 2023			For the Nine Months Ended September 30, 2022		
	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total
Employee benefit expenses						
Payroll expenses	50,310	1,464,878	1,515,188	58,976	1,724,312	1,783,288
Labor/Health insurance expenses	2,912	69,306	72,218	3,243	70,964	74,207
Pension expenses	1,925	48,768	50,693	1,962	51,128	53,090
Compensation of directors	-	1,271	1,271	-	828	828
Other employee benefit expenses	2,481	52,344	54,825	1,942	39,200	41,142
Depreciation expenses	69,339	246,275	315,614	57,758	178,010	235,768
Amortization expenses	-	76,106	76,106	-	45,731	45,731

(2) Seasonality of operations:

The sale of the consolidated company's products follows the cycle of the consumer electronics industry and is subject to seasonal fluctuations due to demand in the end market.

13. Supplementary Disclosures

(1) Information on Significant Transactions

For the period from January 1 to September 30, 2023, the consolidated company has disclosed the following significant transaction-related information in accordance with the preparation guidelines:

1) Lending of funds to others: None

2) Provision of endorsement/guarantee: None.

3) Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures):

Unit: NT$ thousands/ thousand shares

Holding Company	Type and name of marketable securities	Relationship with the issuer of the marketable securities	Financial statement account	End of the Period				Note
				Shares (Unit)	Carrying value	Shareholding percentage	Fair value	
The Company	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	240,930	3,348,200	-	3,348,200	
The Company	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	82,219	1,250,199	-	1,250,199	
The Company	FSITC Taiwan Money Market	-	Current financial assets at fair value through profit or loss	6,826	107,078	-	107,078	
The Company	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	16,787	227,160	-	227,160	
The Company	Allianz Global Investors Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	26,719	343,280	-	343,280	
The Company	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	120,192	2,003,743	-	2,003,743	
The Company	Taishin Ta-Chong Money Market Fund	-	Current financial assets at fair value through profit or loss	16,047	233,692	-	233,692	
The Company	Sinopac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	91,408	1,302,987	-	1,302,987	
The Company	Fubon Chi-Hsiang Money Market Fund	-	Current financial assets at fair value through profit or loss	9,347	150,050	-	150,050	
The Company	InnoCare Optoelectronics Corp.	-	Non-current financial assets at fair value through other comprehensive income	168	14,364	0.43 %	14,364	
Pu Yu Investment	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	13,532	188,060	-	188,060	
Pu Yu Investment	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	10,817	146,369	-	146,369	
Pu Yu Investment	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	11,190	170,159	-	170,159	

Fitipower Integrated Technology Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

4) Acquisition or sale of the same securities with the accumulated cost reaching NT$300 Million or 20% of Paid-in Capital or More:

Unit: NT$ thousands/ thousand shares

Investor	Types and Names of Marketable Securities	Financial statement account	Transaction counterparty (Note)	Relationships (Note)	Beginning of the period		Acquisition		Sale				End of the period	
					Number of shares (Unit)	Amount	Number of shares (Unit)	Amount	Number of shares (Unit)	Amount	Cost	Gain (Loss)	Number of shares (Unit)	Amount
The Company	Beneficiary certification - Jih Sun Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	101,996	1,545,700	19,777	300,000	299,344	656	82,219	1,250,199
The Company	Beneficiary certification - Union Money Market Fund	Current financial assets at fair value through profit or loss	-	-	118,404	1,588,489	25,952	350,000	127,570	1,716,566	1,711,157	5,408	16,787	227,160
The Company	Beneficiary certification - Allianz Global Investors Taiwan Money Market Fund	Current financial assets at fair value through profit or loss			71,815	914,582	26,719	342,600	71,815	919,915	913,000	6,915	26,719	343,280
The Company	Beneficiary certification - Hua Nan Phoenix Money Market Fund	Current financial assets at fair value through profit or loss	-	-	51,883	857,077	230,652	3,826,733	162,342	2,695,233	2,685,621	9,612	120,192	2,003,743
The Company	Beneficiary certification - Taishin Ta-Chong Money Market Fund	Current financial assets at fair value through profit or loss			74,312	1,072,410	12,422	180,000	70,708	1,028,000	1,019,041	8,959	16,047	233,692
The Company	Beneficiary certification - Yuanta Wan Tai Money Market Fund	Current financial assets at fair value through profit or loss			32,871	505,204	3,866	59,500	36,737	567,715	564,500	3,215	-	-
The Company	Beneficiary certification - Yuanta De-Li Money Market Fund	Current financial assets at fair value through profit or loss			54,993	911,205	1,507	25,000	56,500	940,071	935,000	5,071	-	-
The Company	Beneficiary certification - SinoPac TWD Money Market Fund	Current financial assets at fair value through profit or loss			-	-	101,956	1,444,900	10,549	150,000	149,072	928	91,408	1,302,987
The Company	Beneficiary certification - Fubon Chi-Hsiang Money Market Fund	Current financial assets at fair value through profit or loss			-	-	51,443	823,500	42,096	675,025	673,500	1,525	9,347	150,050

Note: Investors using the equity method to account for investments in securities must fill in these two columns; others are exempt.

5) Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.

7) Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousands

Company Name	Name of the counterparty	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		Note
			Purchases (Sales)	Amount	Ratio to total purchases/ sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable	
Hefei Jadard	Jadard Technology Limited Taiwan Branch	Associate	Sales	307,496	2.46 %	120 days for monthly checkout	-	-	224,851	7.51%	
Hefei Jadard	Jadard Technology Limited	Associate	Sales	309,237	2.47 %	120 days for monthly checkout	-	-	116,098	3.88%	

Note: All the transactions listed above were offset when preparing the Consolidated Financial Statements.

8) Receivables from Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or more:

Unit: NT$ thousands

The Company's accounts receivable	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue amounts due from related parties		Subsequent recoveries of amounts due from related parties	Allowance for losses
					Amount	Respond		
Hefei Jadard	Jadard Technology Limited Taiwan Branch	Associate	224,851	2.30	-	-	33,183	-
Hefei Jadard	Jadard Technology Limited	Associate	116,098	5.71	-	-	19,339	-

Note: All the transactions listed above were offset when preparing the consolidated financial statements.

9) Engaged in derivatives trading: Refer to Note 6(2).

10) Business relationships, significant transactions, and amount between the parent company and subsidiaries and between subsidiaries:

No.	Name of the transaction counterparty	Name of counter-party	Nature of relationship	Conditions of transactions			
				Account name	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets
1	Hefei Jadard	Jadard Technology Limited Taiwan Branch	3	Sales revenue	307,496	120 days for monthly checkout	2.46%
1	Hefei Jadard	Jadard Technology Limited	3	Sales revenue	309,237	120 days for monthly checkout	2.47%

Note 1. The numeral system shall be filled in as follows:
1. Fill in 0 as parent company.
2. Subsidiaries are numbered by company type starting with the Arabic numeral 1.

Note 2. There are 3 types of relationship with the counterparty:
1. Parent to subsidiary
2. Subsidiary to parent
3. Subsidiary to subsidiary

Note 3. The amount of the above disclosure criteria is based on the amount of consolidated total assets exceeding 1% for assets and liabilities and the amount of consolidated total revenue exceeding 1% for profit and loss. The above related party transactions have been written-off in the preparation of the consolidated financial statements.

(2) Information on Investees:

From January 1 to September 30, 2023, the following are the investment business information of the consolidated company (excluding investments in mainland companies):

Unit: NT$ thousands/ thousand shares

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance as of the end			Net income (loss) of the investee	Share of profit/loss of investee	Note
				End of the period	End of last year	Shares	Percentage of ownership	Book value			
The Company	Trade Logic	BVI	Investment	302,296	302,296	30	100.00%	4,543,626	178,124	178,124	Note
Trade Logic	Ever Harvest	Samoa	Investment	302,296	302,296	10,000	100.00%	4,543,626	178,124	178,124	Note
The Company	Visual Sensing Technology	Hsinchu City	IC design	260,000	260,000	23,000	89.16%	43,057	(79,193)	(63,301)	Note
JADARD TECHNOLOGY INC.,	Jadard Technology Limited	Hong Kong	General trade	270,264	270,264	9,200	100.00%	301,238	(136,722)	(136,722)	Note
The Company	Pu Yu Investment	Tainan City	Investment	500,000	500,000	50,000	100.00%	504,753	4,566	4,566	Note

Note: The Company's subsidiaries over which the company has control and the long-term investments in consolidated entities have been write-off.

(3) Information on Investments in Mainland China:

1) Name and main business items of the investee company in Mainland China and other related information:

Unit: NT$ thousands

Investee Company	Main businesses	Paid-up capital	Method of investment (Note 1)	Beginning balance of accumulated outflow of investment from Taiwan	Investment amount dispatched or retrieved during this period		Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	The Company's percentage of ownership directly or indirectly	Investment gains (losses) recognized in the current period (Note 2)	Carrying amount as of the end	Ending balance of accumulated inward remittance of earnings
					Dispatched	Retrieved						
JADARD TECHNOLOGY INC.	IC degisn	1,790,797 (Note 3)	(1)	302,296	-	-	302,296	326,240	54.57%	178,124	4,543,626	-
Hefei Jadard	Supply chain management	224,523 (Note 4)	(2)	-	-	-	-	35,595	54.57%	19,435	418,006	-
Xiamen Jadard	Supply chain management	4,344 (Note 5)	(2)	-	-	-	-	(19)	54.57%	(10)	1,958	-

Note 1: There are two types of investment methods that can be labeled as follows；

(1) Reinvestment in mainland China companies through re-investment in existing companies in third regions (Trade Logic Limited and Ever Harvest Limited).

(2) The investment method refers to a direct investment by a mainland company in a mainland company.

Note 2: The investment income or loss is recognized on the basis of the financial statements audited by the parent company's certified public accountants in Taiwan.

Note 3: The paid-in capital was RMB 409,021thousand, which was translated into NT$1,790,797 thousand at the exchange rate at the time of investment.

Note 4: The paid-in capital was RMB 50,000 thousand, which was converted to NT$224,523 thousand at the exchange rate at the time of investment.

Note 5: The paid-in capital was RMB 1,000 thousand, which was converted to NT$4,344 thousand at the exchange rate at the time of investment.

Note 6: The subsidiaries over which the Company has control, and the long-term investments of other consolidated entities have been offset.

2) Investment Limit to Mainland China:

Unit: NT$ thousands

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amounts authorized by MOEAIC	Upper limit on investment authorized by MOEAIC
302,296	302,296	10,101,529

Note: Amend the investment limit in China according to letter no. Tai-wan-shen-tzu-09704604680 issued on August 29, 2008

3) Significant transactions with Mainland China investees:

For significant direct or indirect transactions between the consolidated company and its investees in Mainland China (which were writ-off at the time the statement was prepared), please refer to the description of "Information on Significant Transactions".

(4) Information of Major Shareholders:

Unit: share

Share / Name of major shareholder	Number of shares currently held	Shareholding percentage
Hyield Venture Capital Co., Ltd.	8,589,089	7.08%
Bao Shin International Investments Co., Ltd.	6,851,000	5.65%
Hon Chi International Investment Co., Ltd.	6,565,024	5.41%

14. Operating Segment Information

There is only one reportable operating segment of the consolidated company, which is mainly engaged in research and development and production and sales of integrated circuits. Related departmental profit and loss, departmental assets and departmental liabilities are consistent with the information stated in financial statements; please refer to the Consolidated Balance Sheet and the Consolidated Statement of Income.