

**FITIPOWER INTEGRATED TECHNOLOGY INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors
Fitipower Integrated Technology Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Fitipower Integrated Technology Inc. and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material 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 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 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 Hsiao, Pei-Ju and Lee, Fang-Yi.

KPMG

Taipei, Taiwan (Republic of China)

April 30, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 auditors' 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 auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2024, December 31, 2023, and March 31, 2023
(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2024		December 31, 2023		March 31, 2023						March 31, 2024		December 31, 2023		March 31, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:									
1100	Cash and cash equivalents(note (6)(a))	\$ 2,038,512	8	1,933,863	8	6,464,849	25	2120	Current financial liabilities at fair value through profit or loss(note (6)(b))	\$ 15,196	-	-	-	787	-		
1110	Current financial assets at fair value through profit or loss(notes (6)(b)and (13))	10,800,335	42	10,583,314	43	10,570,471	42	2130	Current contract liabilities(note (6)(s))	29,359	-	32,581	-	141,624	1		
1136	Current financial assets at amortised cost, net(notes (6)(a)and (8))	44,280	-	132,710	-	4,200	-	2170	Accounts payable	2,341,194	9	1,829,927	7	1,556,624	6		
1170	Accounts receivable, net(note (6)(d))	2,534,217	10	2,296,971	9	2,720,234	11	2200	Other payables(note (6)(l))	662,890	3	814,704	4	868,563	3		
1181	Accounts receivable due from related parties(notes (6)(d)and (7))	-	-	-	-	55,783	-	2230	Current tax liabilities	585,127	2	518,842	2	880,986	3		
1197	Finance lease payment receivable	7,872	-	11,177	-	12,985	-	2280	Current lease liabilities(note (6)(m))	35,679	-	29,771	-	37,554	-		
1200	Other receivables, net	296,759	1	238,587	1	96,084	-	2300	Other current liabilities	14,568	-	19,880	-	18,603	1		
130X	Inventories, net(note (6)(e))	2,245,885	9	1,945,787	8	2,040,569	8			3,684,013	14	3,245,705	13	3,504,741	14		
1410	Prepayments and other current assets(note (6)(f))	201,204	1	165,839	1	155,015	2	Non-Current liabilities:									
		18,169,064	71	17,308,248	70	22,120,190	88	2570	Deferred tax liabilities	77,036	-	76,974	-	71,251	-		
Non-current assets:								2580	Non-current lease liabilities(note (6)(m))	76,802	-	46,829	-	40,090	-		
1510	Non-current financial assets at fair value through profit or loss(notes (6)(b)and (13))	82,500	-	-	-	-	-	2645	Guarantee deposits received	325,135	2	306,305	1	149,940	1		
1517	Non-current financial assets at fair value through other comprehensive income(notes (6)(c)and (13))	13,373	-	14,330	-	21,840	-			478,973	2	430,108	1	261,281	1		
1536	Non-current financial assets at amortised cost(note (6)(a))	5,862,640	23	5,668,370	23	-	-	Total liabilities		4,162,986	16	3,675,813	14	3,766,022	15		
1600	Property, plant and equipment(note (6)(i))	1,023,173	4	1,028,598	4	1,056,182	4	Equity attributable to owners of parent:(notes 6(g), (h), (p) and (q))									
1755	Right of use assets(note (6)(j))	112,008	-	76,512	-	77,425	-	3110	Ordinary share	1,212,545	5	1,212,545	5	1,865,453	7		
1780	Intangible assets(note (6)(k))	125,656	-	63,003	-	88,784	-	3200	Capital surplus	8,546,223	33	8,621,547	35	8,619,926	34		
1840	Deferred tax assets	46,191	-	63,706	-	26,693	-	Retained earnings:									
1900	Other non-current assets(note (6)(l))	341,213	2	649,514	3	1,981,453	8	3310	Legal reserve	1,160,976	5	1,160,976	5	853,945	3		
194D	Long-term finance lease payment receivable	-	-	-	-	7,872	-	3320	Special reserve	28,704	-	28,704	-	43,782	-		
		7,606,754	29	7,564,033	30	3,260,249	12	3350	Unappropriated retained earnings	6,714,507	26	6,330,352	25	6,475,034	26		
										7,904,187	31	7,520,032	30	7,372,761	29		
Total assets		\$ 25,775,818	100	24,872,281	100	25,380,439	100	3400	Other equity	46,068	-	(26,923)	-	34,387	-		
								3500	Treasury shares	(7,307)	-	(8,158)	-	(9,449)	-		
								Total equity attributable to owners of parent:		17,701,716	69	17,319,043	70	17,883,078	70		
								36XX	Non-controlling interests	3,911,116	15	3,877,425	16	3,731,339	15		
								Total equity		21,612,832	84	21,196,468	86	21,614,417	85		
								Total liabilities and equity		\$ 25,775,818	100	24,872,281	100	25,380,439	100		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue(notes (6)(s)and (7))	\$ 3,722,907	100	3,936,819	100
5000	Operating costs(notes (6)(e), (l)and (12))	<u>2,608,742</u>	<u>70</u>	<u>2,736,898</u>	<u>70</u>
5900	Gross profit from operations	<u>1,114,165</u>	<u>30</u>	<u>1,199,921</u>	<u>30</u>
6000	Operating expenses:(notes (6)(d), (l), (m), (n), (q), (t), (7)and (12))				
6100	Selling expenses	85,078	2	79,828	2
6200	Administrative expenses	91,951	3	86,775	2
6300	Research and development expenses	554,245	15	541,095	14
6450	Impairment gains determined in accordance with IFRS 9	<u>7</u>	<u>-</u>	<u>1,020</u>	<u>-</u>
		<u>731,281</u>	<u>20</u>	<u>708,718</u>	<u>18</u>
6900	Net operating income	<u>382,884</u>	<u>10</u>	<u>491,203</u>	<u>12</u>
7000	Non-operating income and expenses:(notes (6)(b), (m)and (u))				
7100	Interest income	56,086	2	45,988	1
7010	Other income	48,674	1	4,076	-
7020	Other gains and losses	37,021	1	4,241	-
7050	Finance costs	<u>(660)</u>	<u>-</u>	<u>(2,290)</u>	<u>-</u>
		<u>141,121</u>	<u>4</u>	<u>52,015</u>	<u>1</u>
7900	Profit before income tax	524,005	14	543,218	13
7950	Less: Income tax expenses(note (6)(o))	<u>74,611</u>	<u>2</u>	<u>106,928</u>	<u>2</u>
8000	Profit	<u>449,394</u>	<u>12</u>	<u>436,290</u>	<u>11</u>
8300	Other comprehensive income: (notes (6)(o)and (p))				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(957)	-	(422)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(957)</u>	<u>-</u>	<u>(422)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	171,580	5	(26,652)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>18,483</u>	<u>-</u>	<u>15,872</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>153,097</u>	<u>5</u>	<u>(42,524)</u>	<u>(1)</u>
	Other comprehensive income	<u>152,140</u>	<u>5</u>	<u>(42,946)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 601,534</u>	<u>17</u>	<u>393,344</u>	<u>10</u>
	Profit attributable to:				
8610	Owners of parent	\$ 384,155	10	420,443	11
8620	Non-controlling interests	<u>65,239</u>	<u>2</u>	<u>15,847</u>	<u>-</u>
		<u>\$ 449,394</u>	<u>12</u>	<u>436,290</u>	<u>11</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 457,146	13	483,534	12
8720	Non-controlling interests	<u>144,388</u>	<u>4</u>	<u>(90,190)</u>	<u>(2)</u>
		<u>\$ 601,534</u>	<u>17</u>	<u>393,344</u>	<u>10</u>
	Earnings per share (expressed in dollars)(note (6)(r))				
9750	Basic earnings per share	<u>\$ 3.17</u>		<u>2.26</u>	
9850	Diluted earnings per share	<u>\$ 3.16</u>		<u>2.25</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
						Total other equity interest						
			Retained earnings							Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized losses on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares			
Balance at January 1, 2023	\$ 1,865,453	8,615,095	853,945	43,782	6,054,591	(28,704)	-	(28,704)	(9,449)	17,394,713	3,748,796	21,143,509
Profit	-	-	-	-	420,443	-	-	-	-	420,443	15,847	436,290
Other comprehensive income	-	-	-	-	-	63,513	(422)	63,091	-	63,091	(106,037)	(42,946)
Total comprehensive income	-	-	-	-	420,443	63,513	(422)	63,091	-	483,534	(90,190)	393,344
Changes in ownership interests in subsidiaries	-	4,831	-	-	-	-	-	-	-	4,831	(4,831)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	77,564	77,564
Balance at March 31, 2023	\$ 1,865,453	8,619,926	853,945	43,782	6,475,034	34,809	(422)	34,387	(9,449)	17,883,078	3,731,339	21,614,417
Balance at January 1, 2024	\$ 1,212,545	8,621,547	1,160,976	28,704	6,330,352	(18,991)	(7,932)	(26,923)	(8,158)	17,319,043	3,877,425	21,196,468
Profit	-	-	-	-	384,155	-	-	-	-	384,155	65,239	449,394
Other comprehensive income	-	-	-	-	-	73,948	(957)	72,991	-	72,991	79,149	152,140
Total comprehensive income	-	-	-	-	384,155	73,948	(957)	72,991	-	457,146	144,388	601,534
Changes in ownership interests in subsidiaries	-	(80,346)	-	-	-	-	-	-	-	(80,346)	80,346	-
Share-based payments	-	5,022	-	-	-	-	-	-	-	5,022	25,318	30,340
Subsidiaries repurchase treasury shares	-	-	-	-	-	-	-	-	-	-	(216,361)	(216,361)
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	851	851	-	851
Balance at March 31, 2024	\$ 1,212,545	8,546,223	1,160,976	28,704	6,714,507	54,957	(8,889)	46,068	(7,307)	17,701,716	3,911,116	21,612,832

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 524,005	543,218
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	114,876	102,546
Amortization expense	30,690	22,822
Expected credit loss	7	1,020
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	11,378	(29,336)
Interest expense	660	2,290
Interest income	(56,086)	(45,988)
Compensation cost of share-based payment transaction	30,340	2,765
Write-down (reversal) of inventories and obsolescence	1,090	(14,389)
Total adjustments to reconcile profit	132,955	41,730
Changes in operating assets and liabilities:		
Decrease in finance lease payment receivable	3,305	3,148
Increase in accounts receivable	(237,253)	(117,704)
Increase in other receivables	(6,066)	(23,429)
(Increase)Decrease in inventories	(301,188)	480,667
(Increase) decrease in prepayments and other current assets	(43,424)	10,491
Decrease (increase) in other non-current assets	(6,532)	21,437
Increase (Decrease) in current contract liabilities	(3,222)	8,128
Increase (Decrease) in accounts payable	511,209	(320,114)
Decrease in other payable	(151,109)	(90,327)
Decrease in other current liabilities	(5,312)	(20,091)
Total changes in operating assets and liabilities	(239,592)	(47,794)
Cash inflow generated from operations	417,368	537,154
Interest received	3,980	45,575
Interest paid	(660)	(2,290)
Income taxes paid	(730)	(4,918)
Net cash flows from operating activities	419,958	575,521
Cash flows 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	(2,076,880)	(1,996,126)
Proceeds from disposal of financial assets at fair value through profit or loss	1,781,177	1,096,944
Increase in financial assets at amortized cost	(105,840)	(4,000)
Acquisition of property, plant and equipment	(89,988)	(89,862)
Acquisition of intangible assets	(92,891)	(27,729)
Decrease in refundable deposits	304,113	337,051
Net cash flows from investing activities	(280,309)	(705,984)
Cash flows from financing activities:		
Decrease in short-term loans	-	(220,734)
Increase (decrease) in guarantee deposits received	11,833	(16,484)
Payment of lease liabilities	(11,204)	(11,803)
Proceeds from transfer of treasury shares to employees	851	-
Change in non-controlling interests	-	77,564
Subsidiaries repurchase treasury shares	(216,361)	-
Net cash flows used in financing activities	(214,881)	(171,457)
Effect of exchange rate changes on cash and cash equivalents	179,881	7,822
Net increase (decrease) in cash and cash equivalents	104,649	(294,098)
Cash and cash equivalents at the beginning of period	1,933,863	6,758,947
Cash and cash equivalents at the end of period	\$ 2,038,512	6,464,849

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
March 31, 2024 and 2023
(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 its registered office is located 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.(hereinafter referred to as Hongxin) 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) for integrated service digital network system, memory ICs for communication, 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") with May 1, 2010 as the merger date, the Company was the surviving company and TechPower was extinguished after the merger. The Company's shares have been listed on Taiwan Stock Exchange since October 17, 2018. JADARD TECHNOLOGY INC., a significant subsidiary of the Company, was officially listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange on September 27, 2022, under the stock code of 688252.SH.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements for the three months ended March 31, 2024 and 2023 were authorized for issuance by the Board of Directors on April 30, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- 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”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to “the Regulations”) and the International Accounting Standard No. 34 “Interim Financial Reporting” endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Trade Logic Limited (Trade Logic)	Investment company	100.00 %	100.00 %	100.00 %	Note 1
The Company	Visual Sensing Technology Corp. (Visual Sensing Technology)	IC design	89.16 %	89.16 %	89.16 %	Note 2
The Company	Jadeite Investment Co., Ltd. (Jadeite Investment)	Investment company	100.00 %	100.00 %	100.00 %	Note 3
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	55.02 %	54.57 %	54.57 %	Note 4

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
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 %	Note 5

Note 1: On April 30, 2024, the Company passed the resolution of the Board of Directors to increase the cash capital of Trade Logic Limited with the expected capital increase amounting to USD 20,000 thousand by 10 shares in cash. On April 30, 2024, invested USD 50 thousand, the remaining balance will be expected to be injected in batches.

Note 2: In October 2023, Visual Sensing Technology Corp. was dissolved, but has not yet been liquidated.

Note 3: In March 2024, the Company conducted a cash capital increase in Jadeite Investment Co., Ltd., with the an amount of \$500,000 thousand.

Note 4: JADARD TECHNOLOGY INC. conducted an employee share option exercise to increase capital by 3,465,741 shares on January 19, 2023. After the capital increase, the Company's shareholding ratio fell from 55.04% to 54.57%. JADARD TECHNOLOGY INC. repurchased 3,295,327 treasury shares during February and March 2024. After the repurchase, the Company's shareholding ratio increased from 54.57% to 55.02%.

Note 5: In December 2023, Xiamen Jadard Technology Co., Ltd. was dissolved and liquidated.

(c) Income taxes

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.items are measured at the applicable tax rate expected when realizing or settling the temporary

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to Note 6 to the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Petty cash	\$ 1,755	1,710	1,850
Checking and demand deposits	1,135,477	1,537,455	1,517,757
Time deposits	6,808,200	6,195,778	4,949,442
Less: Restricted deposits (recorded as financial assets measured at amortized cost) (Note 8)	-	(200)	(4,200)
Time deposits with original maturities of over three months (recorded as financial assets measured at amortized cost)	(5,906,920)	(5,800,880)	-
	<u><u>\$ 2,038,512</u></u>	<u><u>1,933,863</u></u>	<u><u>6,464,849</u></u>

(i) The interest rate range of the time deposit of the Group is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Interest rate range	<u><u>1.10% ~ 5.30%</u></u>	<u><u>1.10% ~ 5.30%</u></u>	<u><u>0.98% ~ 4.95%</u></u>

(ii) The Group did not recognize impairment loss on financial assets at amortized cost for the three months ended March 31, 2024 and 2023. Please refer to note 6(v) for the information on credit risk of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Mandatorily measured at fair value through profit or loss

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets mandatorily measured at fair value through profit or loss:			
Current:			
Domestic open-ended funds	\$ 10,800,335	10,571,518	10,570,165
Currency swaps	-	1,993	306
Forward exchange contracts	-	9,803	-
Subtotal	<u>10,800,335</u>	<u>10,583,314</u>	<u>10,570,471</u>

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current :			
Private fund	\$ <u>82,500</u>	-	-
Subtotal	<u>82,500</u>	-	-
Total	<u><u>\$ 10,882,835</u></u>	<u><u>10,583,314</u></u>	<u><u>10,570,471</u></u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial liabilities mandatorily measured at fair value through profit or loss:			
Current:			
Currency swaps	\$ 3,739	-	84
Forward exchange contracts	<u>11,457</u>	-	<u>703</u>
Total	<u><u>\$ 15,196</u></u>	<u>-</u>	<u><u>787</u></u>

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

1) Currency swaps

<u>March 31, 2024</u>					
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Spot Rate</u>	<u>FX Forward Rate</u>
Currency swaps	\$ <u>10,500</u>	USD/TWD	2024.4	31.440~31.980	31.326~31.925
<u>December 31, 2023</u>					
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Spot Rate</u>	<u>FX Forward Rate</u>
Currency swaps	\$ <u>9,000</u>	USD/TWD	2024.1	30.866~30.927	30.800~30.842
<u>March 31, 2023</u>					
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Spot Rate</u>	<u>FX Forward Rate</u>
Currency swaps	\$ <u>27,000</u>	USD/TWD	2023.4	30.450~30.490	30.355~30.432

2) Forward exchange contracts

<u>March 31, 2024</u>				
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Forward Rate</u>
Forward exchange contracts	\$ <u>14,350</u>	USD	2024.4~2024.5	30.665~31.821
<u>December 31, 2023</u>				
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Forward Rate</u>
Forward exchange contracts	\$ <u>22,500</u>	USD	2024.1~2024.3	30.500~31.427

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2023				
	Contract Amount (in thousands)	Currency	Due Date	FX Forward Rate
Forward exchange contracts	<u>\$ 7,000</u>	USD	2023.4	30.326~30.328

For the three months ended March 31, 2024 and 2023, the net loss on valuation of financial assets (liabilities) through profit or loss arising from the above transactions were loss of \$46,373 thousand and profit of \$24,832 thousand, respectively, please refer to Note 6(u).

- (iii) The Group's financial assets at fair value through profit or loss were not pledged as collateral for its loans.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Equity investments at fair value through other comprehensive income:			
Shares in domestic listed entities	<u>\$ 13,373</u>	<u>14,330</u>	<u>21,840</u>

- (i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2024 and 2023.
- (iii) For market risk information, please refer to Note 6(v).
- (iv) The Group's financial assets at fair value through other comprehensive income were not pledged as collateral for its loans.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable (including the part from related parties)	\$ 2,540,266	2,303,013	2,783,387
Less: Loss allowance	(6,049)	(6,042)	(7,370)
	<u>\$ 2,534,217</u>	<u>2,296,971</u>	<u>2,776,017</u>

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable (including related parties) have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provisions were determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,418,357	0.16%	3,807
1 to 30 days past due	119,708	0.03%	41
More than 120 days past due	2,201	50%~100%	2,201
	<u>\$ 2,540,266</u>		<u>6,049</u>
	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,112,528	0.18%	3,765
1 to 30 days past due	188,154	0.08%	142
31 to 60 days past due	128	1.56%	2
61 to 90 days past due	74	10.81%	8
91 to 120 days past due	5	20.00%	1
More than 120 days past due	2,124	50%~100%	2,124
	<u>\$ 2,303,013</u>		<u>6,042</u>
	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,715,431	0.10%	2,710
1 to 30 days past due	64,015	1.74%	1,117
61 to 90 days past due	364	10.71%	39
91 to 120 days past due	86	15.12%	13
More than 120 days past due	3,491	50%~100%	3,491
	<u>\$ 2,783,387</u>		<u>7,370</u>

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for accounts receivable (including the part from related parties) was as follows:

	For the three months ended March 31	
	2024	2023
Balance at January 1	\$ 6,042	6,350
Loss allowance	7	1,020
Balance at March 31	<u><u>\$ 6,049</u></u>	<u><u>7,370</u></u>

The Group's accounts receivable has not been pledged as collateral for its loans.

(e) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 788,673	741,046	661,909
Work in progress	971,605	811,909	840,534
Raw materials	485,607	392,832	538,126
	<u><u>\$ 2,245,885</u></u>	<u><u>1,945,787</u></u>	<u><u>2,040,569</u></u>

(i) The details of the cost of sales were as follows:

	For the three months ended March 31	
	2024	2023
Inventory that has been sold	\$ 2,607,652	2,751,287
Write-down (reversal) of inventories and obsolescence	1,090	(14,389)
	<u><u>\$ 2,608,742</u></u>	<u><u>2,736,898</u></u>

(ii) As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any inventories as collateral for its loans.

(f) Prepayments and other current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayment for purchases	\$ 147,680	31,409	105,913
Prepaid expenses	3,536	23,022	25,654
Overpaid sales tax and prepaid income tax	49,988	111,258	23,189
Payment on behalf of others	-	150	259
	<u><u>\$ 201,204</u></u>	<u><u>165,839</u></u>	<u><u>155,015</u></u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Changes in a parent's ownership interest in a subsidiary

- (i) On January 19, 2023, JADARD TECHNOLOGY INC. carried out a capital increase of 3,465,741 shares in the amount of CNY 3,466 thousand through the exercise of stock options by employees. After the capital increase, the Group's ownership of the subsidiary decreased from 55.04% to 54.57%. This change did not result in a loss of control and should be treated as an equity transaction with an increase in capital surplus of \$4,831 thousand, which did not affect profit or loss.
- (ii) During February and March 2024, JADARD TECHNOLOGY INC. repurchased 3,295 thousand treasury shares for employee stock ownership plan or stock incentive plan. After the repurchase of treasury shares, the Group's ownership of the subsidiary increased from 54.57% to 55.02%. The change was accounted for as an equity transaction with a decrease in capital surplus of \$80,346 thousand, which did not affect the profit or loss.

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		March 31, 2024	December 31, 2023	March 31, 2023
JADARD TECHNOLOGY INC.	Mainland China	44.98 %	45.43 %	45.43 %
Visual Sensing Technology Corp.	Taiwan	10.84 %	10.84 %	10.84 %

- (i) The above subsidiary, JADARD TECHNOLOGY INC., which is significant to the Group, has the following summarized financial information, which was prepared in accordance with IFRSs as endorsed by the FSC, with adjustments for differences in accounting policies. And such financial information is the amount before elimination of the intercompany transactions:

JADARD TECHNOLOGY INC.'s collective financial information:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 3,348,065	3,337,786	7,106,504
Non-current assets	6,441,507	6,369,434	1,758,081
Current liabilities	(893,279)	(954,061)	(601,256)
Non-current liabilities	(331,593)	(313,102)	(155,304)
Net assets	<u>\$ 8,564,700</u>	<u>8,440,057</u>	<u>8,108,025</u>
Non-controlling interests	<u>\$ 3,907,369</u>	<u>3,873,565</u>	<u>3,722,245</u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31	
	2024	2023
Sales revenue	\$ 1,511,367	1,045,431
Net income	\$ 144,121	39,211
Other comprehensive income	12,297	(6,045)
Comprehensive income	\$ 156,418	33,166
Profit, attributable to non-controlling interests	\$ 65,351	17,782
Comprehensive income, attributable to non-controlling interests	\$ 70,362	15,041
	For the three months ended March 31	
	2024	2023
Net cash flows from operating activities	\$ (139,201)	94,701
Net cash flows from investing activities	(30,006)	114,459
Net cash flows from financing activities	(207,251)	(239,989)
Net loss in cash and cash equivalents	\$ (376,458)	(30,829)

- (ii) The Group's significant subsidiary, JADARD TECHNOLOGY INC., completed its initial public offering and listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange on September 27, 2022. From the date of listing and trading of JADARD TECHNOLOGY INC.'s shares to March 2026, the Company undertook not to transfer the shares of JADARD TECHNOLOGY INC. held by the company.
- (iii) As of March 31, 2024, December 31 and March 31, 2023, the fair value of JADARD TECHNOLOGY INC. with publicly quoted prices attributable to the Group was \$14,021,097 thousand, \$19,278,488 thousand and \$22,699,170 thousand, respectively.

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group, were as follows:

	Machinery and equipment	Office equipment	Leasehold improvements	Equipment awaiting examination	Total
Cost:					
Balance at 1 January, 2024	\$ 2,069,932	108,868	14,808	-	2,193,608
Additions	89,714	111	163	-	89,988
Disposal	(495)	(108)	-	-	(603)
Effect of movements in exchange rates	16,096	551	114	-	16,761
Balance at March 31, 2024	\$ 2,175,247	109,422	15,085	-	2,299,754
Balance at 1 January, 2023	\$ 1,734,756	105,734	8,818	97	1,849,405
Additions	89,080	782	-	-	89,862
Disposal	(2,166)	(355)	-	-	(2,521)
Transfer from (to)	-	97	-	(97)	-
Effect of movements in exchange rates	3,753	133	-	-	3,886
Balance at March 31, 2023	\$ 1,825,423	106,391	8,818	-	1,940,632

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Equipment awaiting examination</u>	<u>Total</u>
Depreciation and impairments loss:					
Balance at 1 January, 2024	\$ 1,067,019	86,726	11,265	-	1,165,010
Depreciation	98,502	4,812	627	-	103,941
Disposal	(495)	(108)	-	-	(603)
Effect of movements in exchange rates	7,704	431	98	-	8,233
Balance at March 31, 2024	<u>\$ 1,172,730</u>	<u>91,861</u>	<u>11,990</u>	<u>-</u>	<u>1,276,581</u>
Balance at 1 January, 2023	\$ 721,423	67,763	5,243	-	794,429
Depreciation	85,504	5,336	251	-	91,091
Disposal	(2,166)	(355)	-	-	(2,521)
Effect of movements in exchange rates	1,386	65	-	-	1,451
Balance at March 31, 2023	<u>\$ 806,147</u>	<u>72,809</u>	<u>5,494</u>	<u>-</u>	<u>884,450</u>
Carrying amount:					
Balance at March 31, 2024	<u>\$ 1,002,517</u>	<u>17,561</u>	<u>3,095</u>	<u>-</u>	<u>1,023,173</u>
Balance at January 1, 2024	<u>\$ 1,002,913</u>	<u>22,142</u>	<u>3,543</u>	<u>-</u>	<u>1,028,598</u>
Balance at March 31, 2023	<u>\$ 1,019,276</u>	<u>33,582</u>	<u>3,324</u>	<u>-</u>	<u>1,056,182</u>

As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any Property, plant and equipment as collateral for its loans.

(j) Right-of-use assets

The Group leases many assets including buildings equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Buildings</u>
Cost:	
Balance at 1 January, 2024	\$ 110,203
Additions	46,053
Disposal	(2,706)
Effect of movements in exchange rates	432
Balance at March 31, 2024	<u>\$ 153,982</u>
Balance at 1 January, 2023	\$ 112,919
Additions	49,379
Disposal	(10,866)
Effect of movements in exchange rates	142
Balance at March 31, 2023	<u>\$ 151,574</u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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	<u>Buildings</u>
Accumulated depreciation and impairment losses:	
Balance at 1 January, 2024	\$ 33,691
Depreciation	10,935
Disposal	(2,706)
Effect of movements in exchange rates	54
Balance at March 31, 2024	<u><u>\$ 41,974</u></u>
Balance at 1 January, 2023	\$ 72,084
Depreciation	11,455
Disposal	(9,497)
Effect of movements in exchange rates	107
Balance at March 31, 2023	<u><u>\$ 74,149</u></u>
Carrying amount:	
Balance at March 31, 2024	<u><u>\$ 112,008</u></u>
Balance at January 1, 2024	<u><u>\$ 76,512</u></u>
Balance at March 31, 2023	<u><u>\$ 77,425</u></u>

(k) Intangible assets

The movements of cost and accumulated amortization of intangible assets were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patent and Technical Know-how</u>	<u>Total</u>
Cost:				
Balance at 1 January, 2024	\$ 185,097	161,987	127,413	474,497
Additions	-	92,891	-	92,891
Disposal	-	(1,446)	-	(1,446)
Effect of movements in exchange rates	-	387	1,172	1,559
Balance at March 31, 2024	<u><u>\$ 185,097</u></u>	<u><u>253,819</u></u>	<u><u>128,585</u></u>	<u><u>567,501</u></u>
Balance at 1 January, 2023	\$ 185,097	97,690	95,031	377,818
Additions	-	20,112	7,617	27,729
Effect of movements in exchange rates	-	54	(13)	41
Balance at March 31, 2023	<u><u>\$ 185,097</u></u>	<u><u>117,856</u></u>	<u><u>102,635</u></u>	<u><u>405,588</u></u>
Accumulated amortization and impairment losses:				
Balance at 1 January, 2024	\$ 183,490	127,931	100,073	411,494
Amortization for the year	-	25,819	4,871	30,690
Derecognized	-	(1,446)	-	(1,446)
Effect of movements in exchange rates	-	286	821	1,107
Balance at March 31, 2024	<u><u>\$ 183,490</u></u>	<u><u>152,590</u></u>	<u><u>105,765</u></u>	<u><u>441,845</u></u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patent and Technical Know-how</u>	<u>Total</u>
Balance at 1 January, 2023	\$ 183,365	46,495	64,075	293,935
Amortization for the year	-	18,037	4,785	22,822
Effect of movements in exchange rates	-	33	14	47
Balance at March 31, 2023	<u>\$ 183,365</u>	<u>64,565</u>	<u>68,874</u>	<u>316,804</u>
Carrying amount:				
Balance at March 31, 2024	<u>\$ 1,607</u>	<u>101,229</u>	<u>22,820</u>	<u>125,656</u>
Balance at January 1, 2024	<u>\$ 1,607</u>	<u>34,056</u>	<u>27,340</u>	<u>63,003</u>
Balance at March 31, 2023	<u>\$ 1,732</u>	<u>53,291</u>	<u>33,761</u>	<u>88,784</u>

For the three months ended March 31, 2024 and 2023, the Group's intangible assets did not have significant impairment provision or reversal. For related information, please refer to Note 6 (k) to the consolidated financial statements for 2023.

(l) Other non current assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepaid Bonus	\$ 181,254	170,536	138,483
Guarantee deposits paid	159,624	474,457	1,841,298
Others	335	4,521	1,672
	<u>\$ 341,213</u>	<u>649,514</u>	<u>1,981,453</u>

- (i) The Group provides special incentive bonuses to employees who meet certain criteria, and the payments are paid in a lump sum upon the signing of the contract. The contracted employee must commit to a period of continuous service, and if the employee fails to meet the commitment, the full amount of the special incentive shall be returned for any reason. The Group amortized the total prepaid bonuses as manufacturing and operating expenses over the contractual service period, and recognized manufacturing and operating expenses of \$44,524 thousand and \$45,264 thousand for the three months ended March 31, 2024 and 2023, respectively.
- (ii) To ensure stable outsourced production capacity, the Group has signed capacity guarantee contracts with suppliers. According to the agreement, they pay a deposit, which will be returned upon the fulfillment of the contract terms. This deposit is recorded under other non-current assets - refundable deposits. Additionally, considering market demand fluctuations and future capacity utilization, the Group estimated related compensation losses and provision for liabilities based on capacity guarantee contracts. JADARD TECHNOLOGY INC., a subsidiary of the Group, terminated part of the agreements on April 18, 2023, and the original deposit of \$894,510 thousand (CNY 208,900 thousand) was reclassified as prepayment and has been fully offset against accounts payable. For the three months ended March 31, 2024, the Group has recovered deposits of \$362,999 thousand according to the agreement.

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ <u>35,679</u>	<u>29,771</u>	<u>37,554</u>
Non-current	\$ <u>76,802</u>	<u>46,829</u>	<u>40,090</u>

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss was as follows:

	For the three months ended March 31 2024	2023
Interest on lease liabilities	\$ <u>660</u>	<u>405</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>627</u>	<u>935</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the three months ended March 31 2024	2023
Total cash outflow for leases	\$ <u>12,491</u>	<u>13,143</u>

The Group leases buildings for its office space. The leases of buildings for 1 to 5 years. Some leases provide for additional rent payments that are based on changes in local price indices.

(n) Employee benefits

Defined contribution plans

If the Group is a domestic company, the Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$11,298 thousand and \$12,148 thousand for the three months ended March 31, 2024 and 2023, respectively.

If the Group is a foreign company, it contributes to the pension funds in accordance with local laws and regulations, and recognizes the required contributions in each period as current expenses. The Group's subsidiaries in Mainland China, which are included in the consolidated entity, are required by the Chinese government to contribute to the basic pension insurance premiums based on the statutory percentage of the approved salaries of employees and recognize the premiums as current expenses. The pension costs and pension insurance premiums amounting to \$4,813 thousand and \$5,192 thousand were contributed for the three months ended March 31, 2024 and 2023, respectively.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Income taxes

- (i) The Group is subject to Taiwan income tax at rates of 20% for 2024 and 2023, and also adopted the “Income Basic Tax Act” to calculate the tax. 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 profit-seeking enterprise 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 ; Jadard Technology Limited has an income tax rate of 16.5%.

(ii) Income tax expense

The Group’s income tax expenses are detailed as follows:

	For the three months ended March 31	
	2024	2023
Income tax expense	\$ 74,611	106,928

The amount of income tax recognized in other comprehensive income for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31	
	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ 18,483	15,872

- (iii) The income tax returns of the Company and Visual Sensing Technology Corp. for the years through 2022, were approved by the tax authorities. All overseas subsidiaries have filed tax returns with their local tax authorities up to the fiscal year 2022.

(p) Capital and other equity

(i) Ordinary share

As of March 31, 2024, December 31 and March 31, 2023, the authorized capital of the Company amounted to \$3,000,000 thousand, divided into 121,254 thousand, 121,254 thousand and 186,545 thousand ordinary shares, with par value of \$10 per share.

To adjust its capital structure and enhance the return on equity of shareholders, the Company, through a resolution at the shareholders' meeting 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.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliation of shares (in thousand) outstanding were as follows:

	For the three months ended March 31	
	2024	2023
Balance on January 1	121,014	186,176
Treasury shares transferred to employees	25	-
Balance on March 31	121,039	186,176

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Share capital	\$ 6,102,418	6,102,418	6,102,418
Treasury share transactions	7,530	2,508	535
Difference arising from subsidiary's share price and its carrying value	2,435,825	2,516,171	2,516,523
Other	450	450	450
	\$ 8,546,223	8,621,547	8,619,926

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common share or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital share and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common share outstanding.

(iii) Retained earnings

The Company's Article of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. 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, taking into account the current and future development plans, the investment environment, capital requirements, 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.

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1090150022 issued by the Financial Supervisory Commission on March 31, 2021, a portion of currentperiod earnings and undistributed priorperiod earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the currentperiod total net reduction of other shareholders' equity. Similarly, a portion of undistributed priorperiod earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On May 31, 2023, the shareholders resolved to distribute the 2022 earnings; while on April 18, 2024, the Board of Directors resolved to distribute the 2023 earnings, which has not yet been resolved by the shareholders' meeting, the amounts of such dividends distribution were as follows:

	2023		2022	
	Amount per share	Total amount (in thousands)	Amount per share	Total amount (in thousands)
Dividends distributed to ordinary shareholders				
Cash	\$ 10.64	<u>1,288,127</u>	8.5	<u>1,582,499</u>

(iv) Treasury shares

The Company purchased shares as treasury share for the purpose of transferring to employees in accordance with the requirements under section 167(1) of the R.O.C. Company Act. The movements of treasury share were as follow:

	For the three months ended March 31			
	2024		2023	
	Shares (in thousands)	Total amount	Shares (in thousands)	Total amount
Beginning balance	240	\$ 8,158	369	9,449
Shares transferred to employees	(25)	(851)	-	-
Ending balance	<u>215</u>	<u>\$ 7,307</u>	<u>369</u>	<u>9,449</u>

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 369 thousand shares as treasury share for the purpose of transferring to employees in accordance with the requirements. As of March 31, 2024 and 2023, the amount of shares transferred was 25 thousand and 0 thousand, respectively, and a total of 215 thousand and 369 thousand shares were not yet transferred or cancelled, respectively.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

(v) Other comprehensive income accumulated in reserves, net of tax

The movements of other equity were as follows:

	Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (18,991)	(7,932)	(26,923)
Exchange differences on foreign operation	73,948	-	73,948
Financial assets measured at fair value through other comprehensive income	-	(957)	(957)
Balance at March 31, 2024	<u>\$ 54,957</u>	<u>(8,889)</u>	<u>46,068</u>
Balance at January 1, 2023	\$ (28,704)	-	(28,704)
Exchange differences on foreign operation	63,513	-	63,513
Financial assets measured at fair value through other comprehensive income	-	(422)	(422)
Balance at March 31, 2023	<u>\$ 34,809</u>	<u>(422)</u>	<u>34,387</u>

(vi) Non-controlling Interests

	For the three months ended March 31	
	2024	2023
Balance at January 1	\$ 3,877,425	3,748,796
Net profit (loss) attributable to Non controlling interests:		
Profit	65,239	15,847
Exchange differences on translation of foreign financial statements	79,149	(106,037)
Difference arising from subsidiary's share price and its carrying value	80,346	(4,831)
Capital increase of non controlling interests	-	77,564
Share based payment	25,318	-
Subsidiaries repurchased treasury shares	(216,361)	-
Balance at March 31	<u>\$ 3,911,116</u>	<u>3,731,339</u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Share based payment

(i) JADARD TECHNOLOGY INC. — employee share option plan

Details on the number and weighted average exercise price related to the employee stock option plan issued by the subsidiary JADARD TECHNOLOGY INC. in 2021 are as follows:

2021 employee share options		
For the three months ended		
	March 31	2023
	Weighted average exercise price(CNY/\$)	Number of options (in thousands)
Outstanding at January 1	5.00	10,519
Granted during the period	-	-
Forfeited during the period	-	(7,053)
Exercised during the period	5.00	(3,466)
Exercisable at March 31		-

In addition, the subscribers may exercise their share options in the following proportions from the time they are granted the employee stock option certificates:

2021 employee share options	
	Exercisable percentage (cumulative)
Grant Period	
2022.6.7	50 %
2023.6.7	100 %

(ii) JADARD TECHNOLOGY INC. — Restricted Share Award Plan

A subsidiary, JADARD TECHNOLOGY INC., resolved through a shareholders' meeting on September 11, 2023, to issue the "Type II Restricted Share Award Plan." The total issued shares were 4,500 thousand shares (including 3,603 thousand shares of restricted share granted and 897 thousand shares of restricted stock reserved). The grantees of this plan will receive the common share on SSE A Share Index of JADARD TECHNOLOGY INC. issued as capital increase in installments at a grant exercise price of CNY 11.04 per share, after meeting the respective performance and vesting conditions. The grantees are entitled to acquire the common share on SSE A Share Index issued by JADARD TECHNOLOGY INC. on the following schedule after one year from the grant date:

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Grant Period</u>	<u>Available percentage (cumulative)</u>
Period of one year	25 %
Period of two year	50 %
Period of three year	75 %
Period of four year	100 %

JADARD TECHNOLOGY INC. adopted the Black Scholes model to measure the fair value of the share based payment at the grant date. The measurement inputs were as follows:

	<u>Restricted Stock</u>
Fair value at grant date (CNY/\$)	\$9.02-10.04
Exercise price (CNY/\$)	11.04
Expected volatility	13.34%-16.40%
Risk-free interest rate	1.5%-2.75%
Expected life	1-4year

Details on the number and weighted average exercise price related to JADARD TECHNOLOGY INC.'s restricted stock plan issued in 2023 are as follows:

	<u>For the three months ended March 31 2024</u>	
	<u>Weighted average exercise price (CNY/\$)</u>	<u>Number of options(in thousands)</u>
Outstanding at January 1	\$ 11.04	3,603
Granted during the period	-	-
Exercised during the period	-	-
Outstanding at March 31		<u><u>3,603</u></u>
Exercisable at March 31		<u><u>3,603</u></u>

(iii) The company- Treasury shares transferred to employees plan

On March 26, 2020, the Board of Directors resolved to repurchased 369 thousand shares as treasury shares to be transferred to employees.

In addition, the Board of Directors resolved on December 26, 2023, to implement the first treasury shares to employees plan. The treasury shares will be transferred to employees in installments, with the number of shares transferred totaling 50 thousand shares. As of March 31, 2024, the amount of shares transferred to employees was 25 thousand shares. This plan adopts the Black-Scholes option pricing model, and the factors considered when estimating the fair value of the share-based compensation at the grant date are summarized as follows:

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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<u>Black-Scholes model</u>	<u>2023 treasury share transferred to employees</u>
Exercise price	\$ 34.02
Fair value at grant date	227~208.4
Expected life (days)	18~385
Volatility (%)	5.921%~64.696%
Risk-free interest rate	1.0795%

Details on the treasury share transfer plan for 2023 are as follows:

	<u>For the three months ended March 31 2024</u>	
	<u>Weighted average exercise price (\$)</u>	<u>Number of options(in thousands)</u>
Outstanding at January 1	\$ 34.02	50
Granted during the period	-	-
Exercised during the period	34.02	(25)
Outstanding at March 31		<u>25</u>
Exercisable at March 31		<u>25</u>

(iv) Expense recognized in profit or loss

The Group incurred expenses and liabilities of share-based arrangements in 2023 and 2022 as follows:

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Expenses resulting from granted employee share options	\$ -	2,765
Expenses resulting from restriction of employee share options	25,318	-
Expenses resulting from treasury shares transferred to employees	5,022	-
	<u>\$ 30,340</u>	<u>2,765</u>

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Earnings per share

The Group's earnings per share for the three months ended March 31, 2024 and 2023 were calculated as follows:

(i) Basic earnings per share

	For the three months ended March 31	
	2024	2023
Profit attributable to ordinary shareholders of the Company	\$ <u>384,155</u>	<u>420,443</u>
Weighted average number of ordinary shares	<u>121,035</u>	<u>186,176</u>
Earnings per share	\$ <u>3.17</u>	<u>2.26</u>

(ii) Diluted earnings per share

	For the three months ended March 31	
	2024	2023
Profit attributable to ordinary shareholders of the Company	\$ <u>384,155</u>	<u>420,443</u>
Weighted average number of ordinary shares	121,035	186,176
Effect of dilutive potential ordinary shares:		
— employee share bonus and treasury shares transferred to employees	<u>501</u>	<u>956</u>
Weighted average number of ordinary shares (diluted)	<u>121,536</u>	<u>187,132</u>
Diluted earnings per share	\$ <u>3.16</u>	<u>2.25</u>

(s) Revenue from contracts with customers

(i) Details of revenue

The details of revenue were as follows:

	For the three months ended March 31	
	2024	2023
Sale of goods	\$ 3,717,492	3,928,315
Service revenue	<u>5,415</u>	<u>8,504</u>
	\$ <u>3,722,907</u>	<u>3,936,819</u>

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Disaggregation of revenue

		For the three months ended March 31	
		2024	2023
Primary geographical markets:			
Taiwan	\$	371,404	449,005
Mainland China		2,674,042	2,392,907
Hong Kong		664,560	1,072,798
Japan		56	1,531
South Korea		604	265
Other		12,241	20,313
	\$	3,722,907	3,936,819
		2024	2023
Major products:			
Display driver IC	\$	2,451,875	2,905,327
Power management IC		469,951	584,256
Service revenue		5,415	8,504
Other		795,666	438,732
	\$	3,722,907	3,936,819

(iii) Contract balances

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The initial balance of contract liabilities on January 1, 2024 and 2023, was recognized as income for the three months ended March 31, 2024 and 2023, amounting to \$13,999 thousand and \$81,538 thousand, respectively. The change in contract liabilities mainly resulted from the difference in the timing between when the Group delivered goods to customers to satisfy the performance obligations and when the customers made payments.

(t) Employee compensation and directors' and remuneration

According to the Company's Articles of Incorporation, once the Group has annual profit, it should appropriate no less than 5% of the profit as employee compensation and less than 1% as directors' and supervisors' compensation. However, if the Group has accumulated deficits, the profit should be reserved in advance to offset such deficits. The foregoing employee compensation may be in the form of shares or cash and may be paid to employees of a controlled or subordinate company who satisfy certain conditions. The compensation of the directors mentioned above shall be paid in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023, the Company made no provision for directors' remuneration, the Company estimated its employee compensation amounting to \$28,588 thousand and \$27,208 thousand, respectively. The employee compensation was calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year, 2023 and 2022, the Company made no provision for directors' remuneration, the Company estimated its employee compensation amounting to \$136,132 thousand and \$201,488 thousand. The compensation and remuneration were all paid in cash. There were no differences between the distribution amounts and remuneration decided by the Board of Directors and the estimated amounts. Related information would be available at the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended March 31	
	2024	2023
Interest income from bank deposits	\$ 55,947	45,693
Interest income on lease receivable	123	280
Other interest income	16	15
Total interest income	\$ 56,086	45,988

(ii) Other income

	For the three months ended March 31	
	2024	2023
Government grants	\$ 20,445	3,176
Rent income	18	-
Other	28,211	900
Total other income	\$ 48,674	4,076

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	For the three months ended March 31	
	2024	2023
Foreign exchange (losses) gains	\$ 49,894	(25,190)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(11,378)	29,336
Other	(1,495)	95
	\$ 37,021	4,241

(iv) Finance costs

	For the three months ended March 31	
	2024	2023
Interest expense	\$ (660)	(2,290)

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Implicit credit risk of the Group is inherent in its cash and trade receivables. The cash is deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration. The major customers of the Group are centralized in the high tech computer industry. To minimize credit risk, the Group periodically evaluates the Group's financial positions and the possibility of collecting trade receivables. Besides, the Group monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. As of March 31, 2024, December 31 and March 31, 2023, 58%, 66%, and 68% respectively, of trade receivables were due from the five major customers. Thus, credit risk is significantly centralized.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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3) Receivables and debt securities

For credit risk exposure in respect of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost, including time deposits with maturities more than three months and other receivables, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2023.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities and including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2024							
Non derivative financial liabilities							
Notes and accounts payable	\$ 2,341,194	2,341,194	2,341,194	-	-	-	-
Other payables	662,890	662,890	662,890	-	-	-	-
Lease liabilities	112,481	119,804	22,213	16,604	30,319	50,668	-
Deposits Received	325,135	325,135	325,135	-	-	-	-
Total	<u>3,441,700</u>	<u>3,449,023</u>	<u>3,351,432</u>	<u>16,604</u>	<u>30,319</u>	<u>50,668</u>	<u>-</u>
Derivative financial liabilities							
Current swaps :							
Outflow	3,739	399,241	399,241	-	-	-	-
Inflow	-	(395,502)	(395,502)	-	-	-	-
Carrying values	<u>3,739</u>	<u>3,739</u>	<u>3,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Forward exchange contracts :							
Outflow	11,457	11,457	11,457	-	-	-	-
Carrying values	<u>11,457</u>	<u>11,457</u>	<u>11,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>15,196</u>	<u>15,196</u>	<u>15,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,456,896</u>	<u>3,464,219</u>	<u>3,366,628</u>	<u>16,604</u>	<u>30,319</u>	<u>50,668</u>	<u>-</u>
December 31, 2023							
Non derivative financial liabilities							
Notes and accounts payable	\$ 1,829,927	1,829,927	1,829,927	-	-	-	-
Other payables	814,704	814,704	814,704	-	-	-	-
Lease liabilities	76,600	83,156	18,290	14,174	21,012	29,680	-
Deposits Received	306,305	306,305	306,305	-	-	-	-
Total	<u>\$ 3,027,536</u>	<u>3,034,092</u>	<u>2,969,226</u>	<u>14,174</u>	<u>21,012</u>	<u>29,680</u>	<u>-</u>

(Continued)

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2023							
Non derivative financial liabilities							
Notes and accounts payable	\$ 1,556,624	1,556,624	1,556,624	-	-	-	-
Other payables	442,442	442,442	442,442	-	-	-	-
Lease liabilities	77,644	80,061	23,245	15,547	16,826	24,443	-
Deposits Received	149,940	149,940	149,940	-	-	-	-
Subtotal	<u>2,226,650</u>	<u>2,229,067</u>	<u>2,172,251</u>	<u>15,547</u>	<u>16,826</u>	<u>24,443</u>	<u>-</u>
Derivative financial liabilities							
Currency swaps:							
Outflow	84	213,024	213,024	-	-	-	-
Inflow	-	(212,940)	(212,940)	-	-	-	-
Carrying values	<u>84</u>	<u>84</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Forward exchange contracts:							
Outflow	703	703	703	-	-	-	-
Carrying values	<u>703</u>	<u>703</u>	<u>703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>787</u>	<u>787</u>	<u>787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,227,437</u>	<u>2,229,854</u>	<u>2,173,038</u>	<u>15,547</u>	<u>16,826</u>	<u>24,443</u>	<u>-</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	<u>March 31, 2024</u>			<u>December 31, 2023</u>			<u>March 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
<u>Monetary items</u>									
USD	\$ 104,879	31.809	3,336,086	110,069	30.665	3,375,253	136,688	30.450	4,162,022
Financial liabilities									
<u>Monetary items</u>									
USD	101,012	31.726	3,204,678	91,188	30.665	2,796,302	98,405	30.440	2,995,139

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the retranslation of foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of March 31, 2024 and 2023 would have decreased (increased) the net profit after tax by \$6,344 thousand and \$41,416 thousand for the three months ended March 31, 2024 and 2023, respectively, with all other variables remaining constant. The analysis is performed on the same basis in 2024 and 2023.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. The foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$49,894 thousand and \$(25,190) thousand for the three months ended March 31, 2024 and 2023, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and nonderivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

The Group has fixed-interest-rate assets for the three months ended March 31, 2024 and 2023, and therefore, no related interest rate exposure exists.

(v) Other market price risk

For the three months ended March 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	<u>March 31, 2024</u>		<u>December 31, 2023</u>		<u>March 31, 2023</u>	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
<u>Prices of securities at the reporting date</u>						
<u>Increasing 5%</u>	<u>\$ 535</u>	<u>435,313</u>	<u>573</u>	<u>422,861</u>	<u>874</u>	<u>422,807</u>
<u>Decreasing 5%</u>	<u>\$ (535)</u>	<u>(435,313)</u>	<u>(573)</u>	<u>(422,861)</u>	<u>(874)</u>	<u>(422,807)</u>

(vi) Fair value of financial instruments

1) Fair value hierarchy

The management of the Group believes the carrying amount of receivables, financial assets measured at amortized cost, and financial liabilities measured at amortized cost are reasonably closed to its fair value in the current period. Also, a disclosure of the fair value information for lease liabilities is not required under regulations. The Group valued its financial assets measured at fair value through profit or loss based on recurring fair value measurement method. The details are as follows:

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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	March 31, 2024				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss- Current and Non-current	\$ 10,882,835	10,800,335	-	82,500	10,882,835
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	13,373	13,373	-	-	13,373
Total	\$ 10,896,208	10,813,708	-	82,500	10,896,208
Financial liabilities at fair value through profit or loss- Current	\$ 15,196	-	15,196	-	15,196
	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss- Current	\$ 10,583,314	10,571,518	11,796	-	10,583,314
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	14,330	14,330	-	-	14,330
Total	\$ 10,597,644	10,585,848	11,796	-	10,597,644
	March 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss- Current	\$ 10,570,471	10,570,165	306	-	10,570,471
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	21,840	21,840	-	-	21,840
Total	\$ 10,592,311	10,592,005	306	-	10,592,311
Financial liabilities at fair value through profit or loss-Current	\$ 787	-	787	-	787

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

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

If the Group's financial instruments do not have an active market, their fair value classifications are determined to be equity instruments with no observable prices, and their fair values are estimated by comparing with competitors whose market prices are available.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(x) of the consolidated financial statements for the year ended December 31, 2023.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of March 31, 2024, December 31 and March 31, 2023, the Group's unused credit line were amounted to \$11,711,600 thousand, \$11,910,445 thousand and \$13,103,057 thousand, respectively.

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(y) to the consolidated financial statements for the year ended December 31, 2023 for further details.

(y) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2024 and 2023, were as follows:

- (i) For right-of-use assets under leases, please refer to note 6(j)
- (ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	Non-cash changes		March 31, 2024
			Foreign exchange movement	Other	
Lease liabilities	\$ 76,600	(11,204)	372	46,713	112,481
Guarantee deposits received	306,305	11,833	6,997	-	325,135
Total liabilities from financing activities	<u>\$ 382,905</u>	<u>629</u>	<u>7,369</u>	<u>46,713</u>	<u>437,616</u>

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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			Non-cash changes		
	January 1, 2023	Cash flows	Foreign exchange movement	Other	March 31, 2023
Lease liabilities	\$ 41,169	(11,803)	(1,507)	49,785	77,644
Guarantee deposits received	166,277	(16,484)	147	-	149,940
Total liabilities from financing activities	<u>\$ 207,446</u>	<u>(28,287)</u>	<u>(1,360)</u>	<u>49,785</u>	<u>227,584</u>

(7) Related-party transactions

(a) Names and relationship with the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements consolidated financial statements.

Name of related party	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. (Hon Hai Precision)	The entity with significant influence over the Group(note)
Fitipower Environmental Sustainability Foundation (Fitipower Foundation)	Other related parties
Hongfutai Precision Electrons (Yantai) Co., Ltd.	Other related parties(note)
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Other related parties(note)
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Other related parties(note)
Fulina Ambit (Shanghai) Microsystems Co., Ltd.	Other related parties(note)
Shenzhen Fu Tai Hong Precision Industrial Co., Ltd.	Other related parties(note)
Shenzhen Fulian Fugui Precision Industry Co., Ltd.	Other related parties(note)
Hongfujin Precision Electrons (Chongqing) Co., Ltd.	Other related parties(note)
Hongfujin Precision Electrons (Yantai) Co., Ltd.	Other related parties(note)
Nanning Fulian Fugui Precision Industry Co., Ltd.	Other related parties(note)
Kunshan Fuchengke Precision Electronical Co., Ltd. (Kunshan Fuchengke)	Other related parties(note)
CLOUD NETWORK TECHNOLOGY SINGAPORE(CLOUD NETWORK)	Other related parties(note)
FIH (HONG KONG) LIMITED	Other related parties(note)
FoxconnTechnology Group Co., Ltd.	Other related parties(note)
ECMMS PRECISION SINGAPORE PTE.LTD.	Other related parties(note)
Chiun Mai Communication Systems, Inc.	Other related parties(note)
Futaijing Precision Electron (Beijing) Co., Ltd.	Other related parties(note)
FORTUNEBAY TECHNOLOGY PTE. LTD.	Other related parties(note)

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

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Sales

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

	For the three months ended March 31	
	2024	2023
Hon Hai Precision	\$ -	311
Kunshan Fuchengke	-	5,411
CLOUD NETWORK	-	11,972
FIH(HONG KONG)	-	10,436
Other related parties	-	11,840
	\$ -	39,970

Except for sales to the Other related parties, the selling price for related parties approximated the market price. The credit terms ranged from 90 day, while the credit term for routine sales transactions was within a month. Amounts receivable from related parties were uncollateralized.

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	Hon Hai Precision	\$ -	-	314
Trade receivables	Kunshan Fuchengke	-	-	10,901
Trade receivables	CLOUD NETWORK	-	-	17,103
Trade receivables	FIH(HONG KONG)	-	-	10,436
Trade receivables	Other related parties	-	-	17,029
		\$ -	-	55,783

(iii) Donation expenses

For the three months ended March 31, 2024 and 2023, the Group donated \$4,500 thousand and \$3,000 thousand, respectively, to the Fitipower Foundation, which was recorded under operating expenses.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 12,034	12,481
Post-employment benefits	54	54
	\$ 12,088	12,535

(8) Pledged assets:

The carrying values of assets pledged as security were as follows:

Assets pledged as security	Liabilities secured by pledge	March 31, 2024	December 31, 2023	March 31, 2023
Current financial assets at amortized cost (Certificate Deposit)	Deposit for Customs	\$ -	200	200
Current financial assets at amortized cost (Certificate Deposit)	Guarantee of the creditors of the purchase transactions	-	-	4,000
		\$ -	200	4,200

(9) Commitments and contingencies:

- (a) As of March 31, 2024, December 31 and March 31, 2023, the refundable notes payable for short-term borrowings amounted to \$4,810,000 thousand and \$4,770,315 thousand and \$4,759,350 thousand, respectively.
- (b) JADARD TECHNOLOGY INC., a subsidiary of the Group, applied for listing on the Sci-Tech Innovation Board (STAR Market) of the Shanghai Stock Exchange on June 29, 2021. The Company, Ever Harvest Limited and Trade Logic Limited are the controlling shareholders of JADARD TECHNOLOGY INC. (hereinafter collectively referred to as the controlling shareholders and parties acting in concert with them). In accordance with the requirements of the China Securities Regulatory Commission, the Shanghai Stock Exchange and other securities regulatory authorities, JADARD TECHNOLOGY INC., the controlling shareholders and parties acting in concert with them are required to give relevant undertakings. Information on related undertakings is available on the Market Observation Post System.

(10) Losses Due to Major Disasters:None

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(11) Subsequent Events:

- (a) On April 30, 2024, the Company passed the resolution of the Board of Directors to increase the cash capital of Trade Logic Limited with the expected capital increase amounting to USD 20,000 thousand by 10 shares. On April 30, 2024, the Company injected USD 50 thousand, the remaining balance will be injected in batches.
- (b) On April 1 and April 23, 2024, a subsidiary, JADARD TECHNOLOGY INC. passed the resolution of the Board of Directors to issue reserved shares of the "TYPE II Restricted Share Award Plan" amounting to 67 thousand and 735 thousand shares, respectively. The shares were granted to employees at an exercise price of CNY 8.63 and CNY 8.34 per share, respectively.

(12) Other:

- (a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended March 31					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		15,482	466,256	481,738	15,429	459,085	474,514
Labor and health insurance		831	20,748	21,579	1,045	25,481	26,526
Pension		612	15,499	16,111	631	16,709	17,340
Remuneration of directors		-	600	600	-	276	276
Others		568	13,460	14,028	601	13,185	13,786
Depreciation		22,583	92,293	114,876	23,782	78,764	102,546
Amortization		-	30,690	30,690	-	22,822	22,822

- (b) Discontinued operation

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.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	212,671	2,975,040	-	2,975,040	
The Company	Fubon Chi-Hsiang Money Market Fund	-	Current financial assets at fair value through profit or loss	12,446	201,067	-	201,067	
The Company	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	98,871	1,513,207	-	1,513,207	
The Company	FSITC Taiwan Money Market	-	Current financial assets at fair value through profit or loss	65,255	1,030,371	-	1,030,371	
The Company	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	45,581	620,772	-	620,772	
The Company	Sinopac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	84,861	1,217,578	-	1,217,578	
The Company	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	97,232	1,631,343	-	1,631,343	
The Company	Shin Kong Chi-Shin Money-Market Fund	-	Current financial assets at fair value through profit or loss	11,210	178,835	-	178,835	
The Company	CTBC Hwa win Money Market Fund	-	Current financial assets at fair value through profit or loss	44,844	509,068	-	509,068	
The Company	InnoCare Optoelectronics Corp.	-	Non current financial assets at fair value through other comprehensive income	168	13,373	0.42 %	13,373	
Jadeite Investment Inc.	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	27,835	389,385	-	389,385	
Jadeite Investment Inc.	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	15,592	212,341	-	212,341	
Jadeite Investment Inc.	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	20,995	321,328	-	321,328	
Jadeite Investment Inc.	CDIB-Innolux Fund II	-	Non current financial assets at fair value through profit or loss	-	82,500	12.76 %	82,500	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party(note)	Relationship with the company(note)	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares/Units (thousands)	Amount	Shares/Units (thousands)	Amount	Shares/Units (thousands)	Price	Cost	Gain (loss) on disposal	Shares/Units (thousands)	Amount
The Company	Beneficiary certification - Taishin 1699 Money Market Fund	Current financial assets at fair value through profit or loss	-	-	240,930	3,359,162	-	-	28,258	395,000	388,417	6,583	212,671	2,975,040
The Company	Beneficiary certification - Jih Sun Money Market Fund	Current financial assets at fair value through profit or loss	-	-	87,100	1,328,665	19,633	300,000	7,862	120,000	119,020	980	98,871	1,513,207

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of company	Category and name of security	Account name	Name of counter-party(note)	Relationship with the company(note)	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares/Units (thousands)	Amount	Shares/Units (thousands)	Amount	Shares/Units (thousands)	Price	Cost	Gain (loss) on disposal	Shares/Units (thousands)	Amount
The Company	Beneficiary certification - Hua Nan Phoenix Money Market Fund	Current financial assets at fair value through profit or loss	-	-	120,192	2,010,161	-	-	22,960	385,000	381,271	3,729	97,232	1,631,343
The Company	Beneficiary certification - SinoPac TWD Money Market Fund	Current financial assets at fair value through profit or loss	-	-	113,808	1,627,570	-	-	28,947	415,000	409,626	5,374	84,861	1,217,578
The Company	Beneficiary certification - CTBC Hwa win Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	44,844	508,000	-	-	-	-	44,844	509,068

Note : Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leaves the columns blank.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited Taiwan Branch	Associates	Sales	121,431	3.26 %	O/A 120 days	-	-	230,150	9.06%	
JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	Associate	Sales	103,653	2.78 %	O/A 120 days	-		103,393	4.07%	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period(note 1)	Allowance for bad debts
					Amount	Action taken		
Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited Taiwan Branch	Associate	230,150	1.94	-	-	55,376	-
JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	Associate	103,393	7.94	-		-	-

Note 1: The amounts received from related parties as of April 22, 2024.

Note 2: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

- (ix) Trading in derivative instruments:Please refer to notes 6(b).

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	JADARD TECHNOLOGY INC.	Jadard Technology Limited	1	Sales	41,738	O/A 120 days	1.12%
0	JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	1	Sales	103,653	O/A 120 days	2.78%
1	Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited Taiwan Branch	3	Sales	121,431	O/A 120 days	3.26%
1	Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited	3	Sales	61,170	O/A 120 days	1.64%
2	Jadard Technology Limited	JADARD TECHNOLOGY INC.	2	Other Sales	38,839	O/A 120 days	1.04%

Note 1: Numbers are filled in as follows:

- 1.“0” represents the parent entity.
- 2..Subsidiaries are sequentially numbered starting from “1”.

Note 2: Relationships with transaction counterparties are categorized as follows:

- 1.Parent company to subsidiary.
- 2.Subsidiary to parent company.
- 3.Subsidiary to subsidiary.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	Trade Logic Limited	BVI	Investment	302,296	302,296	30	100.00 %	4,657,331	78,770	78,770	note 1
Trade Logic Limited	Ever Harvest Limited	Samoa	Investment	302,296	302,296	10,000	100.00 %	4,657,331	78,770	78,770	note 1
The Company	Visual Sensing Technology	Hsin Chu, Taiwan	IC design	260,000	260,000	23,000	89.16 %	39,366	9	(922)	note 1 、 2
JADARD TECHNOLOGY INC.	Jadard Technology Limited	Hong Kong	General trade	270,264	270,264	9,200	100.00 %	206,518	(55,873)	(55,873)	note 1
The Company	Jadeite Investment Inc.	Tainan, Taiwan	Investment	1,000,000	500,000	100,000	100.00 %	1,008,044	1,711	1,711	note 1

Note 1: Investments in subsidiaries the Company has control over have been eliminated at the Group level from long-term investment.

Note 2: In October 2023, Visual Sensing Technology Corp. was dissolved but has not yet been liquidated.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (note1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
JADARD TECHNOLOGY INC.	IC design	1,790,797 (note 3)	(1)	302,296	-	-	302,296	144,121	55.02%	78,770	4,657,331	-
Hefei Jadard Technology Co., Ltd.	Supply chain management	224,523 (note 4)	(2)	-	-	-	-	(986)	55.02%	(539)	428,219	-

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: Method of investment:

(1) Indirect investment in Mainland China through a holding company established in other countries (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 gains (losses) were recognized in the financial statements audited by other auditors.

Note 3: The paid-in capital was CNY 409,021 thousand, 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 CNY 50,000 thousand, which was translated into NT 224,523 thousand at the exchange rate at the time of investment.

Note 5: Investments in subsidiaries the Company has control over have been eliminated at the Group level from long term investment.

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
302,296	302,296	10,621,030

Note: The investment limit was calculated on the official document No. 09704604680 announced by the MOEAIC on August 29, 2008.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Hyield Venture Capital Co., Ltd.		8,352,000	6.88 %
Bao Shin International Investments Co., Ltd.		6,851,000	5.65 %
Hon Chi International Investment Co., Ltd.		6,565,024	5.33 %

(14) Segment information:

(a) Segment information

There is only one reportable operating segment of the Group, which is mainly engaged in research and development, production and sales of integrated circuits. In addition, the 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.