

**FITIPOWER INTEGRATED TECHNOLOGY INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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 (the “Group”) as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 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)

July 24, 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
June 30, 2024, December 31, 2023, and June 30, 2023
(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2024		December 31, 2023		June 30, 2023				June 30, 2024		December 31, 2023		June 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents(note (6)(a))	\$ 2,133,579	8	1,933,863	8	2,192,417	9	2120	Current financial liabilities at fair value through profit or loss(note (6)(b))	\$ 4,618	-	-	-	2,053	-
1110	Current financial assets at fair value through profit or loss(notes (6)(b)and (13))	10,204,655	38	10,583,314	43	10,672,294	42	2130	Current contract liabilities(note (6)(s))	19,718	-	32,581	-	151,770	1
1136	Current financial assets at amortised cost, net(notes (6)(a)and (8))	317,027	1	132,710	1	21,453	-	2170	Accounts payable	3,137,458	12	1,829,927	7	1,842,130	7
1170	Accounts receivable, net(note (6)(d))	3,206,372	12	2,296,971	9	2,932,529	11	2200	Other payables(note (6)(l))	764,441	3	814,704	4	886,677	3
1197	Finance lease payment receivable	4,525	-	11,177	-	13,144	-	2216	Dividends payable(note (p))	1,288,127	6	-	-	1,582,499	6
1200	Other receivables, net	480,669	2	317,992	1	138,261	1	2230	Current tax liabilities	311,189	1	518,842	2	308,427	1
130X	Inventories, net(note (6)(e))	2,623,765	10	1,945,787	8	2,227,797	9	2280	Current lease liabilities(note (6)(m))	34,311	-	29,771	-	31,259	-
1410	Prepayments and other current assets(note (6)(f))	414,898	2	86,434	-	458,682	2	2300	Other current liabilities	14,128	-	19,880	-	26,281	1
		19,385,490	73	17,308,248	70	18,656,577	74			5,573,990	22	3,245,705	13	4,831,096	19
Non-current assets:								Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss(notes (6)(b)and (13))	106,459	-	-	-	-	-	2570	Deferred tax liabilities	77,294	-	76,974	-	71,251	-
1517	Non-current financial assets at fair value through other comprehensive income(notes (6)(c)and (13))	180,745	1	14,330	-	17,556	-	2580	Non-current lease liabilities(note (6)(m))	73,793	-	46,829	-	34,148	-
1535	Non-current financial assets at amortised cost, net(note (6)(a))	5,822,950	21	5,668,370	23	4,838,660	19	2645	Guarantee deposits received	321,121	1	306,305	1	151,803	1
										472,208	1	430,108	1	257,202	1
1600	Property, plant and equipment(note (6)(i))	1,020,682	4	1,028,598	4	1,036,109	4		Total liabilities	6,046,198	23	3,675,813	14	5,088,298	20
1755	Right of use assets(note (6)(j))	107,987	-	76,512	-	65,852	-		Equity attributable to owners of parent:(notes 6(g), (h), (p) and (q))						
1780	Intangible assets(note (6)(k))	109,986	-	63,003	-	71,248	-	3110	Ordinary share	1,212,545	4	1,212,545	5	1,865,453	7
1840	Deferred tax assets	41,261	-	63,706	-	53,392	-	3200	Capital surplus	8,542,071	31	8,621,547	35	8,619,822	34
1900	Other non-current assets(note (6)(l))	362,713	1	649,514	3	802,783	3		Retained earnings:						
194D	Long-term finance lease payment receivable	-	-	-	-	4,525	-	3310	Legal reserve	1,375,997	5	1,160,976	5	1,160,976	5
		7,752,783	27	7,564,033	30	6,890,125	26	3320	Special reserve	26,923	-	28,704	-	28,704	-
								3350	Unappropriated retained earnings	5,807,149	21	6,330,352	25	5,182,953	20
										7,210,069	26	7,520,032	30	6,372,633	25
								3400	Other equity	83,170	-	(26,923)	-	(80,314)	-
								3500	Treasury shares	(7,307)	-	(8,158)	-	(9,449)	-
									Total equity attributable to owners of parent:	17,040,548	61	17,319,043	70	16,768,145	66
								36XX	Non-controlling interests	4,051,527	16	3,877,425	16	3,690,259	14
									Total equity	21,092,075	77	21,196,468	86	20,458,404	80
Total assets		\$ 27,138,273	100	24,872,281	100	25,546,702	100		Total liabilities and equity	\$ 27,138,273	100	24,872,281	100	25,546,702	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 and six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three months ended June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes (6)(s)and (7))	\$ 5,022,949	100	4,340,870	100	8,745,856	100	8,277,689	100
5000	Operating costs (notes (6)(e), (l)and (12))	<u>3,480,251</u>	<u>69</u>	<u>2,950,367</u>	<u>68</u>	<u>6,088,993</u>	<u>70</u>	<u>5,687,265</u>	<u>69</u>
5900	Gross profit from operations	<u>1,542,698</u>	<u>31</u>	<u>1,390,503</u>	<u>32</u>	<u>2,656,863</u>	<u>30</u>	<u>2,590,424</u>	<u>31</u>
6000	Operating expenses: (notes (6)(d), (l), (m), (n), (q), (t), (7)and (12))								
6100	Selling expenses	110,780	2	91,535	2	195,858	2	171,363	2
6200	Administrative expenses	95,521	2	84,981	2	187,472	2	171,756	2
6300	Research and development expenses	631,790	13	592,241	14	1,186,035	14	1,133,336	14
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS 9	<u>(4)</u>	<u>-</u>	<u>(1,340)</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>(320)</u>	<u>-</u>
		<u>838,087</u>	<u>17</u>	<u>767,417</u>	<u>18</u>	<u>1,569,368</u>	<u>18</u>	<u>1,476,135</u>	<u>18</u>
6900	Net operating income	<u>704,611</u>	<u>14</u>	<u>623,086</u>	<u>14</u>	<u>1,087,495</u>	<u>12</u>	<u>1,114,289</u>	<u>13</u>
7000	Non-operating income and expenses: (notes (6)(b), (m)and (u))								
7100	Interest income	59,485	1	51,857	1	115,571	1	97,845	1
7010	Other income	54,956	1	38,217	1	103,630	1	42,293	1
7020	Other gains and losses	27,479	1	68,790	2	64,500	1	73,031	1
7050	Finance costs	<u>(2,844)</u>	<u>-</u>	<u>(470)</u>	<u>-</u>	<u>(3,504)</u>	<u>-</u>	<u>(2,760)</u>	<u>-</u>
		<u>139,076</u>	<u>3</u>	<u>158,394</u>	<u>4</u>	<u>280,197</u>	<u>3</u>	<u>210,409</u>	<u>3</u>
7900	Profit before income tax	843,687	17	781,480	18	1,367,692	15	1,324,698	16
7950	Less: Income tax expenses(note (6)(o))	<u>109,716</u>	<u>2</u>	<u>123,167</u>	<u>3</u>	<u>184,327</u>	<u>2</u>	<u>230,095</u>	<u>3</u>
8000	Profit	<u>733,971</u>	<u>15</u>	<u>658,313</u>	<u>15</u>	<u>1,183,365</u>	<u>13</u>	<u>1,094,603</u>	<u>13</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 gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,020	-	(4,284)	-	2,063	-	(4,706)	-
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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>3,020</u>	<u>-</u>	<u>(4,284)</u>	<u>-</u>	<u>2,063</u>	<u>-</u>	<u>(4,706)</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	77,315	1	(255,084)	(6)	248,895	3	(281,736)	(3)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss(notes(6)(o))	<u>8,524</u>	<u>-</u>	<u>(27,541)</u>	<u>(1)</u>	<u>27,007</u>	<u>-</u>	<u>(11,669)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>68,791</u>	<u>1</u>	<u>(227,543)</u>	<u>(5)</u>	<u>221,888</u>	<u>3</u>	<u>(270,067)</u>	<u>(3)</u>
	Other comprehensive income	<u>71,811</u>	<u>1</u>	<u>(231,827)</u>	<u>(5)</u>	<u>223,951</u>	<u>3</u>	<u>(274,773)</u>	<u>(3)</u>
8500	Total comprehensive income	<u>\$ 805,782</u>	<u>16</u>	<u>426,486</u>	<u>10</u>	<u>1,407,316</u>	<u>16</u>	<u>819,830</u>	<u>10</u>
	Profit attributable to:								
8610	Owners of parent	\$ 594,009	12	582,371	13	978,164	11	1,002,814	12
8620	Non-controlling interests	<u>139,962</u>	<u>3</u>	<u>75,942</u>	<u>2</u>	<u>205,201</u>	<u>2</u>	<u>91,789</u>	<u>1</u>
		<u>\$ 733,971</u>	<u>15</u>	<u>658,313</u>	<u>15</u>	<u>1,183,365</u>	<u>13</u>	<u>1,094,603</u>	<u>13</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 631,111	13	467,670	11	1,088,257	12	951,204	11
8720	Non-controlling interests	<u>174,671</u>	<u>3</u>	<u>(41,184)</u>	<u>(1)</u>	<u>319,059</u>	<u>4</u>	<u>(131,374)</u>	<u>(1)</u>
		<u>\$ 805,782</u>	<u>16</u>	<u>426,486</u>	<u>10</u>	<u>1,407,316</u>	<u>16</u>	<u>819,830</u>	<u>10</u>
	Earnings per share (expressed in dollars)(note (6)(r))								
9750	Basic earnings per share	<u>\$ 4.91</u>		<u>3.13</u>		<u>8.08</u>		<u>5.39</u>	
9850	Diluted earnings per share	<u>\$ 4.90</u>		<u>3.12</u>		<u>8.05</u>		<u>5.36</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 six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
						Total other equity interest						
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
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	-	-	-	-	1,002,814	-	-	-	-	1,002,814	91,789	1,094,603
Other comprehensive income	-	-	-	-	-	(46,904)	(4,706)	(51,610)	-	(51,610)	(223,163)	(274,773)
Total comprehensive income	-	-	-	-	1,002,814	(46,904)	(4,706)	(51,610)	-	951,204	(131,374)	819,830
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	307,031	-	(307,031)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(15,078)	15,078	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,582,499)	-	-	-	-	(1,582,499)	-	(1,582,499)
Changes in ownership interests in subsidiaries	-	4,727	-	-	-	-	-	-	-	4,727	(4,727)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	77,564	77,564
Balance at June 30, 2023	\$ 1,865,453	8,619,822	1,160,976	28,704	5,182,953	(75,608)	(4,706)	(80,314)	(9,449)	16,768,145	3,690,259	20,458,404
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	-	-	-	-	978,164	-	-	-	-	978,164	205,201	1,183,365
Other comprehensive income	-	-	-	-	-	108,030	2,063	110,093	-	110,093	113,858	223,951
Total comprehensive income	-	-	-	-	978,164	108,030	2,063	110,093	-	1,088,257	319,059	1,407,316
Legal reserve appropriated	-	-	215,021	-	(215,021)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,781)	1,781	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,288,127)	-	-	-	-	(1,288,127)	-	(1,288,127)
Changes in ownership interests in subsidiaries	-	(85,736)	-	-	-	-	-	-	-	(85,736)	85,736	-
Share-based payments	-	6,260	-	-	-	-	-	-	-	6,260	46,811	53,071
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(277,504)	(277,504)
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	851	851	-	851
Balance at June 30, 2024	\$ 1,212,545	8,542,071	1,375,997	26,923	5,807,149	89,039	(5,869)	83,170	(7,307)	17,040,548	4,051,527	21,092,075

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 six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 1,367,692	1,324,698
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	233,001	206,708
Amortization expense	76,380	49,191
Expected credit loss (reversal of expected credit loss)	3	(320)
Net gain on financial assets or liabilities at fair value through profit or loss	(4,899)	(47,080)
Interest expense	3,504	2,760
Interest income	(115,571)	(97,845)
Compensation cost of share-based payment transaction	53,071	5,481
Loss on disposal of property, plan and equipment	9	251
Impairment loss and disposal loss on inventory	25,269	19,979
Total adjustments to reconcile profit or loss	<u>270,767</u>	<u>139,125</u>
Changes in operating assets and liabilities:		
Decrease in finance lease payment receivable	6,652	6,336
Increase in accounts receivable	(909,404)	(272,876)
Increase in other receivables	(62,652)	(64,399)
(Increase) Decrease in inventories	(703,247)	259,071
Increase in prepayments and other current assets	(337,367)	(293,176)
Increase in other non-current assets	(30,109)	(11,728)
Increase (Decrease) in accounts payable	1,304,885	(51,852)
Decrease in other payable	(50,552)	(72,618)
(Decrease) increase in current contract liabilities	(12,863)	18,274
Decrease in other current liabilities	(5,752)	(10,866)
Total changes in operating assets and liabilities	<u>(800,409)</u>	<u>(493,834)</u>
Cash inflow generated from operations	838,050	969,989
Interest received	16,593	97,923
Interest paid	(1,279)	(2,760)
Income taxes paid	(386,519)	(700,978)
Net cash flows from operating activities	<u>466,845</u>	<u>364,174</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(164,352)	(22,262)
Acquisition of financial assets at fair value through profit or loss	(6,385,855)	(6,949,865)
Proceeds from disposal of financial assets at fair value through profit or loss	6,667,572	5,967,870
Increase in financial assets at amortized cost	(338,897)	(4,859,913)
Acquisition of property, plant and equipment	(190,608)	(179,226)
Proceeds from disposal of property, plant and equipment	-	1,114
Acquisition of intangible assets	(122,655)	(36,823)
Decrease in refundable deposits	304,189	1,540,712
Net cash flows from investing activities	<u>(230,606)</u>	<u>(4,538,393)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	-	(220,734)
Increase (decrease) in guarantee deposits received	5,067	(11,376)
Payment of lease liabilities	(23,343)	(24,101)
Proceeds from transfer of treasury shares to employees	851	-
Change in non-controlling interests	(277,504)	77,564
Net cash flows used in financing activities	<u>(294,929)</u>	<u>(178,647)</u>
Effect of exchange rate changes on cash and cash equivalents	258,406	(213,664)
Net increase (decrease) in cash and cash equivalents	199,716	(4,566,530)
Cash and cash equivalents at the beginning of period	1,933,863	6,758,947
Cash and cash equivalents at the end of period	<u><u>\$ 2,133,579</u></u>	<u><u>2,192,417</u></u>

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
June 30, 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 were authorized for issuance by the Board of Directors on July 24, 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”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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- (c) 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

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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” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(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
			June 30, 2024	December 31, 2023	June 30, 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	55.05 %	54.57 %	54.57 %	Note 4

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Name investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2024	December 31, 2023	June 30, 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 June 30, 2024, invested USD 5,050 thousand, the remaining balance will be expected to be injected in batches. On July 24, 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 50,000 thousand by 25 shares in cash.

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 3,466 thousand 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 3,561 thousand treasury shares during February and May 2024. After the repurchase, the Company's shareholding ratio increased from 54.57% to 55.05%.

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

(c) **Classification of current and non-current assets and liabilities**

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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(d) Income taxes

The Group 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.

(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.

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(a) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Petty cash	\$ 1,665	1,710	1,802
Checking and demand deposits	1,687,393	1,537,455	2,196,576
Time deposits	6,552,048	6,195,778	4,854,152
Reverse repurchase agreement	32,450	-	-
Less: Restricted deposits (recorded as current financial assets measured at amortized cost) (Note 8)	(5,877)	(200)	(21,453)
Time deposits with original maturities of over three months (recorded as current and non-current financial assets measured at amortized cost)	(6,134,100)	(5,800,880)	(4,838,660)
	<u><u>\$ 2,133,579</u></u>	<u><u>1,933,863</u></u>	<u><u>2,192,417</u></u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Interest rate range	<u><u>1.28% ~ 5.35%</u></u>	<u><u>1.10% ~ 5.30%</u></u>	<u><u>1.05% ~ 4.95%</u></u>

(ii) The Group did not recognize impairment loss on financial assets at amortized cost for the six months ended June 30, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets mandatorily measured at fair value through profit or loss:			
Current:			
Domestic open-ended funds	\$ 10,204,655	10,571,518	10,672,291
Currency swaps	-	1,993	3
Forward exchange contracts	-	9,803	-
Subtotal	<u>10,204,655</u>	<u>10,583,314</u>	<u>10,672,294</u>
Non-current :			
Private fund	\$ 106,459	-	-
Subtotal	<u>106,459</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 10,311,114</u></u>	<u><u>10,583,314</u></u>	<u><u>10,672,294</u></u>

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	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial liabilities mandatorily measured at fair value through profit or loss:			
Current:			
Currency swaps	\$ 3,989	-	2,053
Forward exchange contracts	<u>629</u>	-	-
Total	<u>\$ 4,618</u>	<u>-</u>	<u>2,053</u>

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

1) Currency swaps

<u>June 30, 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>25,500</u>	USD/NTD	2024.7	32.284~32.450	32.183~32.433
<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/NTD	2024.1	30.866~30.927	30.800~30.842
<u>June 30, 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>22,500</u>	USD/NTD	2023.7	31.005~31.151	30.901~31.109

2) Forward exchange contracts

<u>June 30, 2024</u>				
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Forward Rate</u>
Forward exchange contracts	\$ <u>8,000</u>	USD	2024.7	32.212~32.46
<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

For the six months ended June 30, 2024 and 2023, the net loss on valuation of financial assets (liabilities) through profit or loss arising from the above transactions were loss of \$63,914 thousand and \$15,943 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.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Equity investments at fair value through other comprehensive income:			
Shares in domestic listed entities	\$ 14,078	14,330	17,556
Shares in foreign non-public entities	<u>166,667</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 180,745</u></u>	<u><u>14,330</u></u>	<u><u>17,556</u></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 six months ended June 30, 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, net

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable	\$ 3,212,417	2,303,013	2,938,559
Less: Loss allowance	<u>(6,045)</u>	<u>(6,042)</u>	<u>(6,030)</u>
	<u><u>\$ 3,206,372</u></u>	<u><u>2,296,971</u></u>	<u><u>2,932,529</u></u>

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 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:

	<u>June 30, 2024</u>	
	<u>Weighted-</u>	
	<u>Gross carrying</u>	<u>Loss allowance</u>
	<u>amount</u>	<u>provision</u>
Current	\$ 3,038,022	4,523
1 to 30 days past due	166,301	32
31 to 60 days past due	6,622	18
More than 120 days past due	<u>1,472</u>	<u>1,472</u>
	<u><u>\$ 3,212,417</u></u>	<u><u>6,045</u></u>

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	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
	\$ 2,303,013		6,042

	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,879,283	0.08%	2,443
1 to 30 days past due	55,820	0.23%	131
More than 120 days past due	3,456	50%~100%	3,456
	\$ 2,938,559		6,030

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

	For the six months ended June 30	
	2024	2023
Balance at January 1	\$ 6,042	6,350
Impairment losses recognized(reversed)	3	(320)
Balance at June 30	\$ 6,045	6,030

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

(e) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ 854,071	741,046	825,691
Work in progress	1,127,215	811,909	883,862
Raw materials	642,479	392,832	518,244
	\$ 2,623,765	1,945,787	2,227,797

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

	For the six months ended June 30	
	2024	2023
Inventory that has been sold	\$ 6,063,724	5,667,286
Write-down of inventories and obsolescence	25,269	19,979
	\$ 6,088,993	5,687,265

- (ii) As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any inventories as collateral for its loans.

- (f) Prepayments and other current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Prepayment for purchases	\$ 347,047	31,409	390,412
Prepaid expenses	4,390	23,050	19,688
Overpaid sales tax and prepaid income tax	62,817	31,825	47,753
Payment on behalf of others	644	150	829
	\$ 414,898	86,434	458,682

- (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 3,466 thousand 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 \$4,727 thousand, which did not affect profit or loss.
- (ii) During February to May 2024, JADARD TECHNOLOGY INC. repurchased 3,561 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 55.05%. The change was accounted for as an equity transaction with a decrease in capital surplus of \$85,736 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		
		June 30, 2024	December 31, 2023	June 30, 2023
JADARD TECHNOLOGY INC.	Mainland China	44.95 %	45.43 %	45.43 %
Visual Sensing Technology Corp.	Taiwan	10.84 %	10.84 %	10.84 %

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- (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:

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 4,076,182	3,337,786	3,291,728
Non-current assets	6,423,197	6,369,434	5,361,906
Current liabilities	(1,310,783)	(954,061)	(472,669)
Non- current liabilities	(327,704)	(313,102)	(156,572)
Net assets	<u>\$ 8,860,892</u>	<u>8,440,057</u>	<u>8,024,393</u>
Non-controlling interests	<u>\$ 4,049,728</u>	<u>3,873,565</u>	<u>3,682,941</u>
	For the six months ended June 30		
	2024	2023	
Sales revenue	<u>\$ 3,735,202</u>	<u>2,213,606</u>	
Net income	\$ 459,003	210,407	
Other comprehensive income	16,511	15,910	
Comprehensive income	<u>\$ 475,514</u>	<u>226,317</u>	
Profit, attributable to non-controlling interests	<u>\$ 207,262</u>	<u>95,500</u>	
Comprehensive income, attributable to non-controlling interests	<u>\$ 213,731</u>	<u>102,721</u>	
	For the six months ended June 30		
	2024	2023	
Net cash flows from operating activities	\$ 357,950	(586,402)	
Net cash flows from investing activities	(339,784)	(3,562,549)	
Net cash flows from financing activities	(334,372)	(238,176)	
Net decrease in cash and cash equivalents	<u>\$ (316,206)</u>	<u>(4,387,127)</u>	

- (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 Group undertook not to transfer the shares of JADARD TECHNOLOGY INC. held by the company.
- (iii) As of June 30, 2024, December 31 and June 30, 2023, the fair value of JADARD TECHNOLOGY INC. with publicly quoted prices attributable to the Group was \$14,416,603 thousand, \$19,278,488 thousand and \$19,393,413 thousand, respectively.

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(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	185,626	865	802	3,315	190,608
Disposal	(507)	(577)	-	-	(1,084)
Effect of movements in exchange rates	24,456	800	165	-	25,421
Balance at June 30, 2024	<u>\$ 2,279,507</u>	<u>109,956</u>	<u>15,775</u>	<u>3,315</u>	<u>2,408,553</u>
Balance at 1 January, 2023	\$ 1,734,756	105,734	8,818	97	1,849,405
Additions	177,256	782	-	1,188	179,226
Disposal	(9,307)	(417)	-	-	(9,724)
Transfer from (to)	-	97	-	(97)	-
Effect of movements in exchange rates	(21,561)	(768)	-	-	(22,329)
Balance at June 30, 2023	<u>\$ 1,881,144</u>	<u>105,428</u>	<u>8,818</u>	<u>1,188</u>	<u>1,996,578</u>
Depreciation and impairments loss:					
Balance at 1 January, 2024	\$ 1,067,019	86,726	11,265	-	1,165,010
Depreciation for the period	200,609	9,091	1,196	-	210,896
Disposal	(506)	(569)	-	-	(1,075)
Effect of movements in exchange rates	12,269	628	143	-	13,040
Balance at June 30, 2024	<u>\$ 1,279,391</u>	<u>95,876</u>	<u>12,604</u>	<u>-</u>	<u>1,387,871</u>
Balance at 1 January, 2023	\$ 721,423	67,763	5,243	-	794,429
Depreciation for the period	173,175	10,266	503	-	183,944
Disposal	(7,942)	(417)	-	-	(8,359)
Effect of movements in exchange rates	(9,097)	(448)	-	-	(9,545)
Balance at June 30, 2023	<u>\$ 877,559</u>	<u>77,164</u>	<u>5,746</u>	<u>-</u>	<u>960,469</u>
Carrying amount:					
Balance at June 30, 2024	<u>\$ 1,000,116</u>	<u>14,080</u>	<u>3,171</u>	<u>3,315</u>	<u>1,020,682</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 June 30, 2023	<u>\$ 1,003,585</u>	<u>28,264</u>	<u>3,072</u>	<u>1,188</u>	<u>1,036,109</u>

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any Property, plant and equipment as collateral for its loans.

(Continued)

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

(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:

	Buildings	Transportation equipment	Total
Cost:			
Balance at 1 January, 2024	\$ 110,203	-	110,203
Additions	50,216	2,793	53,009
Disposal	(2,706)	-	(2,706)
Effect of movements in exchange rates	651	-	651
Balance at June 30, 2024	<u><u>\$ 158,364</u></u>	<u><u>2,793</u></u>	<u><u>161,157</u></u>
Balance at 1 January, 2023	\$ 112,919	-	112,919
Additions	49,379	-	49,379
Disposal	(11,254)	-	(11,254)
Effect of movements in exchange rates	(688)	-	(688)
Balance at June 30, 2023	<u><u>\$ 150,356</u></u>	<u><u>-</u></u>	<u><u>150,356</u></u>
Accumulated depreciation and impairment losses:			
Balance at 1 January, 2024	\$ 33,691	-	33,691
Depreciation for the period	22,027	78	22,105
Disposal	(2,706)	-	(2,706)
Effect of movements in exchange rates	80	-	80
Balance at June 30, 2024	<u><u>\$ 53,092</u></u>	<u><u>78</u></u>	<u><u>53,170</u></u>
Balance at 1 January, 2023	\$ 72,084	-	72,084
Depreciation for the period	22,764	-	22,764
Disposal	(9,759)	-	(9,759)
Effect of movements in exchange rates	(585)	-	(585)
Balance at June 30, 2023	<u><u>\$ 84,504</u></u>	<u><u>-</u></u>	<u><u>84,504</u></u>
Carrying amount:			
Balance at June 30, 2024	<u><u>\$ 105,272</u></u>	<u><u>2,715</u></u>	<u><u>107,987</u></u>
Balance at January 1, 2024	<u><u>\$ 76,512</u></u>	<u><u>-</u></u>	<u><u>76,512</u></u>
Balance at June 30, 2023	<u><u>\$ 65,852</u></u>	<u><u>-</u></u>	<u><u>65,852</u></u>

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

(k) Intangible assets

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

	Goodwill	Computer software	Patent and Technical Know-how	Total
Cost:				
Balance at 1 January, 2024	\$ 185,097	161,987	127,413	474,497
Additions	-	100,141	22,514	122,655
Disposal	-	(1,446)	-	(1,446)
Effect of movements in exchange rates	-	578	1,735	2,313
Balance at June 30, 2024	<u>\$ 185,097</u>	<u>261,260</u>	<u>151,662</u>	<u>598,019</u>
Balance at 1 January, 2023	\$ 185,097	97,690	95,031	377,818
Additions	-	23,543	13,280	36,823
Effect of movements in exchange rates	-	(484)	(379)	(863)
Balance at June 30, 2023	<u>\$ 185,097</u>	<u>120,749</u>	<u>107,932</u>	<u>413,778</u>
Accumulated amortization and impairment losses:				
Balance at 1 January, 2024	\$ 183,490	127,931	100,073	411,494
Amortization for the period	-	62,073	14,307	76,380
Derecognized	-	(1,446)	-	(1,446)
Effect of movements in exchange rates	-	420	1,185	1,605
Balance at June 30, 2024	<u>\$ 183,490</u>	<u>188,978</u>	<u>115,565</u>	<u>488,033</u>
Balance at 1 January, 2023	\$ 183,365	46,495	64,075	293,935
Amortization for the period	-	38,467	10,724	49,191
Effect of movements in exchange rates	-	(313)	(283)	(596)
Balance at June 30, 2023	<u>\$ 183,365</u>	<u>84,649</u>	<u>74,516</u>	<u>342,530</u>
Carrying amount:				
Balance at June 30, 2024	<u>\$ 1,607</u>	<u>72,282</u>	<u>36,097</u>	<u>109,986</u>
Balance at January 1, 2024	<u>\$ 1,607</u>	<u>34,056</u>	<u>27,340</u>	<u>63,003</u>
Balance at June 30, 2023	<u>\$ 1,732</u>	<u>36,100</u>	<u>33,416</u>	<u>71,248</u>

For the six months ended June 30, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Prepaid Bonus	\$ 205,166	170,536	172,754
Guarantee deposits paid	157,547	474,457	629,463
Others	-	4,521	566
	<u>\$ 362,713</u>	<u>649,514</u>	<u>802,783</u>

(Continued)

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

- (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 \$46,947 thousand, \$49,627 thousand, \$91,471 thousand and \$94,891 thousand for the three months and six months ended June 30, 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 and six months ended June 30, 2024 and 2023, the Group has recovered deposits of \$0 thousand, \$599,940 thousand, \$362,999 thousand, and \$966,069 thousand according to the agreement.

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ <u>34,311</u>	<u>29,771</u>	<u>31,259</u>
Non-current	\$ <u>73,793</u>	<u>46,829</u>	<u>34,148</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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>618</u>	<u>337</u>	<u>1,278</u>	<u>742</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>598</u>	<u>226</u>	<u>1,225</u>	<u>1,161</u>

(Continued)

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

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

	For the six months ended June 30	
	2024	2023
Total cash outflow for leases	\$ 25,846	26,004

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 \$11,476 thousand, \$11,707 thousand, \$22,774 thousand and \$23,855 thousand for the three months and six months ended June 30, 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 \$5,405 thousand, \$4,978 thousand, \$10,218 thousand and \$10,170 thousand were contributed for the three months and six months ended June 30, 2024 and 2023, respectively.

(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%.

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

(ii) Income tax expense

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Income tax expense	\$ <u>109,716</u>	<u>123,167</u>	<u>184,327</u>	<u>230,095</u>

The amount of income tax recognized in other comprehensive income for the three months and six months ended June 30, 2024 and 2023 were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	\$ <u>8,524</u>	<u>(27,541)</u>	<u>27,007</u>	<u>(11,669)</u>

(iii) The income tax returns of the Company, Visual Sensing Technology Corp. and Jadeite Investment Inc. 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 2023.

(p) Capital and other equity

(i) Ordinary share

As of June 30, 2024, December 31 and June 30, 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 six months ended June 30	
	2024	2023
Balance on January 1	121,014	186,176
Treasury shares transferred to employees	25	-
Balance on June 30	121,039	186,176

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Share capital	\$ 6,102,418	6,102,418	6,102,418
Treasury share transactions	8,768	2,508	535
Difference arising from subsidiary's share price and its carrying value	2,430,435	2,516,171	2,516,419
Other	450	450	450
	\$ 8,542,071	8,621,547	8,619,822

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 amended the Articles of Association on May 31, 2024, the distributable dividends and bonuses, legal reserve and capital surplus, in whole or in part, will be paid in cash by the Company after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, a report of such distribution shall be submitted to the shareholder's meeting.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Company's dividend policy is to allocate no less than 50% of the new available distributable earnings for the current year as dividends 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.

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

The appropriations of earnings for 2023 and 2022 had been approved in the shareholders' meeting held on May 31, 2024 and 2023, respectively. These earnings were appropriated 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 six months ended June 30			
	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>

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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 June 30, 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 gains (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	108,030	-	108,030
Financial assets measured at fair value through other comprehensive income	-	2,063	2,063
Balance at June 30, 2024	<u>\$ 89,039</u>	<u>(5,869)</u>	<u>83,170</u>
Balance at January 1, 2023	\$ (28,704)	-	(28,704)
Exchange differences on foreign operation	(46,904)	-	(46,904)
Financial assets measured at fair value through other comprehensive income	-	(4,706)	(4,706)
Balance at June 30, 2023	<u>\$ (75,608)</u>	<u>(4,706)</u>	<u>(80,314)</u>

(vi) Non-controlling Interests

	For the six months ended June 30	
	2024	2023
Balance at January 1	\$ 3,877,425	3,748,796
Net profit (loss) attributable to Non controlling interests:		
Profit	205,201	91,789
Exchange differences on translation of foreign financial statements	113,858	(223,163)
Cash dividends of ordinary share	(45,721)	-
Changes in ownership interests in subsidiaries	85,736	(4,727)
Share based payment	46,811	-
Capital increase of non controlling interests	-	77,564
Subsidiaries repurchased treasury shares	(231,783)	-
Balance at June 30	<u>\$ 4,051,527</u>	<u>3,690,259</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 share option plan issued by the subsidiary JADARD TECHNOLOGY INC. in 2021 are as follows:

	Employee Share Option Plan issued in 2021	
	For the six months ended June 30 2023	
	Number of options (in thousands)	Weighted average exercise price(CNY/\$)
Outstanding at January 1	10,519	5.00
Granted during the period	-	-
Forfeited during the period	(7,053)	-
Exercised during the period	(3,466)	5.00
Outstanding at June 30	-	-
Exercisable at June 30	-	-

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

	Employee Share Option Plan issued in 2021
Grant Period	Exercisable percentage (cumulative)
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. On September 11, 2023, 3,603 thousand shares of restricted share were granted and 897 thousand shares of restricted share were reserved at an exercise price of CNY 11.04 per share. The Board of Directors resolved on April 1 and April 23, 2024, a grant of the reserved shares of 67 thousand shares and 735 thousand shares, respectively, at an exercise price of CNY 8.63 and CNY 8.34 per share, respectively. 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, 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

Grant Period	Available percentage (cumulative)		
	The first grant for the year 2023	The first advance reserved partial grant for the year 2024	The second advance reserved partial grant for the year 2024
Period of one year	25 %	30 %	30 %
Period of two year	50 %	60 %	60 %
Period of three year	75 %	100 %	100 %
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:

	Restricted Share Award Plan issued in 2023		
	The first grant for the year 2023	The first advance reserved partial grant for the year 2024	The second advance reserved partial grant for the year 2024
Fair value at grant date (CNY/\$)	\$9.02-10.04	\$6.00-6.57	\$4.81-5.37
Exercise price (CNY/\$)	11.04	8.63	8.34
Expected volatility	13.34%-16.40%	13.47%-14.64%	13.72%-14.73%
Risk-free interest rate	1.5%-2.75%	1.5%-2.75%	1.5%-2.75%
Expected life	1-4 year	1-3 year	1-3 year

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

	For the six months ended June 30 2024	
	Number of options(in thousands)	Weighted average exercise price (CNY/\$)
Outstanding at January 1	3,603	\$ 11.04
Granted during the period	802	8.34-8.63
Exercised during the period	-	-
Outstanding at June 30	4,405	
Exercisable at June 30	4,405	

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(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 June 30, 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:

<u>Black-Scholes model</u>	<u>Treasury Shares Transferred To Employees Plan issued in 2023</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:

	For the six months ended June 30 2024	
	Number of treasury shares(in thousands)	Weighted average exercise price (\$)
Outstanding at January 1	50	\$ 34.02
Granted during the period	-	-
Exercised during the period	(25)	34.02
Outstanding at June 30	<u>25</u>	
Exercisable at June 30	<u>25</u>	

(Continued)

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

(iv) Expense recognized in profit or loss

The Group incurred expenses and liabilities of share-based arrangements for the three months and six months ended June 30, 2024 and 2023 as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Expenses resulting from granted employee share options	\$ -	2,716	-	5,481
Expenses resulting from restriction of employee share options	21,493	-	46,811	-
Expenses resulting from treasury shares transferred to employees	1,238	-	6,260	-
	<u>\$ 22,731</u>	<u>2,716</u>	<u>53,071</u>	<u>5,481</u>

(r) Earnings per share

The Group's earnings per share for the three months and six months ended June 30, 2024 and 2023 were calculated as follows:

(i) Basic earnings per share

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>594,009</u>	<u>582,371</u>	<u>978,164</u>	<u>1,002,814</u>
Weighted average number of ordinary shares	<u>121,040</u>	<u>186,176</u>	<u>121,038</u>	<u>186,176</u>
Earnings per share	<u>\$ 4.91</u>	<u>3.13</u>	<u>8.08</u>	<u>5.39</u>

(Continued)

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

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Profit attributable to ordinary shareholders of the Company	\$ <u>594,009</u>	<u>582,371</u>	<u>978,164</u>	<u>1,002,814</u>
Weighted average number of ordinary shares	121,040	186,176	121,038	186,176
Effect of dilutive potential ordinary shares:				
— employee share bonus and treasury shares transferred to employees	<u>241</u>	<u>459</u>	<u>427</u>	<u>857</u>
Weighted average number of ordinary shares (diluted)	<u>121,281</u>	<u>186,635</u>	<u>121,465</u>	<u>187,033</u>
Diluted earnings per share	\$ <u>4.90</u>	<u>3.12</u>	<u>8.05</u>	<u>5.36</u>

(s) Revenue from contracts with customers

(i) Details of revenue

The details of revenue were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Sale of goods	5,019,839	4,334,161	8,737,331	8,262,476
Service revenue	<u>3,110</u>	<u>6,709</u>	<u>8,525</u>	<u>15,213</u>
	\$ <u>5,022,949</u>	<u>4,340,870</u>	<u>8,745,856</u>	<u>8,277,689</u>

(Continued)

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

(ii) Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Primary geographical markets:				
Taiwan	\$ 399,752	354,473	771,156	803,478
Mainland China	3,655,135	2,775,538	6,329,177	5,168,445
Hong Kong	951,890	1,194,264	1,616,450	2,267,062
Japan	523	2,046	579	3,577
South Korea	843	359	1,447	624
Other	14,806	14,190	27,047	34,503
	\$ 5,022,949	4,340,870	8,745,856	8,277,689
Major products:				
Display driver IC	\$ 3,186,209	3,205,749	5,638,084	6,111,076
Power management IC	566,208	639,498	1,036,159	1,223,754
Service revenue	3,110	6,709	8,525	15,213
Other	1,267,422	488,914	2,063,088	927,646
	\$ 5,022,949	4,340,870	8,745,856	8,277,689

(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 six months ended June 30, 2024 and 2023, amounting to \$18,508 thousand and \$111,126 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
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For the three months and six months ended June 30, 2024 and 2023, the Company made no provision for directors' remuneration, the Company estimated its employee compensation amounting to \$30,861 thousand, \$38,469 thousand, \$59,449 thousand and \$65,677 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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 59,351	51,601	115,298	97,294
Interest income on lease receivable	82	241	205	521
Other interest income	<u>52</u>	<u>15</u>	<u>68</u>	<u>30</u>
Total interest income	<u><u>\$ 59,485</u></u>	<u><u>51,857</u></u>	<u><u>115,571</u></u>	<u><u>97,845</u></u>

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Government grants	\$ 51,589	36,836	98,246	40,012
Rent income	18	-	36	-
Other	<u>3,349</u>	<u>1,381</u>	<u>5,348</u>	<u>2,281</u>
Total other income	<u><u>\$ 54,956</u></u>	<u><u>38,217</u></u>	<u><u>103,630</u></u>	<u><u>42,293</u></u>

(Continued)

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

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Losses on disposals of property, plant and equipment	\$ (9)	(251)	(9)	(251)
Foreign exchange (losses) gains	25,470	52,082	75,364	26,892
Gains on financial assets (liabilities) at fair value through profit or loss	16,277	17,744	4,899	47,080
Other	(14,259)	(785)	(15,754)	(690)
	\$ 27,479	68,790	64,500	73,031

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest expense	\$ (2,844)	(470)	(3,504)	(2,760)

(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

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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ensure the uncollectible amount are recognized appropriately as impairment loss. As of June 30, 2024, December 31 and June 30, 2023, 63%, 66%, and 65% respectively, of trade receivables were due from the five major customers. Thus, credit risk is significantly centralized.

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>
June 30, 2024							
Non derivative financial liabilities							
Notes and accounts payable	\$ 3,137,458	3,137,458	3,137,458	-	-	-	-
Dividends payable	1,288,127	1,288,127	1,288,127	-	-	-	-
Other payables	764,441	764,441	764,441	-	-	-	-
Lease liabilities	108,104	115,871	20,526	17,060	32,467	45,818	-
Deposits Received	321,121	321,121	321,121	-	-	-	-
Subtotal	5,619,251	5,627,018	5,531,673	17,060	32,467	45,818	-
Derivative financial liabilities							
Current swaps :							
Outflow	3,989	825,850	825,850	-	-	-	-
Inflow	-	(821,861)	(821,861)	-	-	-	-
Carrying values	3,989	3,989	3,989	-	-	-	-
Forward exchange contracts :							
Outflow	629	629	629	-	-	-	-
Carrying values	629	629	629	-	-	-	-
Subtotal	4,618	4,618	4,618	-	-	-	-
Total	<u>\$ 5,623,869</u>	<u>5,631,636</u>	<u>5,536,291</u>	<u>17,060</u>	<u>32,467</u>	<u>45,818</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)

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

	<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>
June 30, 2023							
Non derivative financial liabilities							
Notes and accounts payable	\$ 1,842,130	1,842,130	1,842,130	-	-	-	-
Dividends payable	1,582,499	1,582,499	1,582,499	-	-	-	-
Other payables	886,677	886,677	886,677	-	-	-	-
Lease liabilities	65,407	67,878	20,397	12,324	12,937	22,220	-
Deposits Received	151,803	151,803	151,803	-	-	-	-
Subtotal	<u>4,528,516</u>	<u>4,530,987</u>	<u>4,483,506</u>	<u>12,324</u>	<u>12,937</u>	<u>22,220</u>	<u>-</u>
Derivative financial liabilities							
Currency swaps:							
Outflow	2,053	714,191	714,191	-	-	-	-
Inflow	-	(712,138)	(712,138)	-	-	-	-
Carrying values	<u>2,053</u>	<u>2,053</u>	<u>2,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,053</u>	<u>2,053</u>	<u>2,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,530,569</u>	<u>4,533,040</u>	<u>4,485,559</u>	<u>12,324</u>	<u>12,937</u>	<u>22,220</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>June 30, 2024</u>			<u>December 31, 2023</u>			<u>June 30, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets									
<u>Monetary items</u>									
USD	\$ 133,386	32.405	4,322,323	110,069	30.665	3,375,253	149,910	31.093	4,661,102
Financial liabilities									
<u>Monetary items</u>									
USD	121,529	32.345	3,930,881	91,188	30.665	2,796,302	89,355	30.970	2,767,307

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 June 30, 2024 and 2023 would have decreased (increased) the net profit after tax by \$15,658 thousand and \$75,752 thousand for the six months ended June 30, 2024 and 2023, respectively, with all other variables remaining constant. The analysis is performed on the same basis in 2024 and 2023.

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 (including realized and unrealized portions) amounted to \$75,364 thousand and \$26,892 thousand for the six months ended June 30, 2024 and 2023, respectively.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(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 six months ended June 30, 2024 and 2023, and therefore, no related interest rate exposure exists.

(v) Other market price risk

For the six months ended June 30, 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:

	June 30, 2024		December 31, 2023		June 30, 2023	
Prices of securities at the reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 5%	\$ 7,230	412,445	573	422,861	702	426,892
Decreasing 5%	\$ (7,230)	(412,445)	(573)	(422,861)	(702)	(426,892)

(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:

	June 30, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss- Current and Non-current	\$ 10,311,114	10,204,655	-	106,459	10,311,114
Financial assets at fair value through other comprehensive income					
Shares in domestic listed	14,078	14,078	-	-	14,078
Shares in foreign non-public entities	166,667	-	166,667	-	166,667
Subtotal	180,745	14,078	166,667	-	180,745
Total	\$ 10,491,859	10,218,733	166,667	106,459	10,491,859

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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June 30, 2024				
	Book Value	Fair Value		
		Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss- Current	\$ 4,618	-	4,618	-
Total	\$ 4,618	-	4,618	-
December 31, 2023				
	Book Value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss- Current	\$ 10,583,314	10,571,518	11,796	-
Financial assets at fair value through other comprehensive income				
Shares in domestic listed	14,330	14,330	-	-
Total	\$ 10,597,644	10,585,848	11,796	-
June 30, 2023				
	Book Value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss- Current	\$ 10,672,294	10,672,291	3	-
Financial assets at fair value through other comprehensive income				
Shares in domestic listed	17,556	17,556	-	-
Total	\$ 10,689,850	10,689,847	3	-
Financial liabilities at fair value through profit or loss-Current	\$ 2,053	2,053	-	-
Total	\$ 2,053	2,053	-	-

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

The fair value of financial instruments which traded in an active market was based on the quoted market price, The quotation announced by the stock exchange center or exchange center of central government bond, might be regarded as the fair value of the listed equity securities and debt instruments which was traded in an active market.

A financial instrument was regarded as being quoted in an active market if quoted prices were 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 taking place 'regularly' was a matter of judgment and depended on the facts and circumstances of the market of the market for the instrument.

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

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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Measurements of fair value of financial instruments without an active market were based on quoted price from a competitor.

3) Reconciliation of Level 3 fair values

	Financial assets mandatorily measured at fair value through profit or loss
Opening balance, January 1, 2024	\$ -
Total gains and losses recognized:	
In loss	(2,441)
Purchased	108,900
Ending Balance, June 30, 2024	<u><u>\$ 106,459</u></u>

For the three months and six months ended June 30, 2024 and 2023, the total gains and losses that were included in “other gains and losses” was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
In loss, and presented in “other gains and losses”	\$ (2,441)	-	(2,441)	-

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets at fair value through profit or loss –Private fund”.

Most of the fair value measurements categorized within level 3 used the single and significant unobservable input. Equity investments without an active market contained multiple significant unobservable inputs.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-Private fund	Net Asset Value Method	Net Asset Value	The estimated fair value would increase (decrease) if net asset value were higher (lower)

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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- 5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions by the following percentages to reflect reasonably possible alternative assumptions would have the following effects:

		Increase or decrease	Profit or loss	
	Inputs		Favorable	Unfavorable
Balance at June 30, 2024				
Financial assets at fair value through profit or loss				
Private fund	Net Asset Value Method	1%	1,065	(1,065)

- (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 June 30, 2024, December 31 and June 30, 2023, the Group's unused credit line were amounted to \$8,857,824 thousand, \$11,910,445 thousand and \$12,192,980 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 six months ended June 30, 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:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>June 30, 2024</u>
			<u>Foreign exchange movement</u>	<u>Other</u>	
Lease liabilities	\$ 76,600	(23,343)	559	54,288	108,104
Guarantee deposits received	306,305	5,067	9,749	-	321,121
Total liabilities from financing activities	<u>\$ 382,905</u>	<u>(18,276)</u>	<u>10,308</u>	<u>54,288</u>	<u>429,225</u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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	January 1, 2023	Cash flows	Non-cash changes		June 30, 2023
			Foreign exchange movement	Other	
Lease liabilities	\$ 41,169	(24,101)	(183)	48,522	65,407
Guarantee deposits received	166,277	(11,376)	(3,098)	-	151,803
Total liabilities from financing activities	<u>\$ 207,446</u>	<u>(35,477)</u>	<u>(3,281)</u>	<u>48,522</u>	<u>217,210</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.(FORTUNEBAY)	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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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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Hon Hai Precision	\$ -	-	-	311
FIH(HONG KONG)	-	10,807	-	21,243
Kunshan Fuchengke	-	2,991	-	8,402
CLOUD NETWORK	-	5,263	-	17,235
FORTUNE BAY	-	24,849	-	25,238
Other related parties	-	1,586	-	13,037
	<u>\$ -</u>	<u>45,496</u>	<u>-</u>	<u>85,466</u>

The transaction terms with related parties were not significantly different from those of sales to third parties and payment term was O/A 90 days of after final acceptance. Amounts receivable from related parties were uncollateralized.

(ii) Donation expenses

For the six months ended June 30, 2024 and 2023, the Group donated \$4,500 thousand and \$3,000 thousand, respectively, to the Fitipower Foundation, which was recorded under operating expenses.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 20,182	17,851	30,545	28,815
Post-employment benefits	54	54	108	108
	<u>\$ 20,236</u>	<u>17,905</u>	<u>30,653</u>	<u>28,923</u>

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(8) Pledged assets:

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

<u>Assets pledged as security</u>	<u>Purpose of pledge</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
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
Current financial assets at amortized cost	Restricted deposits	<u>5,877</u>	<u>-</u>	<u>17,253</u>
		<u><u>\$ 5,877</u></u>	<u><u>200</u></u>	<u><u>21,453</u></u>

(9) Commitments and contingencies:

- (a) As of June 30, 2024, December 31 and June 30, 2023, the refundable notes payable for short-term borrowings amounted to \$4,829,125 thousand and \$4,770,315 thousand and \$4,789,020 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.
- (c) Litigation and actions
- CHANCE MORE ELECTRONICS TECHNOLOGY CO., LTD. (CHANCE MORE ELECTRONICS) filed a complaint against Visual Sensing Technology Corp. (Visual Sensing Technology), a subsidiary of the Group, for patent infringement and other contract disputes and requested for damage compensation amounting to \$17,100 thousand. The first instance court ruled that Visual Sensing Technology should pay CHANCE MORE ELECTRONICS \$14,250 thousand. Visual Sensing Technology filed an appeal, which was still dismissed by the second instance court. Visual Sensing Technology filed another appeal against the judgment of the second trial, but the Supreme Court dismissed the appeal on May 2, 2024, and the judgment was confirmed. The Group has estimated related compensation losses of \$14,250 thousand, which was recorded under Other losses.

(Continued)

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

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:

On July 24, 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 50,000 thousand by 25 shares in cash.

(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 June 30					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		15,842	522,244	538,086	16,125	497,549	513,674
Labor and health insurance		851	20,942	21,793	951	21,807	22,758
Pension		641	16,240	16,881	605	16,080	16,685
Remuneration of directors		-	650	650	-	395	395
Others		682	16,204	16,886	902	18,956	19,858
Depreciation		22,877	95,248	118,125	22,787	81,375	104,162
Amortization		-	45,690	45,690	-	26,369	26,369

By item	By function	For the six months ended June 30					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		31,324	988,500	1,019,824	31,554	956,634	988,188
Labor and health insurance		1,682	41,690	43,372	1,996	47,288	49,284
Pension		1,253	31,739	32,992	1,236	32,789	34,025
Remuneration of directors		-	1,250	1,250	-	671	671
Others		1,250	29,664	30,914	1,503	32,141	33,644
Depreciation		45,460	187,541	233,001	46,569	160,139	206,708
Amortization		-	76,380	76,380	-	49,191	49,191

(b) Seasonality of operations

The sale of the Group products follows the cycle of the consumer electronics industry and is subject to seasonal fluctuations in demand in the end market.

(Continued)

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 June 30, 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	2,985,503	-	2,985,503	
The Company	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	86,479	1,328,043	-	1,328,043	
The Company	FSITC Taiwan Money Market	-	Current financial assets at fair value through profit or loss	65,255	1,033,947	-	1,033,947	
The Company	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	55,487	758,247	-	758,247	
The Company	Sinopac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	84,861	1,221,795	-	1,221,795	
The Company	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	43,102	725,582	-	725,582	
The Company	CTBC Hwa win Money Market Fund	-	Current financial assets at fair value through profit or loss	57,605	656,163	-	656,163	
The Company	Yuanta De-Li Money Market Fund	-	Current financial assets at fair value through profit or loss	38,013	641,541	-	641,541	
The Company	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	9,247	120,082	-	120,082	
The Company	InnoCare Optoelectronics Corp.	-	Non current financial assets at fair value through other comprehensive income	168	14,078	0.42 %	14,078	
Jadeite Investment Inc.	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	27,835	390,755	-	390,755	
Jadeite Investment Inc.	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	1,506	20,575	-	20,575	
Jadeite Investment Inc.	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	20,995	322,422	-	322,422	
Jadeite Investment Inc.	CDIB-Innolux Fund II	-	Non current financial assets at fair value through profit or loss	108,900	106,459	12.75 %	106,459	
Jadeite Investment Inc.	CarUX Holding	-	Non current financial assets at fair value through other comprehensive income	739	166,667	0.51 %	166,667	

- (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	212,671	2,978,655	240,930	3,373,655	3,312,201	61,454	212,671	2,985,503

(Continued)

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 - Jih Sun Money Market Fund	Current financial assets at fair value through profit or loss	-	-	87,100	1,328,665	19,633	300,000	20,255	310,000	306,777	3,223	86,479	1,328,043
The Company	Beneficiary certification - FSITC Taiwan Money Market	Current financial assets at fair value through profit or loss	-	-	49,209	774,479	16,046	253,000	-	-	-	-	65,255	1,033,947
The Company	Beneficiary certification - Union Money Market Fund	Current financial assets at fair value through profit or loss	-	-	29,921	406,177	25,566	348,000	-	-	-	-	55,487	758,247
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	-	-	77,089	1,295,000	1,280,124	14,876	43,102	725,582
The Company	Beneficiary certification - Yuanta De-Li Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	38,013	641,000	-	-	-	-	38,013	641,541
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	1,221,795
The Company	Beneficiary certification - CTBC Hwa win Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	57,605	653,000	-	-	-	-	57,605	656,163
The Company	Beneficiary certification - Fubon Chi-Hsiang Money Market Fund	Current financial assets at fair value through profit or loss	-	-	9,347	150,522	22,963	371,000	32,310	522,303	521,000	1,303	-	-
Jadeite Investment Inc.	Beneficiary certification - Union Money Market Fund	Current financial assets at fair value through profit or loss	-	-	10,817	146,837	11,018	150,000	20,329	277,000	275,872	1,128	1,506	20,575
The Company	Investments in the stock of non-public entities	Investments accounted for using equity method	Jadeite Investment Inc.	Subsidiaries	50,000	500,000	50,000	500,000	-	-	-	-	100,000	1,000,000

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

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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	203,749	2.33 %	O/A 120 days	-	-	206,329	6.42%	
Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited	Associates	Sales	125,991	1.44 %	O/A 120 days	-	-	97,342	3.03%	
JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	Associate	Sales	368,164	4.21 %	O/A 120 days	-	-	265,747	8.27%	
JADARD TECHNOLOGY INC.	Jadard Technology Limited	Associate	Sales	295,860	3.38 %	O/A 120 days	-	-	5,038	0.16%	

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	206,329	1.71	-	-	995	-
JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	Associate	265,747	5.52	-	-	195	-

Note 1: The amounts received from related parties as of July 17, 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).
- (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	295,860	O/A 120 days	3.38%
0	JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	1	Sales	368,164	O/A 120 days	4.21%
1	Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited Taiwan Branch	3	Sales	203,749	O/A 120 days	2.33%
1	Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited	3	Sales	125,991	O/A 120 days	1.44%
2	Jadard Technology Limited	JADARD TECHNOLOGY INC.	2	Other Sales	87,609	O/A 120 days	1.00%

Note 1: Numbers are filled in as follows:

1. "0" represents the parent entity.
2. Subsidiaries are sequentially numbered starting from "1".

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 six months ended June 30, 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 June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	Trade Logic Limited	BVI	Investment	465,895	302,296	30	100.00 %	5,025,219	245,825	245,825	note 1
Trade Logic Limited	Ever Harvest Limited	Samoa	Investment	302,296	302,296	10,000	100.00 %	4,811,230	245,811	245,811	note 1
The Company	Visual Sensing Technology	Hsin Chu, Taiwan	IC design	260,000	260,000	23,000	89.16 %	23,341	(16,890)	(16,948)	note 1 、 2
JADARD TECHNOLOGY INC.	Jadard Technology Limited	Hong Kong	General trade	270,264	270,264	9,200	100.00 %	252,600	(32,797)	(32,797)	note 1
The Company	Jadeite Investment Inc.	Tainan, Taiwan	Investment	1,000,000	500,000	100,000	100.00 %	1,003,029	(48)	(445)	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 June 30, 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	459,003	55.05%	251,741	4,811,164	-
Hefei Jadard Technology Co., Ltd.	Supply chain management	224,523 (note 4)	(2)	-	-	-	-	323	55.05%	177	433,516	-

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 the auditors of the parent company.

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 June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
302,296	302,296	10,224,329

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

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

(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.		6,558,750	5.40 %
Hon Chi International Investment Co., Ltd.		6,184,000	5.10 %

(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.