

**FITIPOWER INTEGRATED TECHNOLOGY INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

Address: 3F, No.6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City
Telephone: (03)5788-618

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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Representation Letter

The entities that are required to be included in the consolidated financial statements of Fitipower Integrated Technology Inc. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Fitipower Integrated Technology Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Fitipower Integrated Technology Inc.

Chairman: Lin, Yung-Chieh

Date: February 26, 2025



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Fitipower Integrated Technology Inc.:

Opinion

We have audited the consolidated financial statements of Fitipower Integrated Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We did not audit the financial statements of JADARD TECHNOLOGY INC. and its subsidiaries, a subsidiary of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for JADARD TECHNOLOGY INC., is based solely on the report of another auditor. The financial statements of JADARD TECHNOLOGY INC. reflect total assets constituting 43.39% and 39.02% of consolidated total assets at December 31, 2024 and 2023, respectively, and total operating revenues constituting 49.01% and 32.60% of consolidated total operating revenues for the years then ended, respectively.

Fitipower Integrated Technology Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion with other matters paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory valuation

Refer to Note 4(h) for accounting policy on inventory, Note 5 for accounting estimations and assumption uncertainty of inventory valuation, and Note 6(e) for the disclosure of inventories.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in the environment and the continuous updating of production technology, there is a risk that the original products may become obsolete or no longer meet the market demand. The demand for and prices of the related products may fluctuate, and the estimation of the net realizable value of inventories depends on the subjective judgment of the management of the Group. Therefore, the valuation of inventories has been identified as a key audit matter.

How the matter was addressed in our audit:

For the valuation of the inventories, we understand the Group's policy on the write-down of inventories and evaluate whether the methods and assumptions used to provide an allowance for the write-down of inventories are reasonable. Also, we obtain the calculation details of the provision for the write-down of inventories, and check whether those details are consistent with the accounting records. In addition, we performed procedures including sampling to examine the accuracy of inventory aging report and the net realizable value report.

2. Revenue recognition

Refer to Note 4(n) for accounting policy of revenue recognition and Note 6(s) for the details of sales revenue.

Description of key audit matter:

The major business activities of the Group are the manufacture and sale of integrated circuits. The Group also offers research and development services with respect to the products presented above. Revenue is the key indicator to evaluate the performance by investors and management, and thus, needs significant attention in our audit.

How the matter was addressed in our audit:

We understand the main revenue types and transaction conditions, and evaluate the accuracy of the period of revenue recognition; check the sales contracts of major sales objects, and test the Group's internal control methods regarding shipment operations and revenue recognition processes; perform trend analysis of the ten largest customers, so as to assess whether there is any material abnormality; select shipments for a period before and after the balance sheet date of the Group, and check relevant documents and forms to determine whether the sales revenue is included in the appropriate period of the financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiao, Pei-Ju and Lee, Fang-Yi.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2025

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 audit 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
December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents(note (6)(a))	\$ 1,779,772	7	1,933,863	8	2120	Current financial liabilities at fair value through profit or loss(note (6)(b))	\$ 10,158	-	-	-
1110	Current financial assets at fair value through profit or loss(notes (6)(b)and (13))	7,580,755	28	10,583,314	43	2130	Current contract liabilities(note (6)(s))	36,036	-	32,581	-
1136	Current financial assets at amortised cost, net(notes (6)(a)and (8))	2,709,190	10	132,710	1	2170	Accounts payable	2,247,212	9	1,829,927	7
1170	Accounts receivable, net(note (6)(d))	3,387,897	13	2,296,971	9	2200	Other payables	1,041,476	4	770,849	4
1197	Finance lease payment receivable	-	-	11,177	-	2230	Current tax liabilities	67,650	-	518,842	2
1200	Other receivables, net	570,776	2	347,830	1	2250	Current provisions(note (6)(l))	19,737	-	43,855	-
130X	Inventories, net(note (6)(e))	2,480,359	9	1,945,787	8	2280	Current lease liabilities(note (6)(m))	42,398	-	29,771	-
1410	Prepayments and other current assets(note (6)(f))	441,972	2	56,596	-	2300	Other current liabilities	21,619	-	19,880	-
		<u>18,950,721</u>	<u>71</u>	<u>17,308,248</u>	<u>70</u>			<u>3,486,286</u>	<u>13</u>	<u>3,245,705</u>	<u>13</u>
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss(notes (6)(b)and (13))	1,134,497	4	-	-	2570	Deferred tax liabilities(note (6)(o))	208,894	1	76,974	-
1517	Non-current financial assets at fair value through other comprehensive income(notes (6)(c)and (13))	1,339,321	5	14,330	-	2580	Non-current lease liabilities(note (6)(m))	59,772	-	46,829	-
1535	Non-current financial assets at amortised cost, net(note (6)(a))	3,470,450	13	5,668,370	23	2645	Guarantee deposits received	498,357	2	306,305	1
1600	Property, plant and equipment(note (6)(i))	1,060,944	4	1,028,598	4			<u>767,023</u>	<u>3</u>	<u>430,108</u>	<u>1</u>
1755	Right of use assets(note (6)(j))	100,842	-	76,512	-		Total liabilities	<u>4,253,309</u>	<u>16</u>	<u>3,675,813</u>	<u>14</u>
1780	Intangible assets(note (6)(k))	193,169	1	63,003	-	3110	Equity attributable to owners of parent:(notes 6(g), (h), (p) and (q))	<u>1,212,545</u>	<u>5</u>	<u>1,212,545</u>	<u>5</u>
1840	Deferred tax assets(note (6)(o))	47,763	-	63,706	-	3200	Ordinary share	<u>8,544,547</u>	<u>32</u>	<u>8,621,547</u>	<u>35</u>
1900	Other non-current assets(note (6)(l))	372,444	2	649,514	3		Retained earnings:				
		<u>7,719,430</u>	<u>29</u>	<u>7,564,033</u>	<u>30</u>	3310	Legal reserve	1,375,997	5	1,160,976	5
						3320	Special reserve	26,923	-	28,704	-
						3350	Unappropriated retained earnings	<u>6,775,059</u>	<u>25</u>	<u>6,330,352</u>	<u>25</u>
								<u>8,177,979</u>	<u>30</u>	<u>7,520,032</u>	<u>30</u>
						3400	Other equity	<u>(14,272)</u>	<u>-</u>	<u>(26,923)</u>	<u>-</u>
						3500	Treasury shares	<u>(7,307)</u>	<u>-</u>	<u>(8,158)</u>	<u>-</u>
							Total equity attributable to owners of parent:	<u>17,913,492</u>	<u>67</u>	<u>17,319,043</u>	<u>70</u>
						36XX	Non-controlling interests	<u>4,503,350</u>	<u>17</u>	<u>3,877,425</u>	<u>16</u>
							Total equity	<u>22,416,842</u>	<u>84</u>	<u>21,196,468</u>	<u>86</u>
Total assets		<u>\$ 26,670,151</u>	<u>100</u>	<u>24,872,281</u>	<u>100</u>		Total liabilities and equity	<u>\$ 26,670,151</u>	<u>100</u>	<u>24,872,281</u>	<u>100</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 Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes (6)(s) and (7))	\$ 19,199,740	100	16,286,520	100
5000	Operating costs (notes (6)(e), (l) and (12))	<u>13,707,114</u>	<u>71</u>	<u>11,004,044</u>	<u>68</u>
5900	Gross profit from operations	<u>5,492,626</u>	<u>29</u>	<u>5,282,476</u>	<u>32</u>
6000	Operating expenses: (notes (6)(d), (k), (l), (m), (n), (q), (t), (7) and (12))				
6100	Selling expenses	420,334	2	353,227	2
6200	Administrative expenses	374,389	2	338,250	2
6300	Research and development expenses	2,494,331	13	2,245,262	14
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS 9	<u>76</u>	<u>-</u>	<u>(308)</u>	<u>-</u>
		<u>3,289,130</u>	<u>17</u>	<u>2,936,431</u>	<u>18</u>
6900	Net operating income	<u>2,203,496</u>	<u>12</u>	<u>2,346,045</u>	<u>14</u>
7000	Non-operating income and expenses: (notes (6)(b), (m) and (u))				
7100	Interest income	262,106	1	222,468	1
7010	Other income	197,146	1	106,299	1
7020	Other gains and losses	161,229	1	129,508	1
7050	Finance costs	<u>(8,047)</u>	<u>-</u>	<u>(2,559)</u>	<u>-</u>
		<u>612,434</u>	<u>3</u>	<u>455,716</u>	<u>3</u>
7900	Profit before income tax	2,815,930	15	2,801,761	17
7950	Less: Income tax expenses(note (6)(o))	<u>324,339</u>	<u>2</u>	<u>434,562</u>	<u>2</u>
8000	Profit	<u>2,491,591</u>	<u>13</u>	<u>2,367,199</u>	<u>15</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	(13,160)	-	(7,932)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(13,160)</u>	<u>-</u>	<u>(7,932)</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	316,744	2	(149,258)	(1)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(114,239)	(1)	-	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>35,008</u>	<u>-</u>	<u>2,471</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>167,497</u>	<u>1</u>	<u>(151,729)</u>	<u>(1)</u>
	Other comprehensive income	<u>154,337</u>	<u>1</u>	<u>(159,661)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 2,645,928</u>	<u>14</u>	<u>2,207,538</u>	<u>14</u>
	Profit attributable to:				
8610	Owners of parent	\$ 1,946,074	10	2,150,213	14
8620	Non-controlling interests	<u>545,517</u>	<u>3</u>	<u>216,986</u>	<u>1</u>
		<u>\$ 2,491,591</u>	<u>13</u>	<u>2,367,199</u>	<u>15</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 1,958,725	10	2,151,994	13
8720	Non-controlling interests	<u>687,203</u>	<u>4</u>	<u>55,544</u>	<u>1</u>
		<u>\$ 2,645,928</u>	<u>14</u>	<u>2,207,538</u>	<u>14</u>
	Earnings per share (expressed in dollars)(note (6)(r))				
9750	Basic earnings per share	<u>\$ 16.08</u>		<u>13.29</u>	
9850	Diluted earnings per share	<u>\$ 16.00</u>		<u>13.23</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 years ended December 31, 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 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	-	-	-	-	2,150,213	-	-	-	-	2,150,213	216,986	2,367,199
Other comprehensive income	-	-	-	-	-	9,713	(7,932)	1,781	-	1,781	(161,442)	(159,661)
Total comprehensive income	-	-	-	-	2,150,213	9,713	(7,932)	1,781	-	2,151,994	55,544	2,207,538
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)
Capital reduction	(652,908)	-	-	-	-	-	-	-	1,291	(651,617)	-	(651,617)
Changes in ownership interests in subsidiaries	-	4,479	-	-	-	-	-	-	-	4,479	(4,479)	-
Share-based payments transactions	-	1,973	-	-	-	-	-	-	-	1,973	-	1,973
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	77,564	77,564
Balance at December 31, 2023	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	-	-	-	-	1,946,074	-	-	-	-	1,946,074	545,517	2,491,591
Other comprehensive income	-	-	-	-	-	140,050	(127,399)	12,651	-	12,651	141,686	154,337
Total comprehensive income	-	-	-	-	1,946,074	140,050	(127,399)	12,651	-	1,958,725	687,203	2,645,928
Appropriation and distribution of retained earnings:												
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 transactions	-	8,736	-	-	-	-	-	-	-	8,736	96,002	104,738
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(243,016)	(243,016)
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	851	851	-	851
Balance at December 31, 2024	\$ 1,212,545	8,544,547	1,375,997	26,923	6,775,059	121,059	(135,331)	(14,272)	(7,307)	17,913,492	4,503,350	22,416,842

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 years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 2,815,930	2,801,761
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	461,718	429,321
Amortization expense	171,593	105,955
Expected credit loss (reversal of expected credit loss)	76	(308)
Net gain on financial assets or liabilities at fair value through profit or loss	(40,340)	(120,806)
Interest expense	8,047	2,559
Interest income	(262,106)	(222,468)
Dividend income	(185)	(218)
Compensation cost of share-based payment transaction	104,738	43,167
Loss (gain) on disposal of property, plant and equipment	(580)	250
Impairment loss and disposal loss on inventory	91,279	94,281
Impairments loss on non-financial assets	-	15,527
Total adjustments to reconcile profit or loss	534,240	347,260
Changes in operating assets and liabilities:		
Decrease in finance lease payment receivable	11,177	12,828
(Increase) decrease in accounts receivable	(1,091,002)	362,670
Increase in other receivables	(28,206)	(8,707)
(Increase) decrease in inventories	(625,851)	466,779
(Increase) decrease in prepayments and other current assets	(385,376)	26,620
Increase in other non-current assets	(69,173)	(16,351)
(Increase) decrease in accounts payable	417,285	(69,983)
(Increase) decrease in other payable	274,037	(111,403)
Decrease in current provisions	(24,118)	(29,289)
Increase (decrease) in current contract liabilities	3,455	(100,915)
Increase (decrease) in other current liabilities	1,739	(18,747)
Total changes in operating assets and liabilities	(1,516,033)	513,502
Cash inflow generated from operations	1,834,137	3,662,523
Interest received	59,057	39,702
Interest paid	(5,662)	(3,522)
Income taxes paid	(656,107)	(702,881)
Net cash flows from operating activities	1,231,425	2,995,822
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,428,582)	(22,262)
Acquisition of financial assets at fair value through profit or loss	(11,037,613)	(10,885,154)
Proceeds from disposal of financial assets at fair value through profit or loss	12,962,019	10,063,812
Increase in financial assets at amortized cost	(378,560)	(5,800,880)
Acquisition of property, plant and equipment	(433,111)	(378,788)
Proceeds from disposal of property, plant and equipment	1,544	1,118
Acquisition of intangible assets	(300,828)	(86,704)
Decrease in refundable deposits	335,701	1,731,231
Cash dividends received	185	218
Net cash flows from investing activities	(279,245)	(5,377,409)
Cash flows from financing activities:		
Decrease in short-term borrowings	-	(220,734)
Increase in guarantee deposits received	173,963	143,922
Payment of lease liabilities	(47,187)	(47,317)
Cash dividends paid	(1,288,127)	(1,582,499)
Capital reduction payments to shareholders	-	(651,617)
Proceeds from transfer of treasury shares to employees	851	-
Change in non-controlling interests	(243,016)	77,564
Net cash flows used in financing activities	(1,403,516)	(2,280,681)
Effect of exchange rate changes on cash and cash equivalents	297,245	(162,816)
Net decrease in cash and cash equivalents	(154,091)	(4,825,084)
Cash and cash equivalents at the beginning of period	1,933,863	6,758,947
Cash and cash equivalents at the end of period	\$ 1,779,772	1,933,863

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
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2025.

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

- (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

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” 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
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(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 as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2024	December 31, 2023	
The Company	Trade Logic Limited (Trade Logic)	Investment company	100.00 %	100.00 %	Note 1
The Company	Visual Sensing Technology Corp. (Visual Sensing Technology)	IC design	89.16 %	89.16 %	Note 2
The Company	Jadeite Investment Co., Ltd. (Jadeite Investment)	Investment company	100.00 %	100.00 %	Note 3
Trade Logic Limited	Ever Harvest Limited (Ever Harvest)	Investment company	100.00 %	100.00 %	-
Ever Harvest Limited	JADARD TECHNOLOGY INC. (Shenzhen Jadard)	IC design	55.05 %	54.57 %	Note 4
JADARD TECHNOLOGY INC.	Hefei Jadard Technology Co., Ltd. (Hefei Jadard)	Supply Chain Management	100.00 %	100.00 %	-
JADARD TECHNOLOGY INC.	Jadard Technology Limited (Jadard Technology)	General Trading	100.00 %	100.00 %	-

Note 1: On April 30 and July 24, 2024, the Company's board approved two resolutions for Trade Logic Limited to increase its capital by issuing 10 and 25 shares, in cash, at the amounts of USD20,000 thousand and USD50,000 thousand, respectively. As of December 31, 2024, the Company invested the amount of USD46,000 thousand. On January 23, 2025, the Company invested the amount of USD12,000 thousand, with the remaining balance to be injected in batches.

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

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

Note 4: JADARD TECHNOLOGY INC. conducted an employee share option exercise to increase capital by 3,466 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 to September 2024. After the repurchase, the Company's shareholding ratio increased from 54.57% to 55.05%. On February 12, 2025, JADARD TECHNOLOGY INC. exercised its employee Restricted Share Award Plan of the first grant exercise of its 708 thousand treasury shares, resulting in the Company's shareholding ratio to decrease from 55.05% to 54.96%.

(Continued)

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) 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 is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized 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.

(Continued)

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

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group 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.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

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

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables, other receivable, guarantee deposit paid and other financial assets).

(Continued)

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forwardlooking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

(Continued)

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

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(Continued)

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss, which comprise short-term loans and borrowings, accounts payable and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized as finance cost under non-operating revenue and expenses.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss, and was reported under "Other gains and losses" in the comprehensive income statement. When the fair value of a derivative financial instrument is

(Continued)

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

positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

A leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Machinery and equipment: 2~10 years
- 2) Office equipment: 1~6 years
- 3) Leasehold improvements: 5 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(Continued)

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

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercised price or the penalty payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(k) Intangible assets

(i) Goodwill

Goodwill is recognized when the purchase price exceeds the fair value of the identifiable assets under the acquisition method. Goodwill acquired through consolidation is not amortized. Impairment testing is performed on a regular basis and is measured at initial cost, less, any accumulated impairment loss.

(ii) Research and development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred. Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) Its intention to complete the intangible asset and use or sell it.
- 3) Its ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(iii) Other intangible assets

The other intangible assets acquired by the Group are recognized at cost less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Computer software: 1~10 years
- 2) Patent and Technical Knowhow: 1~3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs) . Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells electronic components to computer manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Services

The Group provides Integrated Circuits product design and development services to its customers and recognizes revenue during the reporting period when services are rendered.

(o) Government grants

The Group recognizes an unconditional government grant related to in profit or loss as other income when the grant becomes received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

The Group that belongs to domestic firms should comply with the Labor Pension Act (hereinafter as “the Act”), which took effect on July 1, 2005. In accordance with the Act, the pension benefits of employees who elect to follow the Act and employees who are retired after the effective date of the Act adopt a defined contribution scheme, whereby the Group makes monthly contributions to the employees’ individual pension accounts of no less than 6% of the employees’ monthly wages. The amounts contributed are recognized as expense in the current period.

The Group that belongs to overseas firms should contribute pension fund based on the local pension regulations and recognized the pension contributed as expense for that period. Subsidiaries in China should comply with the regulations of the Government in the People’s Republic of China. The corporate contributes retirement annuity funds based on the statutory rate on authorized employees’ payroll and the pension expenses are recognized in profit or loss for the year.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as share-based payment awards and employee share bonus.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Petty cash	\$ 1,555	1,710
Checking and demand deposits	1,184,797	1,537,455
Time deposits	6,773,060	6,195,778
Less: Restricted deposits (recorded as current financial assets measured at amortized cost) (Note 8)	-	(200)
Time deposits with original maturities of over three months (recorded as current and non-current financial assets measured at amortized cost)	(6,179,640)	(5,800,880)
	<u>\$ 1,779,772</u>	<u>1,933,863</u>

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

	December 31, 2024	December 31, 2023
Interest rate range	<u>1.45% ~ 4.37%</u>	<u>1.10% ~ 5.30%</u>

(ii) The Group did not recognize impairment loss on financial assets at amortized cost for the years ended 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) Financial assets and liabilities mandatorily measured at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss:		
Current:		
Domestic open-ended funds	\$ 7,511,620	10,571,518
Currency swaps	-	1,993
Forward exchange contracts	-	9,803
Credit linked notes-linked with convertible bonds	69,135	-
Subtotal	<u>7,580,755</u>	<u>10,583,314</u>
Non-current :		
Private fund	\$ 138,677	-
Foreign open-ended funds	266,416	-
Credit linked notes-linked with convertible bonds	460,351	-
Income securities issued certificate	269,053	-
Subtotal	<u>1,134,497</u>	<u>-</u>
Total	<u>\$ 8,715,252</u>	<u>10,583,314</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial liabilities mandatorily measured at fair value through profit or loss:		
Current:		
Currency swaps	\$ 8,955	-
Forward exchange contracts	<u>1,203</u>	<u>-</u>
Total	<u><u>\$ 10,158</u></u>	<u><u>-</u></u>

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

1) Currency swaps

<u>December 31, 2024</u>					
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Spot Rate</u>	<u>FX Forward Rate</u>
Currency swaps	<u>\$ 32,000</u>	USD/NTD	2025.1~2025.2	32.493~32.697	32.400~32.630

<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

2) Forward exchange contracts

<u>December 31, 2024</u>				
	<u>Contract Amount</u>	<u>Currency</u>	<u>Due Date</u>	<u>FX Forward Rate</u>
Forward exchange contracts	<u>\$ 4,000</u>	USD	2025.1	32.407~32.480

<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 years ended 2024 and 2023, the net loss on valuation of financial assets (liabilities) through profit or loss arising from the above transactions were loss of \$95,179 thousand and \$5,217 thousand, respectively, please refer to Note 6(u).

3) As of December 31, 2024, the Group held credit linked notes linked with convertible bonds, with due dates and coupon rates ranging from 2025 to 2027 and 2.00%~4.50%, respectively.

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

(iv) Please refer to Note 6(v) for the disclosure of the financial asset category and fair value measurement of the Group.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(c) Financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Debt investments at fair value through other comprehensive income- Non-current:		
Foreign bonds	\$ <u>1,173,799</u>	<u>-</u>
Equity investments at fair value through other comprehensive income- Non-current:		
Shares in domestic listed entities	\$ 10,198	14,330
Shares in foreign non-public entities	<u>155,324</u>	<u>-</u>
Subtotal	<u>165,522</u>	<u>14,330</u>
Total	<u><u>\$ 1,339,321</u></u>	<u><u>14,330</u></u>

(i) Debt investments at fair value through other comprehensive income- Non-current

- 1) The Group has assessed that the following securities were held within a business model whose objective was achieved by both collecting contractual cash flows and selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.
- 2) For the years ended December 31, 2024, the Group purchased foreign financial bonds and foreign corporate bonds for USD26,108 thousand and USD13,609 thousand, respectively; with due dates and coupon rates ranging from 2033 to 2063 and 4.65%~6.40%, respectively.
- 3) As of December 31, 2024 interests receivable incurred from the above transaction amounted to \$189 thousand.

(ii) Equity investments at fair value through other comprehensive income- Non-current

- 1) 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.
- 2) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended 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.

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(d) Accounts receivable, net

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 3,394,015	2,303,013
Less: Loss allowance	<u>(6,118)</u>	<u>(6,042)</u>
	<u>\$ 3,387,897</u>	<u>2,296,971</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:

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 3,224,754	0.18%	5,733
1 to 30 days past due	168,945	0.04%	69
More than 120 days past due	<u>316</u>	50%~100%	<u>316</u>
	<u>\$ 3,394,015</u>		<u>6,118</u>

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,112,528	0.18%	3,765
1 to 30 days past due	188,154	0.08%	142
31 to 60 days past due	128	1.56%	2
61 to 90 days past due	74	10.81%	8
91 to 120 days past due	5	20.00%	1
More than 120 days past due	<u>2,124</u>	50%~100%	<u>2,124</u>
	<u>\$ 2,303,013</u>		<u>6,042</u>

The movement in the allowance for accounts receivable was as follows:

	2024	2023
Balance at January 1	\$ 6,042	6,350
Impairment losses recognized(reversed)	<u>76</u>	<u>(308)</u>
Balance at December 31	<u>\$ 6,118</u>	<u>6,042</u>

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

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(e) Inventories

	December 31, 2024	December 31, 2023
Finished goods	\$ 970,751	741,046
Work in progress	1,030,426	811,909
Raw materials	479,182	392,832
	<u>\$ 2,480,359</u>	<u>1,945,787</u>

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

	2024	2023
Inventory that has been sold	\$ 13,615,835	10,909,763
Write-down of inventories and obsolescence	91,279	94,281
	<u>\$ 13,707,114</u>	<u>11,004,044</u>

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

(f) Prepayments and other current assets

	December 31, 2024	December 31, 2023
Prepayment for purchases	\$ 405,091	31,409
Prepaid expenses	7,920	3,011
Overpaid sales tax and prepaid income tax	28,961	22,026
Payment on behalf of others	-	150
	<u>\$ 441,972</u>	<u>56,596</u>

(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 CNY3,466 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 \$4,479 thousand, which did not affect profit or loss.
- (ii) During February to September 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. On February 12, 2025, JADARD TECHNOLOGY INC. exercised its employee Restricted Share Award Plan of the first grant exercise of its 708 thousand treasury shares, resulting in the Company's shareholding ratio to decrease from 55.05% to 54.96%.

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(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	
		December 31, 2024	December 31, 2023
JADARD TECHNOLOGY INC.	Mainland China	44.95 %	45.43 %
Visual Sensing Technology Corp.	Taiwan	10.84 %	10.84 %

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

JADARD TECHNOLOGY INC.'s collective financial information:

	December 31, 2024	December 31, 2023
Current assets	\$ 7,187,996	3,337,786
Non-current assets	4,385,239	6,369,434
Current liabilities	(1,306,921)	(954,061)
Non- current liabilities	(497,707)	(313,102)
Net assets	<u>\$ 9,768,607</u>	<u>8,440,057</u>
Non-controlling interests	<u>\$ 4,501,780</u>	<u>3,873,565</u>
	2024	2023
Sales revenue	<u>\$ 9,410,511</u>	<u>5,309,806</u>
Net income	\$ 1,215,967	493,517
Other comprehensive income	24,649	6,665
Comprehensive income	<u>\$ 1,240,616</u>	<u>500,182</u>
Profit, attributable to non-controlling interests	<u>\$ 547,807</u>	<u>224,094</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 557,625</u>	<u>227,120</u>
	2024	2023
Net cash flows from operating activities	\$ 669,950	203,684
Net cash flows from investing activities	(809,406)	(4,767,966)
Net cash flows from financing activities	(144,228)	(22,303)
Net decrease in cash and cash equivalents	<u>\$ (283,684)</u>	<u>(4,586,585)</u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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- (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 December 31, 2024 and 2023, the fair value of JADARD TECHNOLOGY INC. with publicly quoted prices attributable to the Group was \$23,939,504 thousand and \$19,278,488 thousand, respectively.

(i) Property, plant and equipment

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

	Machinery and equipment	Office equipment	Leasehold improvements	Equipment awaiting examination	Total
Cost:					
Balance at 1 January, 2024	\$ 2,069,932	108,868	14,808	-	2,193,608
Additions	415,634	6,117	1,206	10,154	433,111
Disposal	(21,322)	(2,404)	-	-	(23,726)
Effect of movements in exchange rates	31,157	1,021	211	-	32,389
Balance at December 31, 2024	<u>\$ 2,495,401</u>	<u>113,602</u>	<u>16,225</u>	<u>10,154</u>	<u>2,635,382</u>
Balance at 1 January, 2023	\$ 1,734,756	105,734	8,818	97	1,849,405
Additions	374,532	4,256	-	-	378,788
Disposal	(12,621)	(717)	-	-	(13,338)
Transfer from (to)	(10,872)	97	6,068	(97)	(4,804)
Effect of movements in exchange rates	(15,863)	(502)	(78)	-	(16,443)
Balance at December 31, 2023	<u>\$ 2,069,932</u>	<u>108,868</u>	<u>14,808</u>	<u>-</u>	<u>2,193,608</u>
Depreciation and impairments loss:					
Balance at 1 January, 2024	\$ 1,067,019	86,726	11,265	-	1,165,010
Depreciation for the year	397,307	16,584	1,733	-	415,624
Disposal	(20,397)	(2,365)	-	-	(22,762)
Effect of movements in exchange rates	15,595	791	180	-	16,566
Balance at December 31, 2024	<u>\$ 1,459,524</u>	<u>101,736</u>	<u>13,178</u>	<u>-</u>	<u>1,574,438</u>
Balance at 1 January, 2023	\$ 721,423	67,763	5,243	-	794,429
Depreciation for the year	361,134	20,010	2,905	-	384,049
Impairment loss	6,983	-	-	-	6,983
Transfer from (to)	(3,730)	-	3,182	-	(548)
Disposal	(11,256)	(714)	-	-	(11,970)
Effect of movements in exchange rates	(7,535)	(333)	(65)	-	(7,933)
Balance at December 31, 2023	<u>\$ 1,067,019</u>	<u>86,726</u>	<u>11,265</u>	<u>-</u>	<u>1,165,010</u>
Carrying amount:					
Balance at December 31, 2024	<u>\$ 1,035,877</u>	<u>11,866</u>	<u>3,047</u>	<u>10,154</u>	<u>1,060,944</u>
Balance at January 1, 2023	<u>\$ 1,013,333</u>	<u>37,971</u>	<u>3,575</u>	<u>97</u>	<u>1,054,976</u>
Balance at December 31, 2023	<u>\$ 1,002,913</u>	<u>22,142</u>	<u>3,543</u>	<u>-</u>	<u>1,028,598</u>

(i) Pledged assets

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

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

(ii) Impairment loss

As of September 30, 2023, a subsidiary of the Group, Visual Sensing Technology, conducted an impairment test on certain instruments and equipment, and the estimated recoverable amount was \$0 thousand, which was lower than the carrying amount of \$6,983 thousand. Therefore, an impairment loss of \$6,983 thousand was recognized in 2023, and will be recorded under "Other gains and losses" in the consolidated statements of comprehensive income.

(j) Right-of-use assets

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

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance at 1 January, 2024	\$ 110,203	-	110,203
Additions	68,688	5,447	74,135
Disposal	(34,966)	-	(34,966)
Effect of movements in exchange rates	795	-	795
Balance at December 31, 2024	<u>\$ 144,720</u>	<u>5,447</u>	<u>150,167</u>
Balance at 1 January, 2023	\$ 112,919	-	112,919
Additions	85,029	-	85,029
Disposal	(87,300)	-	(87,300)
Effect of movements in exchange rates	(445)	-	(445)
Balance at December 31, 2023	<u>\$ 110,203</u>	<u>-</u>	<u>110,203</u>
Accumulated depreciation and impairment losses:			
Balance at 1 January, 2024	\$ 33,691	-	33,691
Depreciation for the year	45,403	691	46,094
Disposal	(30,555)	-	(30,555)
Effect of movements in exchange rates	95	-	95
Balance at December 31, 2024	<u>\$ 48,634</u>	<u>691</u>	<u>49,325</u>
Balance at 1 January, 2023	\$ 72,084	-	72,084
Depreciation for the year	45,272	-	45,272
Disposal	(83,502)	-	(83,502)
Effect of movements in exchange rates	(163)	-	(163)
Balance at December 31, 2023	<u>\$ 33,691</u>	<u>-</u>	<u>33,691</u>
Carrying amount:			
Balance at December 31, 2024	<u>\$ 96,086</u>	<u>4,756</u>	<u>100,842</u>
Balance at January 1, 2023	<u>\$ 40,835</u>	<u>-</u>	<u>40,835</u>
Balance at December 31, 2023	<u>\$ 76,512</u>	<u>-</u>	<u>76,512</u>

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

(k) Intangible assets

(i) 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	-	254,924	45,904	300,828
Disposal	-	(174,827)	(54,296)	(229,123)
Effect of movements in exchange rates	-	4,110	2,028	6,138
Balance at December 31, 2024	<u>\$ 185,097</u>	<u>246,194</u>	<u>121,049</u>	<u>552,340</u>
Balance at 1 January, 2023	\$ 185,097	97,690	95,031	377,818
Additions	-	64,646	22,058	86,704
Transfer from	-	-	10,872	10,872
Effect of movements in exchange rates	-	(349)	(548)	(897)
Balance at December 31, 2023	<u>\$ 185,097</u>	<u>161,987</u>	<u>127,413</u>	<u>474,497</u>
Accumulated amortization and impairment losses:				
Balance at 1 January, 2024	\$ 183,490	127,931	100,073	411,494
Amortization for the year	-	140,236	31,357	171,593
Derecognized	-	(174,827)	(54,296)	(229,123)
Effect of movements in exchange rates	-	494	4,713	5,207
Balance at December 31, 2024	<u>\$ 183,490</u>	<u>93,834</u>	<u>81,847</u>	<u>359,171</u>
Balance at 1 January, 2023	\$ 183,365	46,495	64,075	293,935
Amortization for the year	-	81,711	24,244	105,955
Derecognized	-	-	3,730	3,730
Impairment loss	125	-	8,419	8,544
Effect of movements in exchange rates	-	(275)	(395)	(670)
Balance at December 31, 2023	<u>\$ 183,490</u>	<u>127,931</u>	<u>100,073</u>	<u>411,494</u>
Carrying amount:				
Balance at December 31, 2024	<u>\$ 1,607</u>	<u>152,360</u>	<u>39,202</u>	<u>193,169</u>
Balance at January 1, 2023	<u>\$ 1,732</u>	<u>51,195</u>	<u>30,956</u>	<u>83,883</u>
Balance at December 31, 2023	<u>\$ 1,607</u>	<u>34,056</u>	<u>27,340</u>	<u>63,003</u>

For the years ended December 31, 2024 and 2023, the amortization of intangible assets of the Group amounted to \$171,593 thousand and \$105,955 thousand, respectively, which was recorded under operating expenses in the consolidated statements of comprehensive income.

(ii) Impairment loss

Since the Group's subsidiary, Visual Sensing Technology Corp, was dissolved but not yet liquidated in October 2023, an impairment loss of \$8,544 thousand was recognized in 2023 for goodwill and patents obtained from the acquisition, as the estimated recoverable amount was less than the carrying amount. Therefore, the impairment loss was recorded under "Other gains and losses" in the consolidated statement of comprehensive income.

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

(iii) Impairment testing for goodwill

For the Group's impairment testing purposes, goodwill has been allocated to cash-generating units of the original Hongxin Semiconductor products and other departments. The total carrying amounts of goodwill are as follow:

	December 31, 2024	December 31, 2023
The cash-generating unit of the original Hongxin Semiconductor's products	\$ 1,607	1,607

The cash-generating unit of the original Hongxin Semiconductor's products is based on the revenue growth rate of 5% for 2024 and 2023, estimating the future cash flows generated from the sale of these products. As of December 31, 2024 and 2023, annual discount rates of 5.76% and 10.06%, respectively, were used for the calculation.

The Group had no impairment for goodwill for the years ended 2024 and 2023.

(l) Other non current assets

	December 31, 2024	December 31, 2023
Prepaid Bonus	\$ 238,958	170,536
Guarantee deposits paid	128,214	474,457
Others	5,272	4,521
	\$ 372,444	649,514

- (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 \$171,959 thousand and \$188,278 thousand for the years ended December 31, 2024 and 2023, respectively.
- (ii) To ensure stable outsourced production capacity, the Group has signed capacity guarantee contracts with suppliers. According to the agreement, they pay a deposit, which will be returned upon the fulfillment of the contract terms. This deposit is recorded under other non-current assets - refundable deposits. Additionally, considering market demand fluctuations and future capacity utilization, the Group estimated related compensation losses and provision for liabilities based on capacity guarantee contracts. JADARD TECHNOLOGY INC., a subsidiary of the Group, terminated part of the agreements on April 18, 2023, and the original deposit of \$894,510 thousand (CNY208,900 thousand) was reclassified as prepayment and has been fully offset against accounts payable. For the years ended December 31, 2024 and 2023, the Group has recovered deposits of \$392,242 thousand and \$1,677,119 thousand according to the agreement.

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

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	\$ <u>42,398</u>	<u>29,771</u>
Non-current	\$ <u>59,772</u>	<u>46,829</u>

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

The amounts recognized in profit or loss was as follows:

	2024	2023
Interest on lease liabilities	\$ <u>2,535</u>	<u>1,506</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>2,459</u>	<u>4,756</u>

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

	2024	2023
Total cash outflow for leases	\$ <u>52,181</u>	<u>53,579</u>

(i) Real estate leases

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.

(ii) Other leases

The Group leases transportation equipment with leases terms of 1 to 3 years.

(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 \$51,088 thousand and \$47,010 thousand for the years ended December 31, 2024 and 2023, respectively.

If the Group is a foreign company, it contributes to the pension funds in accordance with local laws and regulations, and recognizes the required contributions in each period as current expenses. The Group's subsidiaries in Mainland China, which are included in the consolidated entity, are required by the Chinese government to contribute to the basic pension insurance premiums based on the statutory percentage of the approved salaries of employees and recognize the premiums as current expenses. The pension costs and pension insurance premiums amounting to \$16,054 thousand and \$19,834 thousand were contributed for the years ended December 31, 2024 and 2023, respectively.

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

(o) Income taxes

- (i) Domestic consolidated entities is subject to Taiwan income tax at rates of 20% for 2024 and 2023, and also adopted the “Income Basic Tax Act” to calculate the tax. Trade Logic and Ever Harvest are established in the British Virgin Islands and Samoa, respectively. According to the laws of their respective registered countries, they do not levy profit-seeking enterprise income tax on international business companies established within their borders that have no local income. The statutory income tax rate for JADARD TECHNOLOGY INC. and Hefei Jadard Technology Co., Ltd. is 25%. JADARD TECHNOLOGY INC. enjoys a preferential tax rate of 15% for high-tech enterprises in China ; Jadard Technology Limited has an income tax rate of 16.5%.

(ii) Income tax expense

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

	<u>2024</u>	<u>2023</u>
Current tax expense	\$ 210,760	444,268
Deferred tax expense (benefit)	<u>113,579</u>	<u>(9,706)</u>
Income tax expense	<u><u>\$ 324,339</u></u>	<u><u>434,562</u></u>

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

	<u>2024</u>	<u>2023</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u><u>\$ 35,008</u></u>	<u><u>2,471</u></u>

Reconciliation of income tax and profit before tax for 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Profit excluding income tax	<u><u>\$ 2,815,930</u></u>	<u><u>2,801,761</u></u>
Income tax using the Company’s domestic tax rate	\$ 563,186	560,352
Effect on the income tax based on the subsidiaries’ net income before income taxes	70,058	13,125
Investment tax credit	(170,288)	(172,949)
Suspension of tax-exempt gain on disposal of domestic securities	(32,329)	(10,473)
Additional tax on undistributed earnings	10,669	46,295
Prior year’s income tax adjustment	(82,075)	(48,640)
Investment income from domestic securities	(13,832)	-
Change in unrecognized temporary differences	(1,224)	60,295
Others	<u>(19,826)</u>	<u>(13,443)</u>
	<u><u>\$ 324,339</u></u>	<u><u>434,562</u></u>

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

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Provision for decline in value of inventories	\$ 3,620	5,347
Taxdeductible loss carryforward	99,548	102,006
Realized valuation losses on long-term investment	45,005	42,044
	\$ 148,173	149,397

Regarding the deductible temporary differences from investment tax credit, the deferred tax assets have not been recognized in respect of these items because it is not probable that the future taxable gain on disposal of securities will be available against which the Group can utilize the benefits therefrom. The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years (or unlimited duration) for local tax reporting purposes. Deferred tax assets were not recognized, as management determined that it is not probable that there will be sufficient taxable gains in the future.

As of December 31, 2024, Visual Sensing Technology Corp., Jadard Technology Limited Taiwan Branch and Jadard Technology Limited, the net losses that have not been recognized as deferred tax assets and the expiration years were as follows:

a) Domestic consolidated entities, the details are as follows:

Year of loss	Expiry date	Unused tax loss
2018	2028	\$ 110
2019	2029	731
2020	2030	2,668
2021	2031	9,222
2022	2032	26,232
2023	2033	36,207
2024	2034	3,382
		\$ 78,552

b) Jadard Technology Limited, the details are as follows:

Year of loss	Unused tax loss
2023	\$ 20,996

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	Unrealized losses in inventory	Exchange differences on translation of foreign financial	Unrealized foreign exchange loss	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2024	\$ 30,299	4,307	2,233	26,867	63,706
Recognized in profit or loss	903	-	(2,233)	(10,306)	(11,636)
Recognized in other comprehensive income	-	(4,307)	-	-	(4,307)
Balance at December 31, 2024	<u>\$ 31,202</u>	<u>-</u>	<u>-</u>	<u>16,561</u>	<u>47,763</u>
Balance at January 1, 2023	\$ 34,852	6,778	-	9,733	51,363
Recognized in profit or loss	(4,553)	-	2,233	17,134	14,814
Recognized in other comprehensive income	-	(2,471)	-	-	(2,471)
Balance at December 31, 2023	<u>\$ 30,299</u>	<u>4,307</u>	<u>2,233</u>	<u>26,867</u>	<u>63,706</u>

	Exchange differences on translation of foreign financial	Unrealized foreign exchange gains	Valuation gains on financial assets	Investment Income	Others	Total
Deferred Tax Liabilities:						
Balance at January 1, 2024	\$ -	-	17,230	56,456	3,288	76,974
Recognized in profit or loss	-	5,830	(11,330)	108,059	(1,340)	101,219
Recognized in other comprehensive income	30,701	-	-	-	-	30,701
Balance at December 31, 2024	<u>\$ 30,701</u>	<u>5,830</u>	<u>5,900</u>	<u>164,515</u>	<u>1,948</u>	<u>208,894</u>
Balance at January 1, 2023	\$ -	14,795	-	56,456	-	71,251
Recognized in profit or loss	-	(14,795)	17,230	-	3,288	5,723
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>17,230</u>	<u>56,456</u>	<u>3,288</u>	<u>76,974</u>

(iv) The income tax returns of the Company and Jadeite Investment Inc. for the years through 2022, were approved by the tax authorities. The income tax returns of Visual Sensing Technology Corp. for the years through 2023, were approved by the tax authorities. All overseas subsidiaries have filed tax returns with their local tax authorities up to 2023.

(p) Capital and other equity

(i) Ordinary share

As of December 31, 2024 and 2023, the authorized capital of the Company amounted to \$3,000,000 thousand, divided into 121,254 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
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Reconciliation of shares (in thousand) outstanding were as follows:

	<u>2024</u>	<u>2023</u>
Balance on January 1	121,014	186,176
Treasury shares transferred to employees	25	-
Capital reduction	-	(65,162)
Balance on December 31	<u><u>121,039</u></u>	<u><u>121,014</u></u>

(ii) Capital surplus

The balances of capital surplus were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Share capital	\$ 6,102,418	6,102,418
Treasury share transactions	11,244	2,508
Changes in ownership interests in subsidiaries	2,430,435	2,516,171
Other	450	450
	<u><u>\$ 8,544,547</u></u>	<u><u>8,621,547</u></u>

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.

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.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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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:

	2024		2023	
	Shares (in thousands)	Total amount	Shares (in thousands)	Total amount
Beginning balance	240	\$ 8,158	369	9,449
Capital reduction	-	-	(129)	(1,291)
Shares transferred to employees	(25)	(851)	-	-
Ending balance	<u>215</u>	<u>\$ 7,307</u>	<u>240</u>	<u>8,158</u>

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 December 31, 2024 and 2023, the amount of shares transferred to employees was 25 thousand and 0 thousand, respectively, and a total of 215 thousand shares and 240 thousand shares were not yet transferred or cancelled, respectively.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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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 equity

The movements of other equity were as follows:

	Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (18,991)	(7,932)	(26,923)
Exchange differences on foreign operation	140,050	-	140,050
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(127,399)	(127,399)
Balance at December 31, 2024	<u>\$ 121,059</u>	<u>(135,331)</u>	<u>(14,272)</u>
Balance at January 1, 2023	\$ (28,704)	-	(28,704)
Exchange differences on foreign operation	9,713	-	9,713
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(7,932)	(7,932)
Balance at December 31, 2023	<u>\$ (18,991)</u>	<u>(7,932)</u>	<u>(26,923)</u>

(vi) Non-controlling Interests

	2024	2023
Balance at January 1	\$ 3,877,425	3,748,796
Net profit (loss) attributable to Non controlling interests:		
Profit	545,517	216,986
Exchange differences on translation of foreign financial statements	141,686	(161,442)
Changes in ownership interests in subsidiaries	85,736	(4,479)
Capital increase of non controlling interests	130,490	77,564
Cash dividends of ordinary share	(45,721)	-
Subsidiaries repurchased treasury shares	(231,783)	-
Balance at December 31	<u>\$ 4,503,350</u>	<u>3,877,425</u>

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(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:

	2023	
	Number of options (in thousands)	Weighted average exercise price(CNY/\$)
Outstanding at January 1	10,519	\$ 5.00
Granted during the year	-	-
Forfeited during the year	(7,053)	-
Exercised during the year	(3,466)	5.00
Outstanding at December 31	-	-
Exercisable at December 31	-	-

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

Grant Period	Exercisable percentage (cumulative)
Period of one year	50 %
Period of two year	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", with the total of 4,500 thousand shares. On the same date, 3,603 thousand restricted shares were granted and 897 thousand were reserved at an exercise price of CNY11.04 per share. The Board of Directors resolved to adjust the price to CNY 10.98 per share due to earnings distribution to be followed thereafter. The Board of Directors resolved on April 1, April 23 and August 23, 2024, a grant of the reserved shares of 67 thousand shares, 735 thousand shares and 95 thousand shares, respectively, at an exercise price of CNY8.63, CNY8.34 and CNY8.25 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
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Grant Period	Available percentage (cumulative)	
	The first grant for the year 2023	The advance reserved partial grant for the year 2024
Period of one year	25 %	30 %
Period of two year	50 %	60 %
Period of three year	75 %	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	The third 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	\$7.53-8.06
Exercise price (CNY/\$)	10.98	8.63	8.34	8.25
Expected volatility (%)	13.34%-16.40%	13.47%-14.64%	13.72%-14.73%	13.15%-14.45%
Risk-free interest rate (%)	1.5%-2.75%	1.5%-2.75%	1.5%-2.75%	1.5%-2.75%
Expected life	1-4 year	1-3 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:

	2024		2023	
	Number of options(in thousands)	Weighted average exercise price (CNY/\$)	Number of options(in thousands)	Weighted average exercise price (CNY/\$)
Outstanding at January 1	3,603	\$ 10.98	-	-
Granted during the year	897	8.25-8.63	3,603	10.98
Forfeited during the year	(165)	-	-	-
Outstanding at December 31	4,335		3,603	
Exercisable at December 31	860		-	

(iii) The Company- Treasury Shares Transferred To Employees Plan

On March 26, 2020, the Board of Directors resolved to repurchased 369 thousand treasury shares to be transferred to its employees. After the approval of the capital reduction to refund the share capital in 2023, the remaining shares were 240 thousand shares. 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 December 31, 2024, the

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amount of shares transferred to employees was 25 thousand shares. The first treasury shares to employees 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:

Black-Scholes model	Treasury Shares Transferred To Employees Plan issued in 2023
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%

In addition, the Board of Directors resolved on February 26, 2025 to implement the transfer of its second treasury shares of 189 thousand shares to its employees.

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

	2024		2023
	Number of treasury shares(in thousands)	Weighted average exercise price (\$)	Number of treasury shares(in thousands)
Outstanding at January 1	50	\$ 34.02	-
Granted during the period	-	-	50
Exercised during the period	(25)	34.02	-
Outstanding at December 31	<u><u>25</u></u>		<u><u>50</u></u>
Exercisable at December 31	<u><u>-</u></u>		<u><u>-</u></u>

(iv) Employees expense

The Group incurred expenses and liabilities of share-based arrangements for the years ended December 31, 2024 and 2023 as follows:

	2024	2023
Expenses resulting from granted employee share options	\$ -	20,530
Expenses resulting from restriction of employee share options	96,002	20,664
Expenses resulting from treasury shares transferred to employees	8,736	1,973
	<u><u>\$ 104,738</u></u>	<u><u>43,167</u></u>

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(r) Earnings per share

The Group's earnings per share for the years ended 2024 and 2023 were calculated as follows:

(i) Basic earnings per share

1) Profit attributable to ordinary shareholders of the Company

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company	\$ <u><u>1,946,074</u></u>	<u><u>2,150,213</u></u>

2) Weighted average number of ordinary shares

	<u>2024</u>	<u>2023</u>
Issued ordinary shares at 1 January	\$ 121,014	186,176
Effect of treasury shares held	25	-
Effect of issuance of new shares by cash capital increased	<u>-</u>	<u>(24,435)</u>
Weighted average number of ordinary shares at 31 December	\$ <u><u>121,039</u></u>	<u><u>161,741</u></u>

3) Basic earnings per share

	<u>2024</u>	<u>2023</u>
Basic earnings per share (NTD)	\$ <u><u>16.08</u></u>	<u><u>13.29</u></u>

(ii) Diluted earnings per share

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company	\$ <u><u>1,946,074</u></u>	<u><u>2,150,213</u></u>
Weighted average number of ordinary shares	121,039	161,741
Effect of dilutive potential ordinary shares:		
— employee share bonus and treasury shares transferred to employees	<u>613</u>	<u>728</u>
Weighted average number of ordinary shares (diluted)	<u><u>121,652</u></u>	<u><u>162,469</u></u>
Diluted earnings per share (NTD)	\$ <u><u>16.00</u></u>	<u><u>13.23</u></u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(s) Revenue from contracts with customers

(i) Details of revenue

The details of revenue were as follows:

	<u>2024</u>	<u>2023</u>
Sale of goods	\$ 19,177,717	16,214,122
Service revenue	<u>22,023</u>	<u>72,398</u>
	<u>\$ 19,199,740</u>	<u>16,286,520</u>

(ii) Disaggregation of revenue

	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
Taiwan	\$ 1,398,069	1,608,856
Mainland China	14,342,998	10,364,007
Hong Kong	3,417,771	4,230,928
Vietnam	19,334	43,632
Malaysia	7,224	10,446
Other	<u>14,344</u>	<u>28,651</u>
	<u>\$ 19,199,740</u>	<u>16,286,520</u>
Major products:		
Display driver IC	\$ 12,787,853	11,960,384
Power management IC	2,152,687	2,367,289
Service revenue	22,023	72,398
Other	<u>4,237,177</u>	<u>1,886,449</u>
	<u>\$ 19,199,740</u>	<u>16,286,520</u>

(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 years ended 2024 and 2023, amounting to \$35,180 thousand and \$127,801 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.

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(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.

For the year ended December 31, 2024 and 2023, the Company estimated its directors' remuneration amounting to \$6,900 thousand and \$0 thousand, respectively; and employee remuneration amounted to \$115,876 thousand and \$136,132 thousand, respectively. The estimated amounts mentioned above are 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:

	2024	2023
Interest income from bank deposits	\$ 244,386	221,513
Interest income on lease receivable	251	886
Other interest income	17,469	69
Total interest income	<u><u>\$ 262,106</u></u>	<u><u>222,468</u></u>

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) Other income

	<u>2024</u>	<u>2023</u>
Government grants	\$ 185,426	95,366
Dividend income	185	218
Rent income	78	-
Other	<u>11,457</u>	<u>10,715</u>
Total other income	<u><u>\$ 197,146</u></u>	<u><u>106,299</u></u>

(iii) Other gains and losses

	<u>2024</u>	<u>2023</u>
Gains (losses) on disposals of property, plant and equipment	\$ 580	(250)
Foreign exchange gains	136,249	26,249
Gains on financial assets (liabilities) at fair value through profit or loss	40,340	120,806
Impairments loss on non-financial assets	-	(15,527)
Other	<u>(15,940)</u>	<u>(1,770)</u>
	<u><u>\$ 161,229</u></u>	<u><u>129,508</u></u>

(iv) Finance costs

	<u>2024</u>	<u>2023</u>
Interest expense	<u><u>\$ (8,047)</u></u>	<u><u>(2,559)</u></u>

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

Implicit credit risk of the Group is inherent in its cash and trade receivables. The cash is deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration. The major customers of the Group are centralized in the high tech computer industry. To minimize credit risk, the Group periodically evaluates the Group's financial positions and the possibility of collecting trade receivables. Besides, the Group monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2024 and 2023, 56% and 66% respectively, of trade receivables were due from the five major customers. Thus, credit risk is significantly centralized.

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

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

Credit risk of credit linked notes linked with convertible bonds arises if the issuing securities firms breached the contracts or the debt issuer could not pay off the debts. Since the maximum exposure is the carrying value of those financial instruments, the Group minimizes the credit risk by only transacting with counter parties who are reputable, transparent and in good financial standing.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024							
Non derivative financial liabilities							
Notes and accounts payable	\$ 2,247,212	2,247,212	2,247,212	-	-	-	-
Other payables	1,041,476	1,041,476	1,041,476	-	-	-	-
Lease liabilities	102,170	107,488	24,825	20,683	28,561	33,419	-
Deposits Received	498,357	498,357	498,357	-	-	-	-
Subtotal	3,889,215	3,894,533	3,811,870	20,683	28,561	33,419	-
Derivative financial liabilities							
Current swaps :							
Outflow	8,955	1,047,370	1,047,370	-	-	-	-
Inflow	-	(1,038,415)	(1,038,415)	-	-	-	-
Carrying values	8,955	8,955	8,955	-	-	-	-
Forward exchange contracts :							
Outflow	1,203	1,203	1,203	-	-	-	-
Carrying values	1,203	1,203	1,203	-	-	-	-
Subtotal	10,158	10,158	10,158	-	-	-	-
Total	\$ 3,899,373	3,904,691	3,822,028	20,683	28,561	33,419	-
December 31, 2023							
Non derivative financial liabilities							
Notes and accounts payable	\$ 1,829,927	1,829,927	1,829,927	-	-	-	-
Other payables	770,849	770,849	770,849	-	-	-	-
Lease liabilities	76,600	83,156	18,290	14,174	21,012	29,680	-
Deposits Received	306,305	306,305	306,305	-	-	-	-
Total	\$ 2,983,681	2,990,237	2,925,371	14,174	21,012	29,680	-

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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:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
<u>Monetary items</u>						
USD	\$ 121,414	32.613	3,959,673	110,069	30.665	3,375,253
Financial liabilities						
<u>Monetary items</u>						
USD	103,108	32.721	3,373,787	91,188	30.665	2,796,302

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 December 31, 2024 and 2023 would have decreased (increased) the net profit after tax by \$23,436 thousand and \$23,158 thousand for the years ended December 31, 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 \$136,249 thousand and \$26,249 thousand for the years ended December 31, 2024 and 2023, respectively.

(iv) Interest rate analysis

The Group is exposed to interest rate risks primarily in relations to its investment portfolio. Changes in interest rates affect the interest earned on the Group's cash and cash equivalents and fixed income securities, as well as the fair value of those securities. The majority of the Group's fixed income investments are fixed rate securities, which are classified as financial assets at FVTOCI and financial assets at FVTPL. Moreover, the market value of the Group's investments in credit linked notes linked with convertible bonds and interest rate-linked deposits are affected by interest rates. The market value would decrease (even lower than the principal) when the interest rate increases, and vice versa. Based on a sensitivity analysis performed on the Group's fixed income investments at the end of the reporting period, an increase of 100 basis points (1.00%) in the interest rates across all maturities would have decreased (increased) the Group's other comprehensive income by \$4,304 thousand and \$0 thousand for the years ended 2024 and 2023, respectively.

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(v) Other market price risk

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:

Prices of securities at the reporting date	December 31, 2024		December 31, 2023	
	Other comprehensive income after		Other comprehensive income after	
	tax	Net income	tax	Net income
Increasing 5%	\$ 6,621	348,610	573	422,861
Decreasing 5%	\$ (6,621)	(348,610)	(573)	(422,861)

(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:

	December 31, 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	\$ 8,715,252	7,778,036	269,053	668,163	8,715,252
Financial assets at fair value through other comprehensive income					
Shares in domestic listed	10,198	10,198	-	-	10,198
Shares in foreign non-public entities	155,324	-	-	155,324	155,324
Foreign bonds	1,173,799	-	1,173,799	-	1,173,799
Subtotal	1,339,321	10,198	1,173,799	155,324	1,339,321
Total	\$ 10,054,573	7,788,234	1,442,852	823,487	10,054,573
	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss- Current	\$ 10,583,314	10,065,300	11,796	-	10,077,096
Financial assets at fair value through other comprehensive income					
Shares in domestic listed	14,330	14,330	-	-	14,330
Total	\$ 10,597,644	10,079,630	11,796	-	10,091,426

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2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

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.

Measurements of fair value of financial instruments without an active market were based on quoted price from a competitor. Foreign corporate bonds are estimated based on the public market prices provided by third party agencies.

If the Group's financial instruments do not have an active market, their fair value classifications are determined to be equity instruments with no observable prices, and their fair values are estimated by comparing with competitors whose market prices are available. The main assumption used in this estimation is to calculate the product of the earnings before interest, tax, depreciation and amortization and the price to earnings ratio of listed companies on the stock market. This estimate is discounted by the fact that the equity is not readily available to be traded because there is no active market.

(2.2) Derivative financial instruments

Foreign exchange forward contracts and currency swap contracts are estimated based on the future cash flow at the end of the period by observing the forward exchange rate, as well as the exchange rate and interest rate set by the contract, and those transactions that have already been discounted using the discount rate of each counterparty's credit risk. Credit linked notes linked with convertible bonds are based on the public market quotation of convertible bond, wherein the parameters of the repurchase, the coupon interest, and the interest compensation, are considered as the basis for fair value measurement.

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3) Reconciliation of Level 3 fair values

	Financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Opening balance, January 1, 2024	\$ -	-
Total gains and losses recognized:		
In loss	(77)	-
In other comprehensive loss	-	(9,028)
Purchased	794,240	164,352
Disposal	(126,000)	-
Ending Balance, December 31, 2024	<u><u>\$ 668,163</u></u>	<u><u>155,324</u></u>

For the years ended December 31, 2024 and 2023, the total gains and losses that were included in “other gains and losses” or “other comprehensive income” was as follows:

	2024	2023
In loss, and presented in “other gains and losses”	\$ (77)	-
In other comprehensive loss, and presented in “unrealized gains and losses on financial assets at fair value through other comprehensive income”	(9,028)	-

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 ” and “financial assets at fair value through other comprehensive income-Shares in foreign non-public entities”.

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.

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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 the net asset value were higher (lower).
Equity investments without an active market	Market Comparison Method	Liquidity discount (December 31, 2024:18%)	The estimated fair value would decrease (increase) if the liquidity discount were higher (lower);

The Group's credit linked notes linked with convertible bonds of the fair value hierarchy are based on unadjusted quoted price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

- 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 December 31, 2024				
Financial assets at fair value through profit or loss				
Private fund	Net Asset Value Method	1%	1,387	(1,387)
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount	1%	1,553	(1,553)

(w) **Financial risk management**

(i) **Overview**

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Group's finance department provides business services to meet other departments' requests and negotiate all necessary transactions on financial markets. In addition, all significant financial activities have to be examined and approved by the Board of Directors. The Group's financial activities must be in accordance with the overall financial risk management, segregation of duties, and other related policies of the Group. The Group's audit committee continues to review the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivables

The finance department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the finance department. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Trade and other receivables mainly relate to a wide range of customers from different industries and geographic regions. To minimize the credit risk, the Group continues to assess the financial condition and credit risk of its customers. Allowance for doubtful accounts is recognized if necessary. These major customers have a good track record of profitability and creditworthiness, and the Group has not suffered significant credit risk losses due to these major customers during the reporting period.

The account of allowance for doubtful receivables was created by the Group in order to reflect the estimate of the losses had been incurred on accounts receivable and other receivables. The abovementioned account mainly consists of specific losses, relating to significant risk, which were measured individually and other unidentified losses which were measured by grouping similar assets together. The measurement of losses by grouping similar assets together was based on the statistical data of payment history of similar financial assets.

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2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing financial institutions, the management believes that the Group do not have any compliance issues, and therefore, there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group's unused short-term credit line were amounted to \$11,437,103 thousand and \$11,910,445 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales and purchase that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily US Dollars (USD). Natural hedge was adopted to minimize the Group's currency risk. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address shortterm imbalances.

2) Interest rate risk

Interest risk is the risk that changes in market interest rates will affect the fair value of the Group's financial instruments. For detailed information of interest rate risk exposure, please refer to the liquidity risk management of the note.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in non-equity securities. This is a strategic investment and is not held for trading.

(Continued)

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

(x) Capital management

The Group meets its objectives to manage its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of all equity (i.e. ordinary shares, capital surplus, retained earnings and other equity) and net liabilities of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

After being approved by the Board of Directors, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares are intended to be used for issuing shares under the Group's share option program. Buy and sell decisions are made on a specific transaction basis by the Board of Directors.

The Group's debt-to-equity ratios at the end of the reporting period as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 4,253,309	3,675,813
Less: cash and cash equivalents	<u>(1,779,772)</u>	<u>(1,933,863)</u>
Net debt	\$ 2,473,537	1,741,950
Total equity	\$ 22,416,842	21,196,468
Debt-to-equity ratio	11.03%	8.22%

As of December 31, 2024, the Group's capital management strategy is consistent with the prior year as of December 31, 2023.

(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 years ended December 31, 2024 and 2023, were as follows:

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

	January 1, 2024	Cash flows	Non-cash changes	December 31, 2024
			Foreign exchange movement	
Lease liabilities	\$ 76,600	(47,187)	692	102,170
Guarantee deposits received	306,305	173,963	18,089	498,357
Total liabilities from financing activities	\$ 382,905	126,776	18,781	600,527

(Continued)

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

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Foreign exchange movement	Other	
Lease liabilities	\$ 41,169	(47,317)	(409)	83,157	76,600
Guarantee deposits received	166,277	143,922	(3,894)	-	306,305
Total liabilities from financing activities	<u>\$ 207,446</u>	<u>96,605</u>	<u>(4,303)</u>	<u>83,157</u>	<u>382,905</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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
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.

(Continued)

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

(b) Significant transactions with related parties

(i) Sales

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

	<u>2024</u>	<u>2023</u>
Hon Hai Precision	\$ -	311
FIH(HONG KONG)	-	21,243
Kunshan Fuchengke	-	8,402
CLOUD NETWORK	-	17,235
FORTUNE BAY	-	25,238
Other related parties	-	13,037
	<u>\$ -</u>	<u>85,466</u>

The transaction terms with related parties were not significantly different from those of the third parties, with payment term of O/A 90 days after the final acceptance, in which the amounts receivable from related parties were uncollateralized.

(ii) Donation expenses

For the years ended 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:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 68,839	58,374
Post-employment benefits	216	216
	<u>\$ 69,055</u>	<u>58,590</u>

(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>December 31, 2024</u>	<u>December 31, 2023</u>
Current financial assets at amortized cost (Certificate Deposit)	Deposit for Customs	<u>\$ -</u>	<u>200</u>

(Continued)

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

(9) Commitments and contingencies:

- (a) As of December 31, 2024 and 2023, the refundable notes payable for short-term borrowings amounted to \$4,843,363 thousand and \$4,770,315 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 the amount of \$14,250 thousand, wherein Visual Sensing Technology disagreed with the court's decision and filed an appeal to the supreme court, who dismissed the appeal on May 2, 2024. Hence, Visual Sensing Technology will have to pay CHANCE MORE ELECTRONICS the compensation of \$14,250 thousand, which was recorded under other losses by the Group, the proceeds from the above transactions have been paid.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:

In order to meet the needs of business development, the Company invested and established Shenzhen Fitipower Microelectronics Technology Inc. on January 17, 2025, with the total amount of USD5,000 thousand. The Company has initially invested the amount of USD200 thousand, with the remaining balance to be injected in batches.

(12) Other:

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

By item	By function	For the year ended December 31					
		2024			2023		
		Operating costs	Operating Expense	Total	Operating costs	Operating Expense	Total
Employee benefits							
Salary		62,771	2,044,943	2,107,714	65,805	1,880,048	1,945,853
Labor and health insurance		3,394	85,080	88,474	3,825	91,112	94,937
Pension		2,545	64,597	67,142	2,583	64,261	66,844
Remuneration of directors		-	9,650	9,650	-	1,871	1,871
Others		2,309	57,755	60,064	3,016	64,888	67,904
Depreciation		87,756	373,962	461,718	91,830	337,491	429,321
Amortization		-	171,593	171,593	-	105,955	105,955

(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:

(In Thousands of New Taiwan Dollars)

No. (note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 2)										
1	JADARD TECHNOLOGY INC.	Hefei Jадard Technology Co., Ltd.	2	3,907,443	895,600	895,600	98,076	-	5.00 %	5,861,164	Y	N	Y
1	JADARD TECHNOLOGY INC.	Jадard Technology Limited	2	3,907,443	1,074,720	1,074,720	-	-	6.00 %	5,861,164	Y	N	N

Note 1: The number field should be completed as follows:

1. Enter 0 for the issuer.
2. Subsidiaries are sequentially numbered starting from “1”.

Note 2: The relationship between the endorser/guarantor and the party being endorsed/guarantees is classified into following categories:

1. Having business transaction with each other.
2. The Company, directly or indirectly, owns more than 50% equity voting shares in the entity.
3. An entity owns, directly or indirectly, more the 50% equity voting shares of the Company.

Note3: The aggregate endorsement/guarantee amount of JADARD TECHNOLOGY INC. is limited to 60% of the net worth as stated in its most recent financial statements audited or reviewed by CPAs.

Note4: The amount of the endorsements/guarantees made by JADARD TECHNOLOGY INC. for any single entity shall be capped at 40% of the above net worth.

Note5: Upon approval by the shareholders, the subsidies in which JADARD TECHNOLOGY INC., directly and indirectly, holds the entire voting shares are exempt from the aforementioned net worth limit, regardless of the ceilings on the amounts they are permitted to make in endorsements/guarantees.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Taishin 1669 Money Market Fund	-	Current financial assets at fair value through profit or loss	143,321	2,027,636	- %	2,027,636	- %	
The Company	Fubon Chi-Hsiang Money Market Fund	-	Current financial assets at fair value through profit or loss	18,738	306,019	- %	306,019	- %	
The Company	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	21,973	339,942	- %	339,942	- %	
The Company	FSITC Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	52,955	845,519	- %	845,519	- %	
The Company	Sinopac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	58,403	847,220	- %	847,220	- %	
The Company	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	24,459	414,842	- %	414,842	- %	
The Company	Yuanta Wan Tai Money Market Fund	-	Current financial assets at fair value through profit or loss	25,691	405,230	- %	405,230	- %	
The Company	Yuanta De-Li Money Market Fund	-	Current financial assets at fair value through profit or loss	30,367	516,350	- %	516,350	- %	
The Company	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	7,349	96,125	- %	96,125	- %	

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

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	UPAMC James Bond Money Market Fund	-	Current financial assets at fair value through profit or loss	58,191	1,012,118	- %	1,012,118	- %	
The Company	CLN of CSBC Corporation Taiwan 1st Domestic Secured Convertible Bonds	-	Current financial assets at fair value through profit or loss	-	30,046	- %	30,046	- %	
The Company	CLN of Weltrend Semiconductor, Inc. 1st Domestic Unsecured Convertible Bonds	-	Current financial assets at fair value through profit or loss	-	19,022	- %	19,022	- %	
The Company	CLN of Cub Elecparts Inc. 3rd Domestic Unsecured Convertible Bonds	-	Current financial assets at fair value through profit or loss	-	10,015	- %	10,015	- %	
The Company	CLN of Quang Viet Enterprise Co., Ltd. 2nd Domestic Unsecured Convertible Bonds	-	Current financial assets at fair value through profit or loss	-	10,052	- %	10,052	- %	
The Company	CLN of Gold Circuit Electronics Ltd. 2nd Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	30,055	- %	30,055	- %	
The Company	CLN of Gloria Material Technology Corp. 7th Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	30,188	- %	30,188	- %	
The Company	CLN of Lian Fa International Dining Business Corp. 1st Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	10,029	- %	10,029	- %	
The Company	CLN of Scientech Corporation 2nd Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	10,011	- %	10,011	- %	
The Company	CLN of Jourdeness Group Limited 3rd Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	41,414	- %	41,414	- %	
The Company	CLN of Bora Pharmaceuticals Co., Ltd. 3rd Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	52,285	- %	52,285	- %	
The Company	CLN of Elite Semiconductor Microelectronics Tech Inc. 1st Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	25,164	- %	25,164	- %	
The Company	CLN of Speed Tech Corp. 3rd Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	75,196	- %	75,196	- %	
The Company	CLN of Winmate Inc. 3rd Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	35,136	- %	35,136	- %	
The Company	CLN of Shinfox Energy Co., Ltd. 1st Domestic Secured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	50,076	- %	50,076	- %	

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FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	CLN of Century Iron And Steel Industrial Co.,Ltd. 7th Domestic Unsecured Convertible Bonds	-	Non current financial assets at fair value through profit or loss	-	100,797	- %	100,797	- %	
The Company	InnoCare Optoelectronics Corp.	-	Non current financial assets at fair value through other comprehensive income	168	10,198	0.40 %	10,198	0.42 %	
Jadeite Investment Inc.	Taishin 1669 Money Market Fund	-	Current financial assets at fair value through profit or loss	27,835	393,800	- %	393,800	- %	
Jadeite Investment Inc.	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	18,623	288,106	- %	288,106	- %	
Jadeite Investment Inc.	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	1,359	18,713	- %	18,713	- %	
Jadeite Investment Inc.	CDIB-Innolux FundII	-	Non current financial assets at fair value through profit or loss	141,240	138,677	- %	138,677	- %	
Jadeite Investment Inc.	CarUX Holding	-	Non current financial assets at fair value through other comprehensive income	739	155,324	0.51 %	155,324	0.51 %	
Trade Logic Limited	Red Arc Term Liquidity Found-370A USD	-	Non current financial assets at fair value through profit or loss	34	133,189	- %	133,189	- %	
Trade Logic Limited	Red Arc Term Liquidity Found-370A2 USD	-	Non current financial assets at fair value through profit or loss	33	133,227	- %	133,227	- %	
Trade Logic Limited	Foreign financial bonds-UBS GROUP AG 5.379% S/A 09/06/45	-	Non current financial assets at fair value through other comprehensive income	-	219,312	- %	219,312	- %	
Trade Logic Limited	Foreign corporate bonds-BRISTOL-MYERS SQUIBB CO 6.4% S/A 11/15/63	-	Non current financial assets at fair value through other comprehensive income	-	211,591	- %	211,591	- %	
Trade Logic Limited	Foreign financial bonds-CITIGROUP INC 4.65% S/A 07/23/48	-	Non current financial assets at fair value through other comprehensive income	-	215,434	- %	215,434	- %	
Trade Logic Limited	Foreign financial bonds-MACQUARIE GROUP LTD 6.255% S/A 12/07/34	-	Non current financial assets at fair value through other comprehensive income	-	172,320	- %	172,320	- %	
Trade Logic Limited	Foreign corporate bonds-PAYPL HOLDINGS INC 5.25% S/A 06/01/62	-	Non current financial assets at fair value through other comprehensive income	-	180,027	- %	180,027	- %	
Trade Logic Limited	Foreign financial bonds-BARCLAYS 5.25% S/A 08/17/45	-	Non current financial assets at fair value through other comprehensive income	-	175,115	- %	175,115	- %	
JADARD TECHNOLOGY INC.	Huaxi Zunxiang 202412 Income securities issued certificate	-	Non current financial assets at fair value through profit or loss	-	269,053	- %	269,053	- %	

(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 1669 Money Market Fund	Current financial assets at fair value through profit or loss	-	-	240,930	3,359,162	212,671	2,978,655	310,280	4,353,655	4,283,515	70,140	143,321	2,027,636

(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	35,697	548,000	100,823	1,550,000	1,530,805	19,195	21,973	339,942
The Company	Beneficiary certification - FSITC Taiwan Money Market Fund	Current financial assets at fair value through profit or loss	-	-	49,209	774,479	23,267	368,000	19,521	310,000	306,144	3,856	52,955	845,519
The Company	Beneficiary certification - Union Money Market Fund	Current financial assets at fair value through profit or loss	-	-	29,921	406,177	43,848	598,000	73,769	1,010,982	1,003,000	7,982	-	-
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	24,459	414,000	120,192	2,021,189	1,996,112	25,078	24,459	414,842
The Company	Beneficiary certification - Yuanta Wan Tai Money Market Fund	Current financial assets at fair value through profit or loss			-	-	25,691	405,000	-	-	-	-	25,691	405,230
The Company	Beneficiary certification - Yuanta De-Li Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	38,013	641,000	7,646	130,000	128,827	1,173	30,367	516,350
The Company	Beneficiary certification - Sinopac TWD Money Market Fund	Current financial assets at fair value through profit or loss	-	-	113,808	1,627,570	39,746	575,000	95,151	1,370,000	1,349,295	20,705	58,403	847,220
The Company	Beneficiary certification - Fubon Chi-Hsiang Money Market Fund	Current financial assets at fair value through profit or loss	-	-	9,347	150,522	41,701	675,500	32,310	522,303	521,000	1,303	18,738	306,019
The Company	Beneficiary certification - CTBC Hua Win Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	57,605	653,000	57,605	657,776	653,000	4,776	-	-
The Company	Beneficiary certification - UPAMC James Bond Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	58,191	1,009,000	-	-	-	-	58,191	1,012,118
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	20,476	279,000	277,862	1,138	1,359	18,713
The Company	Investment in the stock of non-public entities	Investment accounted for using equity method	Jadeite Investment Inc.	Subsidiaries	50,000	500,000	50,000	500,000	-	-	-	-	100,000	1,000,000
The Company	Investment in the stock of non-public entities	Investment accounted for using equity method	Trade Logic	Subsidiaries	30	302,296	-	1,508,192	-	-	-	-	30	1,810,488

Note 1 : Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leaves the columns blank.

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

(v) Acquisition 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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
JADARD TECHNOLOGY INC.	Jadard Technology Limited	Associates	Sales	1,711,739	8.92 %	O/A 120 days	-	-	287,673	8.48%	
JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	Associates	Sales	723,174	3.77 %	O/A 120 days	-	-	280,375	8.26%	
Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited	Associates	Sales	694,959	3.62 %	O/A 120 days	-		257,426	7.58%	
Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited Taiwan Branch	Associates	Sales	362,155	1.89 %	O/A 120 days	-	-	126,644	3.73%	

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		
JADARD TECHNOLOGY INC.	Jadard Technology Limited	Associates	287,673	11.79	-	-	287,075	-
JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	Associates	280,375	5.14	-	-	84,383	-
Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited	Associates	257,426	5.08	-	-	228,717	-
Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited Taiwan Branch	Associates	126,644	1.83	-	-	131,021	-

Note 1: The amounts received from related parties as of February 20, 2025.

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
1	JADARD TECHNOLOGY INC.	Jadard Technology Limited	1	Account receivables	287,673	O/A 120 days	1.08%
1	JADARD TECHNOLOGY INC.	Jadard Technology Limited	1	Sales	1,711,739	O/A 120 days	8.92%
1	JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	1	Account receivables	280,375	O/A 120 days	1.05%
1	JADARD TECHNOLOGY INC.	Jadard Technology Limited Taiwan Branch	1	Sales	723,174	O/A 120 days	3.77%
2	Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited	3	Sales	694,959	O/A 120 days	3.62%
2	Hefei Jadard Technology Co., Ltd.	Jadard Technology Limited Taiwan Branch	3	Sales	362,155	O/A 120 days	1.89%
3	Jadard Technology Limited	JADARD TECHNOLOGY INC.	2	Other Sales	237,410	O/A 120 days	1.24%

(Continued)

FITIPOWER INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: Numbers are filled in as follows:

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

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

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

Note 3: For balance sheet accounts, transactions exceeding 1% of the consolidated total assets should be disclosed; for income statement accounts, transactions exceeding 1% of the consolidated total revenue should be disclosed. The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	Trade Logic Limited	BVI	Investment	1,810,488	302,296	30	100.00 %	6,741,350	100.00 %	691,607	691,607	note 1
Trade Logic Limited	Ever Harvest Limited	Samoa	Investment	302,296	302,296	10,000	100.00 %	5,266,855	100.00 %	662,169	662,169	note 1
The Company	Visual Sensing Technology	Hsinchu, Taiwan	IC design	260,000	260,000	23,000	89.16 %	12,912	89.16 %	(16,910)	(18,833)	note 1、2
JADARD TECHNOLOGY INC.	Jadard Technology Limited	Hong Kong	General trade	270,264	270,264	9,200	100.00 %	516,026	100.00 %	186,179	186,179	note 1
The Company	Jadeite Investment Inc.	Tainan, Taiwan	Investment	1,000,000	500,000	100,000	100.00 %	996,160	100.00 %	4,028	4,028	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 December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest 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	1,215,967	55.05%	55.05%	668,160	5,266,827	56,000 (note 5)
Hefei Jadard Technology Co., Ltd.	Supply chain management	224,523 (note 4)	(2)	-	-	-	-	9,147	55.05%	55.05%	5,026	446,868	-

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 JADARD TECHNOLOGY INC. in a mainland company.

Note 2: The investment gains (losses) were recognized in the financial statements audited by other auditors.

Note 3: The paid-in capital was CNY409,021 thousand, which was translated into NT1,790,797 thousand at the exchange rate at the time of investment.

Note 4: The paid-in capital was CNY50,000 thousand, which was translated into NT224,523 thousand at the exchange rate at the time of investment.

Note 5: JADARD TECHNOLOGY INC. has remitted its investment income to Trade Logic Limited, who has not yet remitted it to the parent company.

Note 6: Investments in subsidiaries the Company has control over have been eliminated at the Group level from long term investment.

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
302,296	302,296	10,748,095

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

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Hyield Venture Capital Co., Ltd.		8,352,000	6.88 %
Bao Shin International Investments Co., Ltd.		6,558,750	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.

(b) Overall information

1) Product and service information

Revenue from the external customers of the Group was as follows:

Product and services	2024	2023
Display driver IC	\$ 12,787,853	11,960,384
Power management IC	2,152,687	2,367,289
Service revenue	22,023	72,398
Others	4,237,177	1,886,449
Total	<u>\$ 19,199,740</u>	<u>16,286,520</u>

(Continued)

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

2) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2024</u>	<u>2023</u>
Revenue from external customers:		
Taiwan	\$ 1,398,069	1,608,856
Mainland China	14,342,998	10,364,007
Hong Kong	3,417,771	4,230,928
Others (less than 5%)	<u>40,902</u>	<u>82,729</u>
	<u>\$ 19,199,740</u>	<u>16,286,520</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2024</u>	<u>2023</u>
Non-current assets:		
Taiwan	\$ 1,026,603	838,766
Mainland China	<u>572,582</u>	<u>504,404</u>
	<u>\$ 1,599,185</u>	<u>1,343,170</u>

Non-current assets include property, plant and equipment, right of use assets, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

2. Major customers

Revenue from the major customers of the Group was as follows:

	<u>2024</u>	<u>2023</u>
Customer A	\$ 3,904,300	5,138,370
Customer B	3,842,495	1,423,163
Customer C	<u>2,614,323</u>	<u>2,134,843</u>
	<u>\$ 10,361,118</u>	<u>8,696,376</u>