

**Voltronic Power Technology Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Voltronic Power Technology Corp. and its subsidiaries (collectively, the “Group”) as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standard No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chung Chen Chen and Chao Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,679,092	24	\$ 5,154,819	39	\$ 4,130,228	33
Notes receivable (Notes 7 and 19)	76,262	-	67,450	-	55,237	1
Trade receivables (Notes 7 and 19)	3,126,249	21	2,627,072	20	2,765,217	22
Trade receivables from related parties (Notes 7, 19 and 27)	444,935	3	142,988	1	137,847	1
Other receivables (Note 7)	43,950	-	28,990	-	33,886	-
Current tax assets	-	-	-	-	11,107	-
Inventories (Note 8)	2,421,948	16	1,787,100	13	2,031,103	16
Prepayments (Note 13)	309,761	2	230,333	2	165,052	1
Other financial assets - current (Note 13)	<u>2,937</u>	<u>-</u>	<u>2,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>10,105,134</u>	<u>66</u>	<u>10,041,582</u>	<u>75</u>	<u>9,329,677</u>	<u>74</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Note 10, 28 and 29)	4,340,684	29	2,730,405	20	2,664,660	21
Right-of-use assets (Note 11)	489,509	3	389,942	3	412,651	3
Other intangible assets (Note 12)	27,244	-	29,328	-	28,959	-
Deferred tax assets (Note 4)	67,113	1	124,185	1	119,742	1
Other financial assets - non-current (Note 13)	-	-	-	-	2,778	-
Other non-current assets (Notes 13 and 27)	<u>186,527</u>	<u>1</u>	<u>68,681</u>	<u>1</u>	<u>98,953</u>	<u>1</u>
Total non-current assets	<u>5,111,077</u>	<u>34</u>	<u>3,342,541</u>	<u>25</u>	<u>3,327,743</u>	<u>26</u>
TOTAL	<u>\$ 15,216,211</u>	<u>100</u>	<u>\$ 13,384,123</u>	<u>100</u>	<u>\$ 12,657,420</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	\$ -	-	\$ 2,379,745	18	\$ 2,403,885	19
Contract liabilities - current (Note 19)	541,032	3	331,066	2	278,973	2
Notes payable (Note 15)	9	-	57	-	17	-
Trade payables (Note 15)	4,719,961	31	3,611,175	27	3,769,759	30
Trade payables to related parties (Note 27)	8,862	-	4,064	-	1,694	-
Other payables (Note 16)	993,014	6	777,406	6	729,028	6
Current tax liabilities (Note 4)	447,891	3	310,955	2	174,486	1
Lease liabilities - current (Notes 11 and 27)	89,599	1	78,247	1	83,383	1
Current portion of long-term borrowings (Notes 14 and 28)	97,860	1	-	-	-	-
Other current liabilities (Note 16)	<u>11,545</u>	<u>-</u>	<u>2,413</u>	<u>-</u>	<u>10,118</u>	<u>-</u>
Total current liabilities	<u>6,909,773</u>	<u>45</u>	<u>7,495,128</u>	<u>56</u>	<u>7,451,343</u>	<u>59</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 14 and 28)	831,810	6	-	-	-	-
Deferred tax liabilities (Note 4)	46,341	-	-	-	-	-
Lease liabilities - non-current (Notes 11 and 27)	256,646	2	179,593	1	194,531	1
Other non-current liabilities (Note 16)	<u>1,563</u>	<u>-</u>	<u>1,726</u>	<u>-</u>	<u>1,449</u>	<u>-</u>
Total non-current liabilities	<u>1,136,360</u>	<u>8</u>	<u>181,319</u>	<u>1</u>	<u>195,980</u>	<u>1</u>
Total liabilities	<u>8,046,133</u>	<u>53</u>	<u>7,676,447</u>	<u>57</u>	<u>7,647,323</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Share capital						
Ordinary shares	<u>877,626</u>	<u>6</u>	<u>874,194</u>	<u>7</u>	<u>874,194</u>	<u>7</u>
Capital surplus	<u>1,824,953</u>	<u>12</u>	<u>942,129</u>	<u>7</u>	<u>942,129</u>	<u>8</u>
Retained earnings						
Legal reserve	1,535,937	10	1,300,001	10	1,300,001	10
Special reserve	293,428	2	331,469	2	331,469	3
Unappropriated earnings	<u>3,615,672</u>	<u>24</u>	<u>2,581,273</u>	<u>19</u>	<u>1,949,309</u>	<u>15</u>
Total retained earnings	<u>5,445,037</u>	<u>36</u>	<u>4,212,743</u>	<u>31</u>	<u>3,580,779</u>	<u>28</u>
Other equity (Notes 18 and 23)	<u>(977,538)</u>	<u>(7)</u>	<u>(321,390)</u>	<u>(2)</u>	<u>(387,005)</u>	<u>(3)</u>
Total equity	<u>7,170,078</u>	<u>47</u>	<u>5,707,676</u>	<u>43</u>	<u>5,010,097</u>	<u>40</u>
TOTAL	<u>\$ 15,216,211</u>	<u>100</u>	<u>\$ 13,384,123</u>	<u>100</u>	<u>\$ 12,657,420</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 19 and 27)	\$ 6,405,252	100	\$ 4,521,434	100	\$ 17,026,547	100	\$ 12,043,053	100
OPERATING COSTS								
Cost of goods sold (Notes 8, 20 and 27)	<u>(4,230,536)</u>	<u>(66)</u>	<u>(3,353,910)</u>	<u>(74)</u>	<u>(11,939,954)</u>	<u>(70)</u>	<u>(8,943,356)</u>	<u>(74)</u>
GROSS PROFIT	<u>2,174,716</u>	<u>34</u>	<u>1,167,524</u>	<u>26</u>	<u>5,086,593</u>	<u>30</u>	<u>3,099,697</u>	<u>26</u>
OPERATING EXPENSES								
(Note 20)								
Selling and marketing expenses	(119,447)	(2)	(108,334)	(3)	(344,247)	(2)	(288,028)	(3)
General and administrative expenses	(128,273)	(2)	(85,195)	(2)	(346,500)	(2)	(285,115)	(2)
Research and development expenses	(220,477)	(3)	(133,284)	(3)	(570,102)	(3)	(427,253)	(4)
Expected credit loss recognized (Note 7)	<u>(4,263)</u>	<u>-</u>	<u>(7,893)</u>	<u>-</u>	<u>(5,329)</u>	<u>-</u>	<u>(12,323)</u>	<u>-</u>
Total operating expenses	<u>(472,460)</u>	<u>(7)</u>	<u>(334,706)</u>	<u>(8)</u>	<u>(1,266,178)</u>	<u>(7)</u>	<u>(1,012,719)</u>	<u>(9)</u>
PROFIT FROM OPERATIONS	<u>1,702,256</u>	<u>27</u>	<u>832,818</u>	<u>18</u>	<u>3,820,415</u>	<u>23</u>	<u>2,086,978</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 20)	15,713	-	17,334	1	47,493	-	54,707	-
Other income (Note 20)	14,741	-	6,042	-	26,945	-	23,905	-
Other gains and losses (Note 20)	169,563	3	7,510	-	214,598	1	(34,246)	-
Finance costs (Notes 20 and 27)	<u>(22,649)</u>	<u>-</u>	<u>(10,517)</u>	<u>-</u>	<u>(56,745)</u>	<u>-</u>	<u>(30,722)</u>	<u>-</u>
Total non-operating income and expenses	<u>177,368</u>	<u>3</u>	<u>20,369</u>	<u>1</u>	<u>232,291</u>	<u>1</u>	<u>13,644</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,879,624	30	853,187	19	4,052,706	24	2,100,622	17
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(373,937)</u>	<u>(6)</u>	<u>(165,195)</u>	<u>(4)</u>	<u>(766,410)</u>	<u>(5)</u>	<u>(373,224)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>1,505,687</u>	<u>24</u>	<u>687,992</u>	<u>15</u>	<u>3,286,296</u>	<u>19</u>	<u>1,727,398</u>	<u>14</u>

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating of the financial statements of foreign operations (Note 18)	\$ 82,780	1	\$ (25,576)	-	\$ 223,524	1	\$ (21,604)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 18 and 21)	(16,557)	-	5,115	-	(44,707)	-	4,320	-
Other comprehensive (loss) income for the period, net of income tax	66,223	1	(20,461)	-	178,817	1	(17,284)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,571,910</u>	<u>25</u>	<u>\$ 667,531</u>	<u>15</u>	<u>\$ 3,465,113</u>	<u>20</u>	<u>\$ 1,710,114</u>	<u>14</u>
EARNINGS PER SHARE (Note 22)								
Basic	<u>\$ 17.29</u>		<u>\$ 7.91</u>		<u>\$ 37.75</u>		<u>\$ 19.87</u>	
Diluted	<u>\$ 17.23</u>		<u>\$ 7.87</u>		<u>\$ 37.60</u>		<u>\$ 19.75</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity									
	Shares	Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Others	Total Equity							
				Legal Reserve	Special Reserve											
BALANCE AT JANUARY 1, 2021	\$	874,354	\$	1,154,070	\$	1,080,287	\$	343,240	\$	2,388,244	\$	(331,469)	\$	(170,158)	\$	5,338,568
Appropriation of 2020 earnings (Note 18)																
Legal reserve		-		-		219,714		-		(219,714)		-		-		-
Special reserve		-		-		-		(11,771)		11,771		-		-		-
Cash dividends distributed by the Company		-		-		-		-		(1,967,296)		-		-		(1,967,296)
Share-based payment transactions (Notes 18, 20 and 23)		(160)		(124,506)		-		-		8,906		-		131,906		16,146
Issuance of cash dividends from capital surplus (Note 18)		-		(87,435)		-		-		-		-		-		(87,435)
Net profit for the nine months ended September 30, 2021		-		-		-		-		1,727,398		-		-		1,727,398
Other comprehensive income for the nine months ended September 30, 2021, net of income tax (Note 18)		-		-		-		-		-		(17,284)		-		(17,284)
Total comprehensive income for the nine months ended September 30, 2021		-		-		-		-		1,727,398		(17,284)		-		1,710,114
BALANCE AT SEPTEMBER 30, 2021	\$	874,194	\$	942,129	\$	1,300,001	\$	331,469	\$	1,949,309	\$	(348,753)	\$	(38,252)	\$	5,010,097
BALANCE AT JANUARY 1, 2022	\$	874,194	\$	942,129	\$	1,300,001	\$	331,469	\$	2,581,273	\$	(293,428)	\$	(27,962)	\$	5,707,676
Appropriation of 2021 earnings (Note 18)																
Legal reserve		-		-		235,936		-		(235,936)		-		-		-
Special reserve		-		-		-		(38,041)		38,041		-		-		-
Cash dividends distributed by the Company		-		-		-		-		(2,054,355)		-		-		(2,054,355)
Share-based payment transactions (Notes 18, 20 and 23)		3,432		882,824		-		-		353		-		(834,965)		51,644
Net profit for the nine months ended September 30, 2022		-		-		-		-		3,286,296		-		-		3,286,296
Other comprehensive income for the nine months ended September 30, 2022, net of income tax (Note 18)		-		-		-		-		-		178,817		-		178,817
Total comprehensive income for the nine months ended September 30, 2022		-		-		-		-		3,286,296		178,817		-		3,465,113
BALANCE AT SEPTEMBER 30, 2022	\$	877,626	\$	1,824,953	\$	1,535,937	\$	293,428	\$	3,615,672	\$	(114,611)	\$	(862,927)	\$	7,170,078

The accompanying notes are an integral part of the consolidated financial statements.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,052,706	\$ 2,100,622
Adjustments for:		
Depreciation expenses	227,534	212,661
Amortization expenses	13,113	8,489
Expected credit loss recognized on trade receivables	5,329	12,323
Finance costs	56,745	30,722
Interest income	(47,493)	(54,707)
Compensation cost of employee share options	51,644	16,146
Loss on disposal of property, plant and equipment	370	667
Write-down of inventories	4,798	1,738
Net gain on foreign currency exchange	(225,067)	(6,712)
Gain on lease modification	-	(692)
Changes in operating assets and liabilities		
Notes receivable	(8,812)	(25,682)
Trade receivables	(322,011)	(596,325)
Trade receivables - related parties	(274,090)	25,940
Other receivables	(17,286)	72,637
Inventories	(640,518)	(738,733)
Prepayments	(79,428)	(14,196)
Other financial assets	(107)	(35)
Contract liabilities	209,966	99,635
Notes payable	(48)	(12)
Trade payables	1,108,781	449,605
Trade payables - related parties	4,798	(55)
Other payables	169,523	(70,176)
Other current liabilities	9,132	7,979
Cash generated from operations	4,299,579	1,531,839
Interest received	49,819	50,968
Interest paid	(56,745)	(30,722)
Income tax paid	(570,768)	(344,224)
Net cash generated from operating activities	3,721,885	1,207,861

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (1,662,904)	\$ (362,970)
Proceeds from the disposal of property, plant and equipment	3,505	3,125
Increase in refundable deposits	(9,507)	-
Decrease in refundable deposits	-	1,622
Payments for intangible assets	(10,368)	(11,340)
Increase in prepayments for equipment	<u>(114,439)</u>	<u>(67,944)</u>
Net cash used in investing activities	<u>(1,793,713)</u>	<u>(437,507)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	635,779
Repayments of short-term borrowings	(2,568,896)	-
Proceeds from long-term borrowings	978,600	-
Repayments of long-term borrowings	(48,930)	-
Proceeds from guarantee deposits received	-	682
Refund of guarantee deposits received	(213)	-
Repayment of the principal portion of lease liabilities	(80,544)	(71,524)
Distributed cash dividends	<u>(2,054,355)</u>	<u>(2,054,731)</u>
Net cash used in financing activities	<u>(3,774,338)</u>	<u>(1,489,794)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>370,439</u>	<u>(36,525)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,475,727)</u>	<u>(755,965)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,154,819</u>	<u>4,886,193</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,679,092</u>	<u>\$ 4,130,228</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Voltronic Power Technology Corp. (the “Company”) was incorporated in the Republic of China (ROC) in May 2008. The Company mainly manufactures and sells uninterruptible power systems (UPS).

The Company’s shares have been listed on the Taiwan Stock Exchange since March 31, 2014.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 10, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Assessed the application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of Voltronic Power Technology Corp. and its subsidiaries (the “Group”).

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

- 2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 9 and Tables 6 and 7 for more information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the explanations below, other explanations of significant accounting policies are described in the significant accounting policies section of the consolidated financial statement for the year ended December 31, 2021.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 1,448	\$ 848	\$ 2,657
Demand deposits	2,861,666	2,844,463	1,706,101
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>815,978</u>	<u>2,309,508</u>	<u>2,421,470</u>
	<u>\$ 3,679,092</u>	<u>\$ 5,154,819</u>	<u>\$ 4,130,228</u>

The market interest rates for cash in bank at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Demand deposits	0.001%-0.700%	0.001%-0.350%	0.001%-0.350%
Time deposits	2.600%-3.080%	0.280%-2.820%	0.200%-2.960%

7. NOTES RECEIVABLE, TRADE RECEIVABLES (INCLUDING RELATED PARTIES) AND OTHER RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 76,262	\$ 67,450	\$ 55,237
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 76,262</u>	<u>\$ 67,450</u>	<u>\$ 55,237</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,957,662	\$ 2,553,887	\$ 2,643,507
Less: Allowance for impairment loss	<u>(26,295)</u>	<u>(20,669)</u>	<u>(20,215)</u>
	2,931,367	2,533,218	2,623,292
At FVTOCI	<u>194,882</u>	<u>93,854</u>	<u>141,925</u>
	<u>\$ 3,126,249</u>	<u>\$ 2,627,072</u>	<u>\$ 2,765,217</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 395,081	\$ 118,911	\$ 79,765
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	395,081	118,911	79,765
At FVTOCI	<u>49,854</u>	<u>24,077</u>	<u>58,082</u>
	<u>\$ 444,935</u>	<u>\$ 142,988</u>	<u>\$ 137,847</u>

Other receivables

Tax refund receivables	\$ 23,464	\$ 9,833	\$ 14,955
Interest receivables	2,445	4,771	10,242
Others	<u>18,041</u>	<u>14,386</u>	<u>8,689</u>
	<u>\$ 43,950</u>	<u>\$ 28,990</u>	<u>\$ 33,886</u>

(Concluded)

Notes Receivable

At amortized cost

The average paid of notes receivable was 47 to 123 days.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to past default experience of the customer economic conditions of the industry in which the customer operates, well as the forecast and industry outlook. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group evaluated no allowance for impairment loss was needed for notes receivable.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not hold any collateral for the balance of notes receivable.

The following table details the aging analysis of notes receivable:

	September 30, 2022	December 31, 2021	September 30, 2021
1 to 60 days	\$ 50,611	\$ 57,537	\$ 40,032
61 to 90 days	19,103	5,469	12,410
91 to 120 days	<u>6,548</u>	<u>4,444</u>	<u>2,795</u>
	<u>\$ 76,262</u>	<u>\$ 67,450</u>	<u>\$ 55,237</u>

The above aging analysis of notes receivable is based on the journal date.

Trade Receivables

At amortized cost

The average credit period of sales of goods was 0 to 180 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer, the customer's current financial position, economic conditions of the industry in which the customer operates, as well as the GDP forecast and industry outlook. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

The Group writes off a trade receivable when there is information indicating that the customer is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of September 30, 2022, December 31, 2021 and September 30, 2021 the carrying amount of trade receivables was \$1,929,098 thousand, \$1,483,882 thousand and \$1,564,191 thousand, respectively.

The following table details the loss allowance of trade receivables (including related parties) based on the Group's provision matrix.

September 30, 2022

	Not Past Due	Past Due					Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	0.62%	6.90%	49.45%	100%	100%	100%	
Gross carrying amount	\$ 1,265,537	\$ 140,867	\$ 16,715	\$ 493	\$ 25	\$ 8	\$ 1,423,645
Loss allowance (Lifetime ECLs)	(7,788)	(9,715)	(8,266)	(493)	(25)	(8)	(26,295)
Amortized cost	<u>\$ 1,257,749</u>	<u>\$ 131,152</u>	<u>\$ 8,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,397,350</u>

December 31, 2021

	Not Past Due	Past Due					Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	0.93%	5.84%	38.56%	100%	100%	100%	
Gross carrying amount	\$ 1,026,968	\$ 159,964	\$ 376	\$ 599	\$ -	\$ 1,009	\$ 1,188,916
Loss allowance (Lifetime ECLs)	(9,582)	(9,334)	(145)	(599)	-	(1,009)	(20,669)
Amortized cost	<u>\$ 1,017,386</u>	<u>\$ 150,630</u>	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168,247</u>

September 30, 2021

	Not Past Due	Past Due				Over 365 Days	Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days		
Expected credit loss rate	1.21%	4.82%	38.60%	100%	100%	100%	
Gross carrying amount	\$ 1,049,812	\$ 105,501	\$ 2,220	\$ 244	\$ 295	\$ 1,009	\$ 1,159,081
Loss allowance (Lifetime ECLs)	(12,720)	(5,090)	(857)	(244)	(295)	(1,009)	(20,215)
Amortized cost	<u>\$ 1,037,092</u>	<u>\$ 100,411</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,866</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 20,669	\$ 7,922
Add: Net remeasurement of loss allowance	5,329	12,323
Foreign exchange gains and losses	<u>297</u>	<u>(30)</u>
Balance at September 30	<u>\$ 26,295</u>	<u>\$ 20,215</u>

At FVTOCI

For trade receivables from specific customer, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and selling of financial assets.

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of September 30, 2022, December 31, 2021 and September 30, 2021 the carrying amount of trade receivables at FVTOCI was \$13,314 thousand, \$21,427 thousand and \$8,753 thousand, respectively.

The following table details the loss allowance of trade receivables at FVTOCI (including related parties) based on the Group's provision matrix.

September 30, 2022

	Not Past Due	Past Due				Over 365 Days	Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days		
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	\$ 231,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,422
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 231,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,422</u>

December 31, 2021

	Not Past Due	Past Due					Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	\$ 96,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,504
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 96,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,504</u>

September 30, 2021

	Not Past Due	Past Due					Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	\$ 191,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,254
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 191,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,254</u>

Other Receivables

Other receivables mainly consist of tax refund receivables and interest receivables. The Group's policy transact only with creditworthy counterparties. The Group continuously monitors and makes reference to the past default experience of counterparties and analyzes their current financial position in order to evaluate whether there has been a significant increase in the credit risk of other receivables since initial recognition and to measure the expected credit loss. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group assessed that there is no need to recognize expected credit loss on other receivables.

8. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 1,022,497	\$ 932,656	\$ 1,007,161
Supplies	3,448	3,348	895
Semi-finished goods	194,861	188,448	176,547
Work in progress	443,660	269,531	456,428
Finished goods	<u>757,482</u>	<u>393,117</u>	<u>390,072</u>
	<u>\$ 2,421,948</u>	<u>\$ 1,787,100</u>	<u>\$ 2,031,103</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Cost of inventories sold	\$ 4,230,536	\$ 3,353,678	\$ 11,935,156	\$ 8,941,618
Inventory write-downs	<u>-</u>	<u>232</u>	<u>4,798</u>	<u>1,738</u>
	<u>\$ 4,230,536</u>	<u>\$ 3,353,910</u>	<u>\$ 11,939,954</u>	<u>\$ 8,943,356</u>

9. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
Voltronic Power Technology Corp.	Voltronic International Corp.	Investment activities	100%	100%	100%	a
	Voltronic Power Technology (Vietnam) Company Limited	Design, manufacture and sale of UPS	100%	100%	100%	b
Voltronic International Corp.	Voltronic International H.K. Corp. Limited	Investment activities	100%	100%	100%	a
	Potentia Technology Inc. Limited	Sale of UPS	100%	100%	100%	a
Voltronic International H.K. Corp. Limited	Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	100%	100%	100%	c
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	100%	100%	100%	c
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	100%	100%	100%	c
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	100%	100%	100%	c

- The main operations risk is the foreign exchange rate risk.
- The main operating risks are foreign exchange rate risks and government decrees.
- The main operations risks are foreign exchange rate risks, government decrees and political risk arising from the uncertainty in relationship between China and Taiwan.

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<u>Cost</u>									
Balance at January 1, 2022	\$ 720,761	\$ 1,218,651	\$ 643,006	\$ 13,312	\$ 73,141	\$ 31,315	\$ 281,589	\$ 409,111	\$ 3,390,886
Additions	587,160	2,002	70,641	1,403	14,638	10,030	63,955	955,178	1,705,007
Disposals	-	(11,634)	(13,281)	(25)	(995)	-	(22,949)	-	(48,884)
Reclassified (Note 1)	-	788,279	-	-	220	-	4,251	(785,313)	7,437
Effects of foreign currency exchange differences	-	25,313	20,023	493	1,970	984	11,772	13,398	73,953
Balance at September 30, 2022	<u>\$ 1,307,921</u>	<u>\$ 2,022,611</u>	<u>\$ 720,389</u>	<u>\$ 15,183</u>	<u>\$ 88,974</u>	<u>\$ 42,329</u>	<u>\$ 338,618</u>	<u>\$ 597,374</u>	<u>\$ 5,128,399</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2022	\$ -	\$ 144,261	\$ 314,668	\$ 7,347	\$ 38,569	\$ 9,994	\$ 145,642	\$ -	\$ 660,481
Depreciation expenses	-	47,489	52,947	1,014	7,260	7,440	37,952	-	154,102
Disposals	-	(11,634)	(11,542)	(24)	(852)	-	(20,957)	-	(45,009)
Effects of foreign currency exchange differences	-	3,031	7,797	253	935	333	5,792	-	18,141
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 183,147</u>	<u>\$ 363,870</u>	<u>\$ 8,590</u>	<u>\$ 45,912</u>	<u>\$ 17,767</u>	<u>\$ 168,429</u>	<u>\$ -</u>	<u>\$ 787,715</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<u>\$ 720,761</u>	<u>\$ 1,074,390</u>	<u>\$ 328,338</u>	<u>\$ 5,965</u>	<u>\$ 34,572</u>	<u>\$ 21,321</u>	<u>\$ 135,947</u>	<u>\$ 409,111</u>	<u>\$ 2,730,405</u>
Carrying amounts at September 30, 2022	<u>\$ 1,307,921</u>	<u>\$ 1,839,464</u>	<u>\$ 356,519</u>	<u>\$ 6,593</u>	<u>\$ 43,062</u>	<u>\$ 24,562</u>	<u>\$ 170,189</u>	<u>\$ 597,374</u>	<u>\$ 4,340,684</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<u>Cost</u>									
Balance at January 1, 2021	\$ 720,761	\$ 1,197,436	\$ 562,359	\$ 12,275	\$ 66,289	\$ 24,284	\$ 249,924	\$ 89,588	\$ 2,922,916
Additions	-	13,139	60,719	1,142	8,660	2,706	35,488	246,289	368,143
Disposals	-	-	(3,594)	(330)	(3,127)	(1,193)	(16,660)	-	(24,904)
Reclassified (Note 2)	-	1,032	3,913	-	35	5,410	5,292	-	15,682
Effects of foreign currency exchange differences	-	(2,656)	(1,265)	(28)	(212)	(118)	(365)	(1,556)	(6,200)
Balance at September 30, 2021	<u>\$ 720,761</u>	<u>\$ 1,208,951</u>	<u>\$ 622,132</u>	<u>\$ 13,059</u>	<u>\$ 71,645</u>	<u>\$ 31,089</u>	<u>\$ 273,679</u>	<u>\$ 334,321</u>	<u>\$ 3,275,637</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2021	\$ -	\$ 85,974	\$ 253,289	\$ 6,045	\$ 32,721	\$ 2,086	\$ 114,968	\$ -	\$ 495,083
Depreciation expenses	-	42,930	46,864	1,157	6,798	6,929	33,665	-	138,343
Disposals	-	-	(1,877)	(311)	(2,928)	(1,193)	(14,803)	-	(21,112)
Effects of foreign currency exchange differences	-	(331)	(618)	(18)	(94)	(33)	(243)	-	(1,337)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 128,573</u>	<u>\$ 297,658</u>	<u>\$ 6,873</u>	<u>\$ 36,497</u>	<u>\$ 7,789</u>	<u>\$ 133,587</u>	<u>\$ -</u>	<u>\$ 610,977</u>
Carrying amounts at September 30, 2021	<u>\$ 720,761</u>	<u>\$ 1,080,378</u>	<u>\$ 324,474</u>	<u>\$ 6,186</u>	<u>\$ 35,148</u>	<u>\$ 23,300</u>	<u>\$ 140,092</u>	<u>\$ 334,321</u>	<u>\$ 2,664,660</u>

(Concluded)

Note 1: Reclassified from prepayments for equipment to property, plant and equipment \$7,437 thousand.

Note 2: Reclassified from prepayments for equipment to property, plant and equipment \$15,682 thousand.

For the nine months ended September 30, 2022 and 2021, no impairment assessment was performed as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	50 years
Draining and air-conditioning units	8-10 years
Machinery and equipment	3-10 years
Transportation	3-10 years
Office equipment	2-10 years
Leasehold improvements	3-5 years
Other equipment	2-15 years

Refer to Note 28 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

The amounts of commitment liability for acquisition of property, plant and equipment were set out in Note 29.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Land	\$ 153,680	\$ 151,784	\$ 150,971
Buildings	335,829	238,158	261,609
Transportation equipment	<u>-</u>	<u>-</u>	<u>71</u>
	<u>\$ 489,509</u>	<u>\$ 389,942</u>	<u>\$ 412,651</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets			<u>\$ 158,425</u>	<u>\$ 10,981</u>
Depreciation charge for right-of-use assets				
Land	\$ 869	\$ 842	\$ 2,601	\$ 2,534
Buildings	25,120	23,377	70,831	71,361
Transportation equipment	<u>-</u>	<u>107</u>	<u>-</u>	<u>423</u>
	<u>\$ 25,989</u>	<u>\$ 24,326</u>	<u>\$ 73,432</u>	<u>\$ 74,318</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 89,599</u>	<u>\$ 78,247</u>	<u>\$ 83,383</u>
Non-current	<u>\$ 256,646</u>	<u>\$ 179,593</u>	<u>\$ 194,531</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Buildings	2.64%-6.00%	2.64%-6.00%	2.64%-6.00%
Transportation equipment	-	2.64%	2.64%

c. Material lease-in activities and terms

The Group leases land for use in operations with lease term of 50 years. The Group does not have bargain purchase options to acquire the leased land at the end of the lease term.

The Group also leases buildings and vehicles for the use of offices, plants, dormitories and operations with lease terms of 2 to 8 years. The Group does not have bargain purchase options to acquire buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 8,504</u>	<u>\$ 3,400</u>	<u>\$ 19,847</u>	<u>\$ 4,923</u>
Expenses relating to low-value asset leases	<u>\$ 397</u>	<u>\$ 257</u>	<u>\$ 948</u>	<u>\$ 574</u>
Total cash outflow for leases			<u>\$ (111,950)</u>	<u>\$ (88,222)</u>

The Group leases certain plants and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Lease commitments	\$ <u>-</u>	\$ <u>14,086</u>	\$ <u>-</u>

12. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 74,765
Additions	10,368
Disposals	(32,980)
Reclassified (Note)	350
Effect of foreign currency exchange differences	<u>561</u>
Balance at September 30, 2022	\$ <u>53,064</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 45,437
Amortization expenses	13,113
Disposals	(32,980)
Effect of foreign currency exchange differences	<u>250</u>
Balance at September 30, 2022	\$ <u>25,820</u>
Carrying amounts at December 31, 2021 and January 1, 2022	\$ <u>29,328</u>
Carrying amounts at September 30, 2022	\$ <u>27,244</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 58,972
Additions	11,340
Disposals	(57)
Effect of foreign currency exchange differences	<u>(74)</u>
Balance at September 30, 2021	\$ <u>70,181</u>

(Continued)

**Computer
Software**

Accumulated amortization

Balance at January 1, 2021	\$ 32,807
Amortization expenses	8,489
Disposals	(57)
Effect of foreign currency exchange differences	<u>(17)</u>
Balance at September 30, 2021	<u>\$ 41,222</u>
Carrying amounts at September 30, 2021	<u>\$ 28,959</u> (Concluded)

Note: Reclassified from prepayments for equipment to computer software.

The computer software are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

Amortization expenses by function are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
An analysis of amortization by function				
Operating costs	\$ 431	\$ 402	\$ 1,444	\$ 749
Selling and marketing expenses	318	315	971	837
General and administrative expenses	1,905	1,298	5,441	3,682
Research and development expenses	<u>1,718</u>	<u>1,356</u>	<u>5,257</u>	<u>3,221</u>
	<u>\$ 4,372</u>	<u>\$ 3,371</u>	<u>\$ 13,113</u>	<u>\$ 8,489</u>

13. OTHER ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Prepayment for purchases	\$ 30,587	\$ 4,205	\$ 2,044
Overpaid sales tax	240,356	186,449	120,541
Other prepayments	<u>38,818</u>	<u>39,679</u>	<u>42,467</u>
	<u>\$ 309,761</u>	<u>\$ 230,333</u>	<u>\$ 165,052</u>
<u>Other financial assets - current</u>			
Restricted demand deposits (Note)	<u>\$ 2,937</u>	<u>\$ 2,830</u>	<u>\$ -</u> (Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Other assets			
Refundable deposits	\$ 41,258	\$ 30,064	\$ 27,966
Prepayments for equipment	<u>145,269</u>	<u>38,617</u>	<u>70,987</u>
	<u>\$ 186,527</u>	<u>\$ 68,681</u>	<u>\$ 98,953</u>
<u>Other financial assets - non-current</u>			
Restricted demand deposits (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,778</u> (Concluded)

Note: Restricted deposits for issuing a performance guarantee.

14. BORROWINGS

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ -</u>	<u>\$ 2,379,745</u>	<u>\$ 2,403,885</u>

The range of weighted average effective interest rates on bank loans was 0.6871%-0.9032% and 0.6956%-0.8000% per annum at December 31, 2021 and September 30, 2021, respectively.

b. Long-term borrowings/current portion of long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Secured borrowings (Note 28)</u>			
Bank loans	\$ 929,670	\$ -	\$ -
Less: Current portion	<u>(97,860)</u>	<u>-</u>	<u>-</u>
	<u>\$ 831,810</u>	<u>\$ -</u>	<u>\$ -</u>

The range of weighted average effective interest rates on bank loans listed above was 1.1935% as at September 30, 2022.

In March 2022, the Group secured a loan of \$978,600 thousand with its own land and buildings as collateral. The principal is amortized equally over 10 years, and the maturity date of the loan will be in March 2032.

15. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes payable</u>			
Operating	\$ <u>9</u>	\$ <u>57</u>	\$ <u>17</u>
<u>Trade payables</u>			
Operating	\$ <u>4,719,961</u>	\$ <u>3,611,175</u>	\$ <u>3,769,759</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 361,561	\$ 414,628	\$ 341,032
Payables for compensation of employees	282,630	157,746	142,746
Payables for commission	59,235	36,876	41,736
Payables for insurance	52,044	36,382	41,908
Payables for remuneration of directors and supervisors	10,800	14,400	10,800
Payables for sales tax	48,498	22,433	21,081
Payables for purchases of equipment (include building)	55,529	13,426	35,693
Payable for freight	20,292	20,703	29,447
Others	<u>102,425</u>	<u>60,812</u>	<u>64,585</u>
	\$ <u>993,014</u>	\$ <u>777,406</u>	\$ <u>729,028</u>
Other liabilities			
Receipts under custody	\$ <u>11,545</u>	\$ <u>2,413</u>	\$ <u>10,118</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ <u>1,563</u>	\$ <u>1,726</u>	\$ <u>1,449</u>

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company adopted a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group in China and Vietnam are members of state-managed retirement benefit plans operated by their local governments. The subsidiaries are required to contribute amounts calculated at a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

18. EQUITY

a. Share capital

Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>87,762</u>	<u>87,419</u>	<u>87,419</u>
Shares issued	<u>\$ 877,626</u>	<u>\$ 874,194</u>	<u>\$ 874,194</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Shares authorized include \$20,000 thousand shares for issuance of employee share options.

On February 24 and August 9, 2022, the board of directors resolved to withdraw restricted shares. The Company withdraw \$1,968 thousand, 197 thousand shares, with a par value of \$10, with March 15 and September 8, 2022 as the effective date of reduction, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on April 14 and September 19, 2022, respectively.

On February 25, 2021, the board of directors resolved to withdraw restricted shares. The Company withdraw \$160 thousand, 16 thousand shares, with a par value of \$10, with March 25, 2021 as the effective date, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on April 19, 2021.

A reconciliation of the number of shares outstanding was as follows:

	Number of Shares (In Thousands of Shares)	Share Capital
Balance at January 1, 2021	87,435	\$ 874,354
Retirement of recognized employee restricted shares (Note 23)	<u>(16)</u>	<u>(160)</u>
Balance at September 30, 2021	<u>87,419</u>	<u>\$ 874,194</u>
Balance at January 1, 2022	87,419	\$ 874,194
Issuance of employee restricted shares (Note 23)	540	5,400
Retirement of recognized employee restricted shares (Note 23)	<u>(197)</u>	<u>(1,968)</u>
Balance at September 30, 2022	<u>87,762</u>	<u>\$ 877,626</u>

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Premium from issuing ordinary shares	\$ 253,288	\$ 252,978	\$ 252,978
Premium from employee restricted shares	686,065	570,459	570,459
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>885,600</u>	<u>118,692</u>	<u>118,692</u>
	<u>\$ 1,824,953</u>	<u>\$ 942,129</u>	<u>\$ 942,129</u>

Note: Capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends, or transferred to share capital limited to a certain percentage of the Company's capital surplus and only once a year.

A reconciliation of the capital surplus was as follows:

	Premium from Ordinary Shares	Premium from Employee Restricted Shares	Employee Restricted Shares
Balance at January 1, 2022	\$ 252,978	\$ 570,459	\$ 118,692
Issuance of employee restricted shares in current period	-	-	885,600
Vested employee restricted shares	-	115,606	(115,606)
Retired employee restricted shares (Notes 1 and 2)	<u>310</u>	<u>-</u>	<u>(3,086)</u>
Balance at September 30, 2022	<u>\$ 253,288</u>	<u>\$ 686,065</u>	<u>\$ 885,600</u>

(Continued)

	Premium from Ordinary Shares	Premium from Employee Restricted Shares	Employee Restricted Shares
Balance at January 1, 2021	\$ 332,239	\$ 490,071	\$ 331,760
Vested employee restricted shares	-	80,388	(80,388)
Restricted employee stock dividends which do not correspond to vesting conditions (Notes 3 and 4)	7,536	-	(122,472)
Retired employee restricted shares (Notes 5 and 6)	638	-	(10,208)
Distributed as cash dividends	<u>(87,435)</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2021	<u>\$ 252,978</u>	<u>\$ 570,459</u>	<u>\$ 118,692</u> (Concluded)

Note 1: Accumulative stock dividends of \$310 thousand for withdraw restricted stock was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to \$5,054 thousand,, net of retired share capital of \$1,968 thousand.

Note 3: Accumulative stock dividends of \$7,536 thousand for withdraw restricted stock was recognized as salary expense.

Note 4: Reversal of compensation cost of the restricted shares amounting to \$122,472 thousand.

Note 5: Accumulative stock dividends of \$638 thousand for withdraw restricted stock was recognized as salary expense.

Note 6: Reversal of compensation cost of the restricted shares amounting to \$10,368 thousand, net of retired share capital of \$160 thousand.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, (including adjusting the undistributed retained earnings), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors and supervisors in Note 20-g.

Distribution of the compensation may be made by way of a cash dividend or share dividend, where the ratio of the cash dividends distributed shall not be less than 10% of the total bonuses distributed. However, in case where that the bonus per share is less than NT\$0.3, the board of directors may cancel the bonus distribution by submitting such cancellation for resolution at the shareholders' meeting.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 were resolved in the shareholders' meetings on June 17, 2022 and July 23, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 235,936	\$ 219,714
Reversal of special reserve	\$ (38,041)	\$ (11,771)
Cash dividends	\$ 2,054,355	\$ 1,967,296
Cash dividends per share (NT\$)	\$ 23.5	\$ 22.5

The distribution of cash dividends from capital surplus of \$87,435 thousand were resolved in the shareholders' meeting on July 23, 2021.

d. Special reserve

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 331,469	\$ 343,240
Reversal of the debits to other equity items	(38,041)	(11,771)
Balance at September 30	\$ 293,428	\$ 331,469

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ (293,428)	\$ (331,469)
Recognized for the period		
Exchange differences on translating foreign operations	223,524	(21,604)
Income tax related to exchange differences arising on translating to the presentation currency	(44,707)	4,320
Other comprehensive income (loss) from the period	178,817	(17,284)
Balance at September 30	\$ (114,611)	\$ (348,753)

Unearned employee benefits

In the meetings of shareholders' on June 17, 2022 and June 25, 2019, the shareholders approved a restricted share plan for employees (refer to Note 23).

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ (27,962)	\$ (170,158)
Issuance of shares	(891,000)	-
Share-based payment expenses recognized (reversed)	50,981	(934)
Adjustment for retired restricted employee cash dividends (Note)	<u>5,054</u>	<u>132,840</u>
Balance at September 30	<u>\$ (862,927)</u>	<u>\$ (38,252)</u>

Note: Deducted from compensation cost of restricted shares.

19. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 6,405,252</u>	<u>\$ 4,521,434</u>	<u>\$ 17,206,547</u>	<u>\$ 12,043,053</u>
	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Contract balances				
Notes receivable (Note 7)	<u>\$ 76,262</u>	<u>\$ 67,450</u>	<u>\$ 55,237</u>	<u>\$ 29,555</u>
Trade receivables (Notes 7 and 27)	<u>\$ 3,571,184</u>	<u>\$ 2,770,060</u>	<u>\$ 2,903,064</u>	<u>\$ 2,316,449</u>
Contract liabilities - current				
Sale of goods	<u>\$ 541,032</u>	<u>\$ 331,066</u>	<u>\$ 278,973</u>	<u>\$ 179,338</u>

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bank deposits	\$ 15,690	\$ 17,313	\$ 47,427	\$ 54,644
Other financial assets - current	23	-	66	-
Other financial assets - non-current	<u>-</u>	<u>21</u>	<u>-</u>	<u>63</u>
	<u>\$ 15,713</u>	<u>\$ 17,334</u>	<u>\$ 47,493</u>	<u>\$ 54,707</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Government grants	\$ 12,755	\$ 2,890	\$ 23,511	\$ 17,636
Others	<u>1,986</u>	<u>3,152</u>	<u>3,434</u>	<u>6,269</u>
	<u>\$ 14,741</u>	<u>\$ 6,042</u>	<u>\$ 26,945</u>	<u>\$ 23,905</u>

c. Other gains and (losses)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Loss on disposal of property, plant and equipment	\$ (281)	\$ (210)	\$ (370)	\$ (667)
Net foreign exchange gains (losses)	169,909	7,106	214,779	(35,078)
Gain on lease modification	-	-	-	692
Others	<u>(65)</u>	<u>614</u>	<u>189</u>	<u>807</u>
	<u>\$ 169,563</u>	<u>\$ 7,510</u>	<u>\$ 214,598</u>	<u>\$ (34,246)</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 11,314	\$ 4,467	\$ 29,272	\$ 12,661
Interest on lease liabilities	4,343	3,391	10,611	11,201
Other interest expense	<u>6,992</u>	<u>2,659</u>	<u>16,862</u>	<u>6,860</u>
	<u>\$ 22,649</u>	<u>\$ 10,517</u>	<u>\$ 56,745</u>	<u>\$ 30,722</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	\$ 48,573	\$ 45,175	\$ 140,397	\$ 132,177
Operating expenses	<u>33,090</u>	<u>27,131</u>	<u>87,137</u>	<u>80,484</u>
	<u>\$ 81,663</u>	<u>\$ 72,306</u>	<u>\$ 227,534</u>	<u>\$ 212,661</u>
An analysis of amortization by function				
Operating costs	\$ 431	\$ 402	\$ 1,444	\$ 749
Operating expenses	<u>3,941</u>	<u>2,969</u>	<u>11,669</u>	<u>7,740</u>
	<u>\$ 4,372</u>	<u>\$ 3,371</u>	<u>\$ 13,113</u>	<u>\$ 8,489</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Salary expenses	\$ 688,046	\$ 541,971	\$ 1,904,752	\$ 1,494,326
Other employee benefits				
Labor and health insurance	9,116	5,875	28,181	18,569
Other employee benefits	27,561	21,378	70,113	59,804
Share-based payments (Note 23)	33,592	(38,892)	51,644 (Note 2)	16,146 (Note 1)
Post-employment benefits				
Defined contribution plans	<u>26,255</u>	<u>23,461</u>	<u>82,504</u>	<u>62,781</u>
Total employee benefits expense	<u>\$ 784,570</u>	<u>\$ 553,793</u>	<u>\$ 2,137,194</u>	<u>\$ 1,651,626</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 501,520	\$ 407,565	\$ 1,402,533	\$ 1,118,950
Operating expenses	<u>283,050</u>	<u>146,228</u>	<u>734,661</u>	<u>532,676</u>
	<u>\$ 784,570</u>	<u>\$ 553,793</u>	<u>\$ 2,137,194</u>	<u>\$ 1,651,626</u>

Note 1: Share-based payment expense reserved of \$(934) thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of \$1,001 thousand and \$16,079 thousand are included in the nine months ended September 30, 2021.

Note 2: Share-based payment expense recognized of \$50,981 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of \$663 thousand are included in the nine months ended September 30, 2022.

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended and the nine months ended September 30, 2022 and 2021, the compensation of employees and remuneration of directors are as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2022	2021
Compensation of employees	5.89%	4.71%
Remuneration of directors	0.26%	0.51%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 100,000</u>	<u>\$ 40,000</u>	<u>\$ 240,000</u>	<u>\$ 100,000</u>
Remuneration of directors	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ 10,800</u>	<u>\$ 10,800</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2021 and 2020 that were resolved by the board of directors on February 24, 2022 and February 25, 2021, respectively, are as shown below:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 115,000	\$ 105,000
Remuneration of directors	14,400	14,400

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 771,311	\$ 22,134	\$ 1,423,767	\$ 190,405
Foreign exchange losses	<u>(601,402)</u>	<u>(15,028)</u>	<u>(1,208,988)</u>	<u>(225,483)</u>
Net (losses)/gains	<u>\$ 169,909</u>	<u>\$ 7,106</u>	<u>\$ 214,779</u>	<u>\$ (35,078)</u>

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ (357,631)	\$ (162,745)	\$ (775,456)	\$ (398,448)
Income tax on unappropriated earnings	-	-	-	(1,095)
Adjustments for prior year	<u>13,552</u>	<u>-</u>	<u>68,808</u>	<u>39,736</u>
	(344,079)	(162,745)	(706,648)	(359,807)
Deferred tax				
In respect of the current period	<u>(29,858)</u>	<u>(2,450)</u>	<u>(59,762)</u>	<u>(13,417)</u>
Income tax expense recognized in profit or loss	<u>\$ (373,937)</u>	<u>\$ (165,195)</u>	<u>\$ (766,410)</u>	<u>\$ (373,224)</u>

The applicable tax rate used by the entity in ROC in the nine months ended September 30, 2022 and 2021 was 20%. The applicable tax rate used by subsidiaries in China was 25%, except for Zhongshan Voltronic Power Electronics Limited in the nine months ended September 30, 2022 and 2021 and Voltronic Power Technology (Shen Zhen) Corp. in the nine months ended September 30, 2021, which used the tax rate of 15% due to owning the high-tech enterprise certificate. Voltronic Power Technology (Vietnam) Company Limited is entitled to income tax incentives based on the Law on Foreign Investment in Vietnam and is entitled to income tax exemption beginning from the first profit-earning year - full exemption in the first two years and half exemption in the next four years (10% tax rate), in the nine months ended September 30, 2022 and 2021.

b. Income tax (expense) recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	<u>\$ (16,557)</u>	<u>\$ 5,115</u>	<u>\$ (44,707)</u>	<u>\$ 4,320</u>

c. Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities. As of September 30, 2022, the Group has no unsettled lawsuit in related with tax.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share				
Basic earnings per share	<u>\$ 17.29</u>	<u>\$ 7.91</u>	<u>\$ 37.75</u>	<u>\$ 19.87</u>
Diluted earnings per share				
Diluted earnings per share	<u>\$ 17.23</u>	<u>\$ 7.87</u>	<u>\$ 37.60</u>	<u>\$ 19.75</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net profit for the year	<u>\$ 1,505,687</u>	<u>\$ 687,992</u>	<u>\$ 3,286,296</u>	<u>\$ 1,727,398</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	87,087	86,947	87,057	86,926
Effect of potentially dilutive ordinary shares				
Compensation of employees or bonuses issued to employees	171	58	187	76
Restricted employee share options	<u>136</u>	<u>439</u>	<u>166</u>	<u>461</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	<u>87,394</u>	<u>87,444</u>	<u>87,410</u>	<u>87,463</u>

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The restricted employee share issued by the Group on September 8, 2022 is excluded from the computation of diluted earnings per share because of the anti-diluted effect.

23. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARES PLAN FOR EMPLOYEES

a. 2019

On June 25, 2019, the shareholders resolved a restricted share plan for employees with a total amount of \$6,820 thousand, consisting of 682 thousand shares, for free issuance. The base dates of capital increase and payment of September 8, 2019 were determined by the board of directors on August 12, 2019. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- 1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.
- 2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.
- 4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and cash increases by share.

The vesting conditions of restricted shares are when an employee received the restricted shares, and the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date with achieved operational goals by individuals and companies: 20%.

After two years from the grant date with achieved operational goals by individuals and companies: 20%.

After three years from the grant date with achieved operational goals by individuals and companies: 60%.

The individual performance target is set by the Chairman for different employees of each department. The Company's operating objectives are based on four indicators: Consolidated revenue, combined gross profit margin, combined operating profit and combined operating profit ratio. Each objective contains A and B target conditions respectively, and achieving one of the target conditions is considered as achieving the objective. After each target condition is reached, 25% of the number of shares allocated in the current year can be obtained. The judgment of the achievement of the indicators and standards shall be based on the consolidated financial statements of the first year prior to the expiration of the Company's vested conditions. The target conditions are detailed in the table below.

Operating Objective	Target Condition A	Target Condition B	The Ratio of The Number of Shares to Be Awarded in the Current Year
Revenue	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Gross profit (GM %)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%
Operating profit (OPM \$)	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The aforementioned newly issued restricted employee shares were assessed to have a fair value of \$648 per share, based on the market approach. The unearned employee benefits of \$441,936 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of \$5,519 thousand, \$(38,892) thousand, \$23,571 thousand and \$16,146 thousand were recognized, respectively, within the vesting period for the three months and nine months ended September 30, 2022 and 2021.

b. 2022

On June 17, 2022, the shareholders resolved a restricted share plan for employees with a total amount of \$5,400 thousand, consisting of 540 thousand shares, for free issuance. The base dates of capital increase and payment of September 8, 2022 were determined by the board of directors on August 25, 2022. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- 1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.
- 2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.
- 4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and cash increases by share.

The vesting conditions of restricted shares are when an employee received the restricted shares, and the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date with achieved operational goals by individuals and companies: 20%.

After two years from the grant date with achieved operational goals by individuals and companies: 20%.

After three years from the grant date with achieved operational goals by individuals and companies: 60%.

The individual performance target is set by the Chairman for different employees of each department. The Company's operating objectives are based on four indicators: Consolidated revenue, combined gross profit margin, combined operating profit and combined operating profit ratio. Each objective contains A and B target conditions respectively, and achieving one of the target conditions is considered as achieving the objective. After each target condition is reached, 25% of the number of shares allocated in the current year can be obtained. The judgment of the achievement of the indicators and standards shall be based on the consolidated financial statements of the first year prior to the expiration of the Company's vested conditions. The target conditions are detailed in the table below.

Operating Objective	Target Condition A	Target Condition B	The Ratio of The Number of Shares to Be Awarded in the Current Year
Revenue	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Gross profit (GM %)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%
Operating profit (OPM \$)	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The aforementioned newly issued restricted employee shares were assessed to have a fair value of \$1,650 per share, based on the market approach. The unearned employee benefits of \$891,000 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of \$28,073 thousand, were recognized, within the vesting period for the both three months and nine months ended September 30, 2022.

Information on the restricted share plan for employees was as follows:

	Number of Options (In Thousands of Units) For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	378	520
Issued in this current period	540	-
Vested	(181)	(126)
Options forfeited (Note)	<u>(197)</u>	<u>(16)</u>
Balance at September 30	<u>540</u>	<u>378</u>

Note: The forfeited shares for the nine months ended September 30, 2022 and 2021 were the shares that were cancelled due to the vesting conditions not being met.

24. CASH FLOWS INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the nine months ended September 30, 2022 and 2021:

As of September 30, 2022, December 31, 2021 and September 30, 2021, the un-settled payments for purchases of property, plant and equipment were \$55,529 thousand, \$13,426 thousand and \$35,693 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2022

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change of Variable Payments	Exchange Rate Impact	
Short-term borrowings	\$ 2,379,745	\$ (2,568,896)	\$ -	\$ -	\$ 189,151	\$ -
Long-term borrowings (current portion of long-term liabilities)	-	929,670	-	-	-	929,670
Guarantee deposits	1,726	(213)	-	-	50	1,563
Lease liabilities	257,840	(80,544)	158,425	-	10,524	346,245
	<u>\$ 2,639,311</u>	<u>\$ (1,719,983)</u>	<u>\$ 158,425</u>	<u>\$ -</u>	<u>\$ 199,725</u>	<u>\$ 1,277,478</u>

For the nine months ended September 30, 2021

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change of Variable Payments	Exchange Rate Impact	
Short-term borrowings	\$ 1,768,000	\$ 635,779	\$ -	\$ -	\$ 106	\$ 2,403,885
Guarantee deposits	775	682	-	-	(8)	1,449
Lease liabilities	351,468	(71,524)	10,981	(12,743)	(268)	277,914
	<u>\$ 2,120,243</u>	<u>\$ 564,937</u>	<u>\$ 10,981</u>	<u>\$ (12,743)</u>	<u>\$ (170)</u>	<u>\$ 2,683,248</u>

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while considering operating risks and maximizing the returns to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity of the Group (comprising issued capital, capital surplus, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Under the recommendations of the key management, to balance the overall capital structure, the Group may adjust the number of new shares issued.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Trade receivables	\$ _____ -	\$ _____ -	\$ 244,736	\$ 244,736

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Trade receivables	\$ _____ -	\$ _____ -	\$ 117,931	\$ 117,931

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Trade receivables	\$ _____ -	\$ _____ -	\$ 200,007	\$ 200,007

There were no transfers between Levels 1 and 2 for the nine month ended September 30, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2022	\$ 117,931
Net increase	<u>126,805</u>
Balance at September 30, 2022	<u>\$ 244,736</u>

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2021	\$ 149,071
Net increase	<u>50,936</u>
Balance at September 30, 2021	<u>\$ 200,007</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Trade receivables	The fair value was measured at the original invoice amount because the effect of discounting was immaterial.

c. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 7,146,483	\$ 7,926,449	\$ 6,938,197
Financial asset at FVTOCI			
Investments in debt instruments			
Trade receivables	244,736	117,931	200,007
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	5,897,546	6,128,584	6,348,265

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (excluding investments in debt instruments), trade receivables from related parties, other receivables, other financial assets - current, other financial assets - non-current and refundable deposits (included in other non-current assets).
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, trade payables to related parties, other payables, current portion of long-term borrowings, long-term borrowings and guarantee deposit received (included in other non-current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments included trade receivables, trade payables, borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the board of directors, who monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in the USD and the RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currencies against the relevant foreign currencies (the USD and RMB). A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pre-tax profit when the functional currency weakened by 1% against the relevant foreign currency. For a 1% strengthening of the functional currency against the relevant foreign currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Nine Months Ended	
	September 30	
	2022	2021
Profit or loss	\$ 46,896	\$ 12,045
	RMB Impact	
	For the Nine Months Ended	
	September 30	
	2022	2021
Profit or loss	\$ (61,522)	\$ (31,891)

The above impact on profit and loss was mainly attributable to the exposure on outstanding bank deposits, receivables, payables and short-term borrowings in USD, bank deposits and payables in RMB at the end of the reporting period.

The Group's sensitivity to the USD increased during the current period mainly because of an decrease in borrowings in USD. The Group's sensitivity to the RMB increased during the current period mainly because of an increased in payables to related parties in RMB.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Interest rate risk on fair value			
Financial assets	\$ 815,978	\$ 2,309,508	\$ 2,421,470
Financial liabilities	346,245	257,840	277,914
Interest rate risk on cash flow			
Financial assets	2,864,603	2,847,293	1,708,879
Financial liabilities	929,670	2,379,745	2,403,885

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Group's non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables been held constant, the Group's pre-tax profit for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$14,512 thousand and decreased/increased \$5,213 thousand, respectively, which was mainly due to the risk position of bank deposits and borrowings with floating rates of the Group.

The Group's sensitivity to interest rates increased during the current period mainly because of the decrease in floating-rate borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation pertain to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, and factored trade receivables when necessary to mitigate the risk of financial loss from defaults.

To minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for possible irrecoverable amounts. Thus, the management believes the Group's credit risk was significantly reduced.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the period.

September 30, 2022

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,047,346	\$ 1,918,967	\$ 1,563	\$ -
Lease liabilities	21,197	83,447	275,646	-
Variable interest rate liabilities	<u>2,797</u>	<u>104,981</u>	<u>373,536</u>	<u>502,941</u>
	<u>\$ 3,071,340</u>	<u>\$ 2,107,395</u>	<u>\$ 650,745</u>	<u>\$ 502,941</u>

Further information on the maturity analysis of the above financial rate liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Variable interest rate liabilities	<u>\$ 107,778</u>	<u>\$ 373,536</u>	<u>\$ 502,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,712,972	\$ 1,034,141	\$ 1,726	\$ -
Lease liabilities	26,165	62,436	190,221	-
Variable interest rate liabilities	<u>817,317</u>	<u>1,567,957</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,556,454</u>	<u>\$ 2,664,534</u>	<u>\$ 191,947</u>	<u>\$ -</u>

September 30, 2021

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing Lease liabilities	\$ 2,854,512 23,777	\$ 1,088,419 70,915	\$ 1,449 207,447	\$ - -
Variable interest rate liabilities	<u>1,588,934</u>	<u>818,909</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,467,223</u>	<u>\$ 1,978,243</u>	<u>\$ 208,896</u>	<u>\$ -</u>

b) Financing facilities

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loan facilities			
Amount used	\$ -	\$ 2,379,745	\$ 2,403,885
Amount unused	<u>3,347,915</u>	<u>34,025</u>	<u>15,165</u>
	<u>\$ 3,347,915</u>	<u>\$ 2,413,770</u>	<u>\$ 2,419,050</u>
Secured bank overdraft facilities			
Amount used	\$ 929,670	\$ -	\$ -
Amount unused	<u>270,330</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ -</u>

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the period were as follows:

September 30, 2022

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Mega International Commercial Bank Co., Ltd	\$ 581,515	\$ -	\$ -	\$ 581,515	1.90-5.82
BNP Paribas S.A.	<u>75,094</u>	<u>-</u>	<u>-</u>	<u>75,094</u>	3.45-4.75
	<u>\$ 656,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,609</u>	

December 31, 2021

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Mega International Commercial Bank Co., Ltd.	\$ 438,954	\$ -	\$ -	\$ 438,954	1.30-3.35
BNP Paribas S.A.	<u>29,519</u>	<u>-</u>	<u>-</u>	<u>29,519</u>	0.91-1.13
	<u>\$ 468,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468,473</u>	

September 30, 2021

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Mega International Commercial Bank Co., Ltd.	\$ 150,867	\$ -	\$ -	\$ 150,867	1.34-2.23
BNP Paribas S.A.	<u>75,388</u>	<u>-</u>	<u>-</u>	<u>75,388</u>	0.97-1.05
	<u>\$ 226,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,255</u>	

Pursuant to the agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the bank.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Name	Related Party Category
RPS. SPA	Essential related parties (whose managing director is the key management personnel of the Group)
RIELLO UPS (ASIA) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group)
RIELLO UPS (SHANGHAI) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group)
FSP Technology Inc.	Key management personnel
WUXI Zhonghan Technology Co., Ltd.	Essential related parties (whose parent company is the key management personnel of the Group)
Ming Fang International Investment Co., Ltd.	Essential related parties

b. Sales of goods

Line Item	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Sales	Essential related parties	\$ 289,550	\$ 174,208	\$ 849,035	\$ 495,565
	Key management personnel	<u>112,876</u>	<u>45,295</u>	<u>278,061</u>	<u>138,269</u>
		<u>\$ 402,426</u>	<u>\$ 219,503</u>	<u>\$ 1,127,096</u>	<u>\$ 633,834</u>

The selling prices of the goods sold to the related parties in the table above are not comparable as these goods are not sold to other customers in the nine months ended September 30, 2022 and 2021. Payment terms of goods sold to related parties are 135-150 days at the end of the month, and 0-180 days for general customers.

c. Purchases of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Essential related parties	\$ 8,298	\$ 1,269	\$ 12,242	\$ 6,071

The purchase prices of goods purchased from the related parties in the table above are not comparable as these goods are not purchased from other suppliers in the nine months ended September 30, 2022 and 2021. Payment terms of goods purchased from related parties are 150 days at the end of the month, and 30-90 days for general suppliers.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Trade receivables from related parties	Essential related parties	\$ 220,355	\$ 50,155	\$ 73,847
	Key management personnel	<u>224,580</u>	<u>92,833</u>	<u>64,000</u>
		<u>\$ 444,935</u>	<u>\$ 142,988</u>	<u>\$ 137,847</u>

The outstanding trade receivables from related parties were unsecured. For the nine months ended September 30, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Trade payables to related parties	Essential related parties	\$ 8,862	\$ 4,064	\$ 1,694

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements - Group is lessee

Line Item	Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Lease liabilities	Essential related parties	\$ -	\$ 2,230	\$ 2,964

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021

Interest expense

Essential related parties	\$ 2	\$ 21	\$ 20	\$ 78
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For the nine months ended September 30, 2022 and 2021, the Group leased office space from substantive related parties. The rental expense is determined with reference to the general market conditions, and the payment terms are monthly payment.

g. Other transactions with related parties

Line Item	Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Refundable deposits	Essential related parties	\$ <u>500</u>	\$ <u>500</u>	\$ <u>500</u>

h. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 53,333	\$ 49,814	\$ 91,280	\$ 85,744
Post-employee benefits	128	127	419	374
Share-based payments	<u>5,647</u>	<u>(11,857)</u>	<u>10,065</u>	<u>1,639</u>
	<u>\$ 59,108</u>	<u>\$ 38,084</u>	<u>\$ 101,764</u>	<u>\$ 87,757</u>

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 587,160	\$ -	\$ -
Building	<u>781,097</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,368,257</u>	<u>\$ -</u>	<u>\$ -</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of the end of the reporting period were as follows:

Unrecognized commitments are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Acquisition of property, plant and equipment	<u>\$ 212,269</u>	<u>\$ 249,391</u>	<u>\$ 310,540</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

September 30, 2022

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 157,267	31.7550 (USD:NTD)	\$ 4,994,001
USD	13,493	7.0998 (USD:RMB)	428,472
RMB	256,499	4.4727 (RMB:NTD)	1,147,242
RMB	1,636,190	0.1408 (RMB:USD)	<u>7,315,575</u>
			<u>\$ 13,885,290</u>

Financial liabilities

Monetary items			
USD	11,480	31.7550 (USD:NTD)	\$ 364,532
USD	11,599	7.0998 (USD:RMB)	368,329
RMB	1,636,187	4.4727 (RMB:NTD)	7,318,172
RMB	1,632,006	0.1408 (RMB:USD)	<u>7,296,870</u>
			<u>\$ 15,347,903</u>

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 151,554	27.6900 (USD:NTD)	\$ 4,196,530
USD	13,345	6.3757 (USD:RMB)	369,515
RMB	394,969	4.3431 (RMB:NTD)	1,715,390
RMB	1,281,322	0.1568 (RMB:USD)	<u>5,563,233</u>
			<u>\$ 11,844,668</u>

Financial liabilities

Monetary items			
USD	95,143	27.6900 (USD:NTD)	\$ 2,634,510
USD	12,681	6.3757 (USD:RMB)	351,129
RMB	1,117,390	4.3431 (RMB:NTD)	4,852,937
RMB	1,289,125	0.1568 (RMB:USD)	<u>5,597,112</u>
			<u>\$ 13,435,688</u>

September 30, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 140,429	27.8500 (USD:NTD)	\$ 3,910,937
USD	11,988	6.4854 (USD:RMB)	333,874
RMB	460,802	4.2943 (RMB:NTD)	1,978,821
RMB	1,233,965	0.1542 (RMB:USD)	<u>5,299,226</u>
			<u>\$ 11,522,858</u>

Financial liabilities

Monetary items			
USD	98,368	27.8500 (USD:NTD)	\$ 2,739,561
USD	10,799	6.4854 (USD:RMB)	300,766
RMB	1,233,963	4.2943 (RMB:NTD)	5,299,008
RMB	1,203,443	0.1542 (RMB:USD)	<u>5,168,149</u>
			<u>\$ 13,507,484</u>

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the entities in the Group and the exchange rates between the respective functional currencies and the presentation currency were disclosed.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended September 30				
2022			2021	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ 167,855	1.00 (NTD:NTD)	\$ 6,332
USD	30.7100 (USD:NTD)	(2,322)	27.8533 (USD:NTD)	(617)
RMB	4.4434 (RMB:NTD)	2,152	4.3042 (RMB:NTD)	(1,154)
VND	0.0013 (VND:NTD)	<u>2,224</u>	0.0012 (VND:NTD)	<u>2,545</u>
		<u>\$ 169,909</u>		<u>\$ 7,106</u>

For the Nine Months Ended September 30				
2022			2021	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ 205,017	1.00 (NTD:NTD)	\$ (40,639)
USD	29.4300 (USD:NTD)	183	27.9333 (USD:NTD)	(1,595)
RMB	4.4312 (RMB:NTD)	2,529	4.3179 (RMB:NTD)	(772)
VND	0.0013 (VND:NTD)	<u>7,050</u>	0.0012 (VND:NTD)	<u>7,928</u>
		<u>\$ 214,779</u>		<u>\$ (35,078)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 2
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 5

b. Information on investees: Table 6

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

32. SEGMENT INFORMATION

Financial Information

The Group is a single industrial segment, mainly engaged in the manufacture and sale of uninterruptible power system, and provides information to the chief operating decision makers for allocating resources and evaluating the performance of the segment, focusing on each type of products delivered or provided, so there is no need to disclose the operating information of the reportable segment.

TABLE 1

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 6)	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	\$ 89,454 (RMB 20,000)	\$ 89,454 (RMB 20,000)	\$ - (RMB -)	3.85	2	\$ -	Operating capital financing funds	\$ -	-	\$ -	\$ 1,700,289	\$ 1,700,289
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	290,726 (RMB 65,000)	290,726 (RMB 65,000)	290,726 (RMB 65,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,700,289	1,700,289
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	178,908 (RMB 40,000)	178,908 (RMB 40,000)	178,908 (RMB 40,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,700,289	1,700,289
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	223,635 (RMB 50,000)	223,635 (RMB 50,000)	223,635 (RMB 50,000)	3.70	2	-	Operating capital financing funds	-	-	-	1,700,289	1,700,289
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	380,179 (RMB 85,000)	380,179 (RMB 85,000)	380,179 (RMB 85,000)	3.70	2	-	Operating capital financing funds	-	-	-	1,700,289	1,700,289
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	245,999 (RMB 55,000)	245,999 (RMB 55,000)	245,999 (RMB 55,000)	3.70	2	-	Operating capital financing funds	-	-	-	1,700,289	1,700,289
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	245,999 (RMB 55,000)	245,999 (RMB 55,000)	245,999 (RMB 55,000)	3.70	2	-	Operating capital financing funds	-	-	-	1,700,289	1,700,289

Note 1: Number column as follows:

a. “0” for the issuer.

b. Investees are numbered from “1”.

Note 2: Number 1 represents business relationship between companies or firms.
Number 2 represents short-term financing is necessary between companies or firms.

Note 3: The total amount of capital loans shall not exceed 40% of the Company’s net equity value based on its latest financial statements which were reviewed and attested by certified public accountants.

Note 4: a. The total amount of capital loans shall not exceed 40% of the net value of Voltronic Power Technology.

b. The limit of capital loans for individual object for the business transactions: For individual companies that have business dealings with the Company, the individual financing amount shall not exceed 30% of the transaction amount between the two parties or 10% of the net equity value of the Company’s latest financial statements which were audited and attested by certified public accountants, whichever is lower. The business transaction refers to purchase or sale of goods between the two parties, whichever is higher in the most recent year from the month before the application. The limit of capital loans for individual object for the short-term financings: The financing amount of individual object shall not exceed 10% of the net equity value of the Company’s latest financial statements which were audited and attested by certified public accountants. However, this does not apply to foreign subsidiaries that directly and indirectly hold 100% of the voting shares of the Company, or foreign subsidiaries that directly and indirectly hold 100% of the voting shares to the Company. When the Company directly or indirectly holds 100% of the voting shares in foreign subsidiaries, engaged in short-term financing loans, the total amount of capital loans and the limit of individual objects shall not exceed 100% of the current net value of the Company.

Note 5: The foreign-currency amounts of the highest balance for the period and ending balance were converted by exchange rate RMB1 into NT\$4.4727 as of September 30, 2022.

Note 6: The amounts have been eliminated in the consolidated financial statements.

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Zhongshan Voltronic Power Electronics Limited	New factory of Zhongshan City (factory #2)	September 25, 2020	825,276 (RMB 184,514)	\$ 613,006 (RMB 137,055)	Shenzhen Xinmei Decoration Construction Group Co.	-	-	-	-	\$ -	-	For the production of future need	Note
Voltronic Power Technology	Fuding Technology Building	January 17, 2022	1,398,000	1,398,000	Huang Ding Construction Development Co.	-	-	-	-	-	Appraisal report of real estate	For the production of future need	Note

Note: The foreign-currency amounts were translated into exchange rate RMB1 into NT\$4.4727 as of September 30, 2022.

TABLE 3

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Voltronic Power Technology	RPS. SPA	Essential related parties	(Sales)	\$ (838,233)	(6)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	\$ 213,328	6	-
	FSP Technology Inc.	Key management personnel	(Sales)	(278,061)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	224,580	7	-
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	163,995	1	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(111,798)	(1)	Note 3
	Potentia Technology Inc. Limited	Subsidiary	Purchase	11,839,998	98	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(7,465,108)	(98)	"
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(11,839,998)	(80)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	7,465,108	90	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(743,484)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	202,402	2	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	5,238,793	36	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,779,525)	(56)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(640,366)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	126,058	2	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	6,389,825	43	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(2,677,935)	(31)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(162,589)	(1)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	47,459	1	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(697,267)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	424,208	5	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	994,192	7	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(356,895)	(4)	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(163,995)	(3)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	111,798	2	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(5,238,793)	(94)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	4,779,525	97	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	743,484	19	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(202,402)	(10)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	142,463	4	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(180,861)	(9)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	642,613	17	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(168,379)	(8)	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(6,389,825)	(94)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	2,677,935	96	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	640,366	11	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(126,058)	(6)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(268,965)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	43,139	2	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	744,446	13	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(357,174)	(17)	"
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(642,613)	(40)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	168,379	30	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(744,446)	(46)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	357,174	64	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(212,297)	(13)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	35,654	6	"

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	\$ 162,589	15	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	\$ (47,459)	(8)	//
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(142,463)	(8)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	180,861	38	//
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	268,965	24	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(43,139)	(7)	//
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	212,297	19	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(35,654)	(6)	//
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(994,192)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	356,895	100	//
	Potentia Technology Inc. Limited	The same parent company	Purchase	697,267	100	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(424,208)	(94)	//

Note 1: The foreign-currency amounts were translated into New Taiwan dollar at the exchange rates prevailing as of September 30, 2022. However, the amount of income accounts are converted by quarterly average exchange rate into New Taiwan dollar as of 2022.

Note 2: There is no sales to unrelated parties.

Note 3: The amounts have been eliminated in the consolidated financial statements.

(Concluded)

TABLE 4**VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****SEPTEMBER 30, 2022****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
<u>Trade receivables</u>									
Voltronic Power Technology	RPS. SPA	Related party	\$ 213,328	8.70	\$ -	-	\$ 169,691	\$ -	-
	FSP Technology Inc.	Key management personnel	224,580	2.34	-	-	40,780	-	-
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	7,465,108	2.55	-	-	1,677,330	-	Note 4
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	202,402	5.83	-	-	123,848	-	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	126,058	6.08	-	-	73,716	-	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	424,208	2.74	-	-	98,408	-	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	111,798	1.71	-	-	20,543	-	"
	Potentia Technology Inc. Limited	The same parent company	4,779,525	1.61	-	-	781,870	-	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	2,677,935	3.75	-	-	757,714	-	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	43,139	3.11	-	-	43,139	-	"
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	180,861	1.00	-	-	87,623	-	"
Zhongshan Voltronic Precision Inc.	Zhongshan Voltronic Power Electronics Limited	The same parent company	357,174	4.76	-	-	101,261	-	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	168,379	7.61	-	-	65,519	-	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	356,895	5.47	-	-	112,919	-	"
<u>Other receivables</u>									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,323,010 (Note 3)	-	-	-	-	-	"

Note 1: The foreign-currency amounts were translated into exchange rate US\$1 into NT\$31.755 and RMB1 into NT\$4.4727 as of September 30, 2022.

Note 2: The amount received in subsequent period was as of October 31, 2022.

Note 3: Including interest receivables \$3,559 thousand and receivables for sales of equipment \$4 thousand.

Note 4: The amounts have been eliminated in the consolidated financial statements.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
1	Potentia Technology Inc. Limited	Voltronic Power Technology	2	Sales	\$ 11,839,998	Net 270 days from the end of the month of when invoice is issued	70
		Voltronic Power Technology	2	Trade receivables from related parties	7,465,108	Net 270 days from the end of the month of when invoice is issued	49
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	743,484	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	202,402	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	640,366	Net 270 days from the end of the month of when invoice is issued	4
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	126,058	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	697,267	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	424,208	Net 270 days from the end of the month of when invoice is issued	3
2	Voltronic Power Technology (Shen Zhen) Corp.	Potentia Technology Inc. Limited	3	Sales	5,238,793	Net 270 days from the end of the month of when invoice is issued	31
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	4,779,525	Net 270 days from the end of the month of when invoice is issued	31
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	142,463	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	180,861	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Other receivables from related parties	1,323,010	The loan period is one year and will be returned in installments according to the financial situation during the period	9

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
4	Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	3	Sales	\$ 6,389,825	Net 270 days from the end of the month of when invoice is issued	38
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	2,677,935	Net 270 days from the end of the month of when invoice is issued	18
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	268,965	Net 270 days from the end of the month of when invoice is issued	2
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	43,139	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Precision Inc.	3	Investments accounted for using equity method	91,200 (RMB 20,000)	-	1
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	642,613	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	168,379	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	212,297	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	35,654	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	744,446	Net 270 days from the end of the month of when invoice is issued	4
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	357,174	Net 270 days from the end of the month of when invoice is issued	2
6	Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	3	Sales	994,192	Net 270 days from the end of the month of when invoice is issued	6
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	356,895	Net 270 days from the end of the month of when invoice is issued	2

Note 1: Intercompany transactions information between parent company and subsidiaries are noted within the number column as follows:

- “0” for the parent company.
- Subsidiaries are numbered from “1”

Note 2: Parties involved in the transaction have a directional relationship noted by the following:

- “1” represents transactions from parent company to subsidiaries.
- “2” represents transactions from subsidiaries to parent company.
- “3” represents transactions between subsidiaries.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: For balance sheet account, the percentage is calculated by dividing the ending balance of the account by consolidated total assets; for an income statement account, the percentage is calculated by dividing the accumulated amount in the current year of the account by the consolidated operating revenues.

Note 4: The foreign-currency amounts were converted into New Taiwan dollar at the exchange rates prevailing as of September 30, 2022. However, the amount of income accounts are converted by quarterly average exchange rate into New Taiwan dollar as of 2022.

Note 5: The main transaction only discloses unidirectional transactions information between intercompany relationship, and the amount was eliminated upon consolidation.

(Concluded)

TABLE 6

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Foreign Currencies, and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 3)	Note
				September 30, 2022	December 31, 2021	Number of Stock (Shares)	%	Carrying Value			
Voltronic Power Technology	Voltronic International Corp.	Anguilla	Investment activities	\$ 888,285 (US\$ 28,000)	\$ 888,285 (US\$ 28,000)	28,000	100	\$ 7,958,040	\$ 1,027,569	\$ 1,027,245	Note 1
	Voltronic Power Technology (Vietnam) Company Limited	Bac Ninh Province, Vietnam	Design, manufacture and sale of UPS	30,945 (US\$ 1,000)	30,945 (US\$ 1,000)	-	100	205,604	91,193	91,193	Notes 1, 2 and 4
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	19,068	(4,282)	(4,282)	Note 1 and 2
	Voltronic International H.K. Corp. Limited	Hong Kong	Investment activities	888,285 (US\$ 28,000)	888,285 (US\$ 28,000)	217,240	100	7,942,601	1,031,851	1,031,851	Note 1 and 2

Note 1: Based on reviewed financial statements.

Note 2: The amount of subsidiary was eliminated upon consolidation.

Note 3: The gain and loss of net amount of investment which recognized in the current period is the reversal of unrealized loss of the previous upstream transaction of \$2,566 thousand and the deduction of unrealized loss of upstream transaction of the current period of \$1,465 thousand and the addition of realized disposition of property, plant and equipment benefit of \$777 thousand in the sidestream transaction.

Note 4: This company is a “limited company” without stock issuance.

Note 5: For information of investments in mainland China, refer to Table 7.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income in the mainland China area:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of September 30, 2022 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outflow	Inflow						
Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	\$ 64,630 (US\$ 2,000)	b.	\$ 64,630 (US\$ 2,000)	\$ -	\$ -	\$ 64,630 (US\$ 2,000)	\$ 424,433	100	\$ 424,433	\$ 4,092,337	\$ -
Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	30,027 (US\$ 1,000)	b.	30,027 (US\$ 1,000)	-	-	30,027 (US\$ 1,000)	233,752	100	233,752	1,700,289	-
Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	793,628 (US\$ 25,000)	b.	793,628 (US\$ 25,000)	-	-	793,628 (US\$ 25,000)	373,666	100	373,666	2,149,975	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	250,401 (US\$ 56,000)	c.		-	-	-	35,778	100	35,778	290,709	-

2. Limit on the amount of investment in the mainland China area:

Accumulated Outflow Remittance for Investment in Mainland China as of September 30, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 888,285 (Note 4) (US\$ 28,000)	\$ 888,285 (Note 4) (US\$ 28,000)	\$ 4,302,047

Note 1: Investment methods are classified into the following three categories:

- Directly invest in a company in mainland China.
- Investment in mainland China through an existing company established in a third region.
- Other methods.

Note 2: The investment gain or loss and the carrying amount as of September 30, 2022:

The Company recognized its reinvested companies of Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary of Voltronic International H.K. Corp. Limited, and through its subsidiary of Zhongshan Voltronic Power Electronics Limited recognized the investment gains of its reinvested company of Zhongshan Voltronic Precision Inc. from January 1, 2022 to September 30, 2022 and the carrying amounts on September 30, 2022.

Note 3: The amount was calculated based on the financial statements which were reviewed and attested by certified public accounts engaged by Taiwan's parent company.

Note 4: The amount was calculated by the actual outflow exchange rate from the each times.

Note 5: The amount was eliminated upon consolidation.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	\$ 5,287,932	44	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	\$ (3,776,144)	(50)	\$ 1,465
Zhongshan Voltronic Power Electronics Limited	Purchase	5,789,665	48	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(3,693,406)	(48)	-

- b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- c. The amount of property transactions and the amount of the resultant gains or losses: None.
- d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- e. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: None.
- f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

TABLE 9**VOLTRONIC POWER TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh	8,372,166	9.54

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.