

**Voltronic Power Technology Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 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, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, 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 material accounting policy information (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 Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Cheng-Chuan Yu and Jui-Hsuan Ho.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2023

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.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2023		December 31, 2022 (Restated)		September 30, 2022 (Restated)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,402,865	31	\$ 5,353,014	33	\$ 3,679,092	24
Notes receivable (Notes 8 and 20)	46,984	-	84,647	1	76,262	1
Trade receivables (Notes 8 and 20)	2,598,408	19	2,792,342	17	3,126,249	20
Trade receivables from related parties (Notes 8, 20 and 28)	162,322	1	239,527	1	444,935	3
Other receivables (Note 8)	51,330	-	56,643	-	43,950	-
Inventories (Note 9)	1,469,918	11	2,018,522	13	2,421,948	16
Prepayments (Note 14)	168,811	1	271,385	2	309,761	2
Other financial assets - current (Note 14)	-	-	-	-	2,937	-
Total current assets	8,900,638	63	10,816,080	67	10,105,134	66
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 27)	44,694	-	-	-	-	-
Property, plant and equipment (Notes 11, 29 and 30)	4,542,471	32	4,474,310	28	4,340,684	29
Right-of-use assets (Note 12)	406,894	3	462,898	3	489,509	3
Other intangible assets (Note 13)	22,212	-	24,653	-	27,244	-
Deferred tax assets (Notes 3 and 4)	95,636	1	135,464	1	144,100	1
Other non-current assets (Notes 14 and 28)	66,119	1	171,970	1	186,527	1
Total non-current assets	5,178,026	37	5,269,295	33	5,188,064	34
TOTAL	<u>\$ 14,078,664</u>	<u>100</u>	<u>\$ 16,085,375</u>	<u>100</u>	<u>\$ 15,293,198</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Note 20)	\$ 321,349	2	\$ 433,449	3	\$ 541,032	3
Notes payable (Note 16)	76	-	40	-	9	-
Trade payables (Note 16)	3,637,773	26	4,161,014	26	4,719,961	31
Trade payables to related parties (Note 28)	9,526	-	12,042	-	8,862	-
Other payables (Note 17)	1,062,410	7	1,174,224	7	993,014	6
Current tax liabilities (Note 4)	165,566	1	651,051	4	447,891	3
Lease liabilities - current (Notes 12 and 28)	99,754	1	93,952	-	89,599	1
Current portion of long-term borrowings (Notes 15 and 29)	97,860	1	97,860	1	97,860	1
Other current liabilities (Note 17)	6,601	-	3,226	-	11,545	-
Total current liabilities	5,400,915	38	6,626,858	41	6,909,773	45
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 29)	782,880	6	831,810	5	831,810	5
Deferred tax liabilities (Notes 3 and 4)	44,041	-	47,170	-	123,328	1
Lease liabilities - non-current (Notes 12 and 28)	170,453	1	234,627	2	256,646	2
Other non-current liabilities (Note 17)	2,293	-	1,683	-	1,563	-
Total non-current liabilities	999,667	7	1,115,290	7	1,213,347	8
Total liabilities	6,400,582	45	7,742,148	48	8,123,120	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Share capital						
Ordinary shares	877,346	6	877,626	6	877,626	6
Capital surplus	1,779,033	13	1,824,953	11	1,824,953	12
Retained earnings						
Legal reserve	1,979,226	14	1,535,937	9	1,535,937	10
Special reserve	200,346	2	293,428	2	293,428	2
Unappropriated earnings	3,291,973	23	4,762,266	30	3,615,672	23
Total retained earnings	5,471,545	39	6,591,631	41	5,445,037	35
Other equity (Notes 19 and 24)	(449,842)	(3)	(950,983)	(6)	(977,538)	(6)
Total equity	7,678,082	55	8,343,227	52	7,170,078	47
TOTAL	<u>\$ 14,078,664</u>	<u>100</u>	<u>\$ 16,085,375</u>	<u>100</u>	<u>\$ 15,293,198</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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 20 and 28)	\$ 4,463,462	100	\$ 6,405,252	100	\$ 14,357,157	100	\$ 17,026,547	100
OPERATING COSTS								
Cost of goods sold (Notes 9, 21 and 28)	(3,022,281)	(68)	(4,230,536)	(66)	(9,754,311)	(68)	(11,939,954)	(70)
GROSS PROFIT	1,441,181	32	2,174,716	34	4,602,846	32	5,086,593	30
OPERATING EXPENSES								
(Note 21)								
Selling and marketing expenses	(86,423)	(2)	(119,447)	(2)	(292,571)	(2)	(344,247)	(2)
General and administrative expenses	(111,288)	(3)	(128,273)	(2)	(387,206)	(3)	(346,500)	(2)
Research and development expenses	(233,923)	(5)	(220,477)	(3)	(717,616)	(5)	(570,102)	(3)
Expected credit loss (Note 8)	(6,543)	-	(4,263)	-	(6,411)	-	(5,329)	-
Total operating expenses	(438,177)	(10)	(472,460)	(7)	(1,403,804)	(10)	(1,266,178)	(7)
PROFIT FROM OPERATIONS	1,003,004	22	1,702,256	27	3,199,042	22	3,820,415	23
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 21)	15,746	-	15,713	-	100,319	1	47,493	-
Other income (Note 21)	28,414	1	14,741	-	53,247	-	26,945	-
Other gains and losses (Note 21)	(210,795)	(5)	169,563	3	52,218	-	214,598	1
Finance costs (Notes 21 and 28)	(14,617)	-	(22,649)	-	(47,362)	-	(56,745)	-
Total non-operating income and expenses	(181,252)	(4)	177,368	3	158,422	1	232,291	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	821,752	18	1,879,624	30	3,357,464	23	4,052,706	24
INCOME TAX EXPENSE (Notes 4 and 22)	(192,109)	(4)	(373,937)	(6)	(659,878)	(4)	(766,410)	(5)
NET PROFIT FOR THE PERIOD	629,643	14	1,505,687	24	2,697,586	19	3,286,296	19

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	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 19)	\$ 404,537	9	\$ 82,780	1	\$ 196,222	1	\$ 223,524	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 19 and 22)	(80,907)	(2)	(16,557)	-	(39,244)	-	(44,707)	-
Other comprehensive income for the period, net of income tax	323,630	7	66,223	1	156,978	1	178,817	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 953,273</u>	<u>21</u>	<u>\$ 1,571,910</u>	<u>25</u>	<u>\$ 2,854,564</u>	<u>20</u>	<u>\$ 3,465,113</u>	<u>20</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 7.22</u>		<u>\$ 17.29</u>		<u>\$ 30.92</u>		<u>\$ 37.75</u>	
Diluted	<u>\$ 7.19</u>		<u>\$ 17.23</u>		<u>\$ 30.78</u>		<u>\$ 37.60</u>	

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

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	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, 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 19)																
Legal reserve		-		-		235,936		-		(235,936)		-		-		-
Cash dividends distributed by the Company		-		-		-		-		(2,054,355)		-		-		(2,054,355)
Reversal of special reserve		-		-		-		(38,041)		38,041		-		-		-
Share-based payment transactions (Notes 19, 21 and 24)		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 19)		-		-		-		-		-		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	\$	<u>877,626</u>	\$	<u>1,824,953</u>	\$	<u>1,535,937</u>	\$	<u>293,428</u>	\$	<u>3,615,672</u>	\$	<u>(114,611)</u>	\$	<u>(862,927)</u>	\$	<u>7,170,078</u>
BALANCE AT JANUARY 1, 2023	\$	877,626	\$	1,824,953	\$	1,535,937	\$	293,428	\$	4,762,266	\$	(200,346)	\$	(750,637)	\$	8,343,227
Appropriation of 2022 earnings (Note 19)																
Legal reserve		-		-		443,289		-		(443,289)		-		-		-
Cash dividends distributed by the Company		-		-		-		-		(3,817,672)		-		-		(3,817,672)
Reversal of special reserve		-		-		-		(93,082)		93,082		-		-		-
Share-based payment transactions (Notes 19, 21 and 24)		(280)		(45,920)		-		-		-		-		344,163		297,963
Net profit for the nine months ended September 30, 2023		-		-		-		-		2,697,586		-		-		2,697,586
Other comprehensive income for the nine months ended September 30, 2023, net of income tax (Note 19)		-		-		-		-		-		156,978		-		156,978
Total comprehensive income for the nine months ended September 30, 2023		-		-		-		-		2,697,586		156,978		-		2,854,564
BALANCE AT SEPTEMBER 30, 2023	\$	<u>877,346</u>	\$	<u>1,779,033</u>	\$	<u>1,979,226</u>	\$	<u>200,346</u>	\$	<u>3,291,973</u>	\$	<u>(43,368)</u>	\$	<u>(406,474)</u>	\$	<u>7,678,082</u>

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)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,357,464	\$ 4,052,706
Adjustments for:		
Depreciation expenses	259,799	227,534
Amortization expenses	13,138	13,113
Expected credit loss recognized on trade receivables	6,411	5,329
Net gain on financial assets at fair value through profit or loss	(149)	-
Finance costs	47,362	56,745
Interest income	(100,319)	(47,493)
Compensation cost of employee share options	297,963	51,644
Loss on disposal of property, plant and equipment	2,056	370
Write-down of inventories	11,983	4,798
Net gain on foreign currency exchange	(108,895)	(225,067)
Changes in operating assets and liabilities		
Notes receivable	37,663	(8,812)
Trade receivables	240,362	(322,011)
Trade receivables - related parties	80,572	(274,090)
Other receivables	7,252	(17,286)
Inventories	535,787	(640,518)
Prepayments	102,574	(79,428)
Other financial assets	-	(107)
Contract liabilities	(112,100)	209,966
Notes payable	36	(48)
Trade payables	(523,243)	1,108,781
Trade payables - related parties	(2,516)	4,798
Other payables	(72,241)	169,523
Other current liabilities	3,374	9,132
Cash generated from operations	4,084,333	4,299,579
Interest received	98,380	49,819
Interest paid	(47,362)	(56,745)
Income tax paid	(1,147,907)	(570,768)
Net cash generated from operating activities	2,987,444	3,721,885
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(44,545)	-
Acquisition of property, plant and equipment	(104,446)	(1,662,904)
Proceeds from the disposal of property, plant and equipment	2,167	3,505
Increase in refundable deposits	-	(9,507)
Decrease in refundable deposits	3,083	-
Payments for intangible assets	(10,554)	(10,368)
Increase in prepayments for equipment	(51,273)	(114,439)
Net cash used in investing activities	(205,568)	(1,793,713)

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ -	\$ (2,568,896)
Proceeds from long-term borrowings	-	978,600
Repayments of long-term borrowings	(48,930)	(48,930)
Proceeds from guarantee deposits received	565	-
Refund of guarantee deposits received	-	(213)
Repayment of the principal portion of lease liabilities	(72,385)	(80,544)
Distributed cash dividends	<u>(3,817,672)</u>	<u>(2,054,355)</u>
Net cash used in financing activities	<u>(3,938,422)</u>	<u>(3,774,338)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>206,397</u>	<u>370,439</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(950,149)	(1,475,727)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,353,014</u>	<u>5,154,819</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,402,865</u>	<u>\$ 3,679,092</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 9, 2023.

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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

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 applied the amendments and recognized 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. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group recognized the cumulative effect of retrospective application on January 1, 2022, and restated comparative information.

Had the Group applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the amendments to IAS 12.

Impact on assets, liabilities and equity for the current year

	September 30, 2023
Increase in deferred tax assets	<u>\$ 40,640</u>
Increase in assets	<u>\$ 40,640</u>
Increase in deferred tax liabilities	<u>\$ 40,640</u>
Increase in liabilities	<u>\$ 40,640</u>

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets, liabilities and equity for the prior year

	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>December 31, 2022</u>			
Deferred tax assets	<u>\$ 90,819</u>	<u>\$ 44,645</u>	<u>\$ 135,464</u>
Effect of assets	<u>\$ 90,819</u>	<u>\$ 44,645</u>	<u>\$ 135,464</u>
Deferred tax liabilities	<u>\$ 2,525</u>	<u>\$ 44,645</u>	<u>\$ 47,170</u>
Effect of liabilities	<u>\$ 2,525</u>	<u>\$ 44,645</u>	<u>\$ 47,170</u>
<u>September 30, 2022</u>			
Deferred tax assets	<u>\$ 67,113</u>	<u>\$ 76,987</u>	<u>\$ 144,100</u>
Effect of assets	<u>\$ 67,113</u>	<u>\$ 76,987</u>	<u>\$ 144,100</u>
Deferred tax liabilities	<u>\$ 46,341</u>	<u>\$ 76,987</u>	<u>\$ 123,328</u>
Effect of liabilities	<u>\$ 46,341</u>	<u>\$ 76,987</u>	<u>\$ 123,328</u>
<u>January 1, 2022</u>			
Deferred tax assets	<u>\$ 124,185</u>	<u>\$ 35,416</u>	<u>\$ 159,601</u>
Effect of assets	<u>\$ 124,185</u>	<u>\$ 35,416</u>	<u>\$ 159,601</u>
Deferred tax liabilities	<u>\$ -</u>	<u>\$ 35,416</u>	<u>\$ 35,416</u>
Effect of liabilities	<u>\$ -</u>	<u>\$ 35,416</u>	<u>\$ 35,416</u>

- b. The IFRSs endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group evaluated that there was no significant impact of the application of the above standards and interpretations on the Group’s financial position and financial performance.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

d. Other material 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, 2022.

Income tax expense

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.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material 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, 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,053	\$ 1,029	\$ 1,448
Demand deposits	2,507,015	3,032,292	2,861,666
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>1,894,797</u>	<u>2,319,693</u>	<u>815,978</u>
	<u>\$ 4,402,865</u>	<u>\$ 5,353,014</u>	<u>\$ 3,679,092</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Demand deposits	0.001%-1.450%	0.001%-1.500%	0.001%-0.700%
Time deposits	1.250%-5.440%	4.600%-5.000%	1.250%-3.080%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through <u>profit or loss (FVTPL) - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Fund beneficiary certificate	<u>\$ 44,694</u>	<u>\$ -</u>	<u>\$ -</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 46,984	\$ 84,647	\$ 76,262
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 46,984</u>	<u>\$ 84,647</u>	<u>\$ 76,262</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,552,308	\$ 2,726,265	\$ 2,957,662
Less: Allowance for impairment loss	<u>(23,447)</u>	<u>(16,934)</u>	<u>(26,295)</u>
	2,528,861	2,709,331	2,931,367
At FVTOCI	<u>69,547</u>	<u>83,011</u>	<u>194,882</u>
	<u>\$ 2,598,408</u>	<u>\$ 2,792,342</u>	<u>\$ 3,126,249</u>
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 112,472	\$ 176,278	\$ 395,081
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	112,472	176,278	395,081
At FVTOCI	<u>49,850</u>	<u>63,249</u>	<u>49,854</u>
	<u>\$ 162,322</u>	<u>\$ 239,527</u>	<u>\$ 444,935</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 15,866	\$ 25,241	\$ 23,464
Interest receivables	6,792	4,853	2,445
Others	<u>28,672</u>	<u>26,549</u>	<u>18,041</u>
	<u>\$ 51,330</u>	<u>\$ 56,643</u>	<u>\$ 43,950</u>

a. Notes receivable

At amortized cost

The average credit period of notes receivable is 62 to 127 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 debtor and adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group evaluated no allowance for impairment loss was needed for notes receivable.

The following table details the aging analysis of notes receivable:

	September 30, 2023	December 31, 2022	September 30, 2022
1 to 60 days	\$ 42,726	\$ 61,322	\$ 50,611
61 to 90 days	4,197	12,848	19,103
91 to 120 days	<u>61</u>	<u>10,477</u>	<u>6,548</u>
	<u>\$ 46,984</u>	<u>\$ 84,647</u>	<u>\$ 76,262</u>

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

b. Trade receivables

1) 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, 2023, December 31, 2022 and September 30, 2022 the carrying amount of trade receivables was \$1,758,997 thousand, \$1,901,044 thousand and \$1,929,098 thousand, respectively.

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

September 30, 2023

	Not Past Due	Past Due					Total
		Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	0.48%	6.88%	38.41%	100%	100%	100%	
Gross carrying amount	\$ 835,120	\$ 43,967	\$ 16,679	\$ 316	\$ 9,701	\$ -	\$ 905,783
Loss allowance (Lifetime ECLs)	<u>(3,999)</u>	<u>(3,025)</u>	<u>(6,406)</u>	<u>(316)</u>	<u>(9,701)</u>	<u>-</u>	<u>(23,447)</u>
Amortized cost	<u>\$ 831,121</u>	<u>\$ 40,942</u>	<u>\$ 10,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 882,336</u>

December 31, 2022

	Not Past Due	Past Due					Total
		Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	0.74%	5.67%	49.94%	100%	100%	100%	
Gross carrying amount	\$ 826,556	\$ 173,111	\$ 1,644	\$ 175	\$ -	\$ 13	\$ 1,001,499
Loss allowance (Lifetime ECLs)	<u>(6,108)</u>	<u>(9,817)</u>	<u>(821)</u>	<u>(175)</u>	<u>-</u>	<u>(13)</u>	<u>(16,934)</u>
Amortized cost	<u>\$ 820,448</u>	<u>\$ 163,294</u>	<u>\$ 823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984,565</u>

September 30, 2022

	Not Past Due	Past Due					Total
		Up to 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)	<u>(7,788)</u>	<u>(9,715)</u>	<u>(8,266)</u>	<u>(493)</u>	<u>(25)</u>	<u>(8)</u>	<u>(26,295)</u>
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>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 16,934	\$ 20,669
Add: Net remeasurement of loss allowance	6,411	5,329
Foreign exchange gains and losses	<u>102</u>	<u>297</u>
Balance at September 30	<u>\$ 23,447</u>	<u>\$ 26,295</u>

2) At FVTOCI

For trade receivables from a 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 at FVTOCI. As of September 30, 2023, December 31, 2022 and September 30, 2022 the carrying amount of trade receivables at FVTOCI was \$11,352 thousand, \$14,592 thousand and \$13,314 thousand, respectively.

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

September 30, 2023

	Not Past Due	Past Due					Total
		Up to 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	\$ 108,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,045
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 108,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,045</u>

December 31, 2022

	Not Past Due	Past Due					Total
		Up to 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	\$ 131,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,668
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 131,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,668</u>

September 30, 2022

	Not Past Due	Past Due					Total
		Up to 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	\$ 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>

c. Other receivables

The Group's other receivables included refundable tax and interest receivables. The Group follows the policy of trading only with customers who maintains good credit standing. The Group estimates whether the credit risk is significantly increased by monitoring the business situation and measures the loss allowance for other receivables by reference to past default experience of the debtor and analyze of the debtor's current financial position. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group evaluated no allowance for impairment loss was needed for other receivables.

9. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 684,897	\$ 885,886	\$ 1,022,497
Supplies	3,466	3,401	3,448
Semi-finished goods	144,837	161,163	194,861
Work in progress	274,355	303,468	443,660
Finished goods	<u>362,363</u>	<u>664,604</u>	<u>757,482</u>
	<u>\$ 1,469,918</u>	<u>\$ 2,018,522</u>	<u>\$ 2,421,948</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	
	2023	2022	2023	2022
Cost of inventories sold	\$ 3,017,215	\$ 4,230,536	\$ 9,742,328	\$ 11,935,156
Inventory write-downs	<u>5,066</u>	<u>-</u>	<u>11,983</u>	<u>4,798</u>
	<u>\$ 3,022,281</u>	<u>\$ 4,230,536</u>	<u>\$ 9,754,311</u>	<u>\$ 11,939,954</u>

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
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 uninterruptible power systems (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 operating risk is the foreign exchange rate risk.
- The main operating risks are foreign exchange rate risks and government decrees.
- The main operating risks are foreign exchange rate risks, government decrees and political risk arising from the uncertainty in relationship between China and Taiwan.

11. 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
Cost									
Balance at January 1, 2023	\$ 1,307,921	\$ 2,645,808	\$ 767,539	\$ 17,110	\$ 89,480	\$ 40,103	\$ 372,299	\$ 62,825	\$ 5,303,085
Additions	-	149	18,512	1,772	7,429	-	37,986	2,288	68,136
Disposals	-	(57,474)	(3,197)	(1,708)	(912)	(6,870)	(11,734)	-	(81,895)
Reclassified (Note 1)	-	11,842	145,528	-	2,182	-	9,096	(14,024)	154,624
Effect of foreign currency exchange differences	-	27,019	13,499	313	1,637	690	6,996	24	50,178
Balance at September 30, 2023	<u>\$ 1,307,921</u>	<u>\$ 2,627,344</u>	<u>\$ 941,881</u>	<u>\$ 17,487</u>	<u>\$ 99,816</u>	<u>\$ 33,923</u>	<u>\$ 414,643</u>	<u>\$ 51,113</u>	<u>\$ 5,494,128</u>
Accumulated depreciation and impairment									
Balance at January 1, 2023	\$ -	\$ 198,837	\$ 376,811	\$ 8,830	\$ 47,942	\$ 19,370	\$ 176,985	\$ -	\$ 828,775
Depreciation expenses	-	62,753	61,363	1,466	8,347	8,788	44,666	-	187,383
Disposals	-	(57,474)	(2,397)	(1,525)	(541)	(6,870)	(8,865)	-	(77,672)
Effect of foreign currency exchange differences	-	1,956	6,220	146	871	467	3,511	-	13,171
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 206,072</u>	<u>\$ 441,997</u>	<u>\$ 8,917</u>	<u>\$ 56,619</u>	<u>\$ 21,755</u>	<u>\$ 216,297</u>	<u>\$ -</u>	<u>\$ 951,657</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 1,307,921</u>	<u>\$ 2,446,971</u>	<u>\$ 390,728</u>	<u>\$ 8,280</u>	<u>\$ 41,538</u>	<u>\$ 20,733</u>	<u>\$ 195,314</u>	<u>\$ 62,825</u>	<u>\$ 4,474,310</u>
Carrying amounts at September 30, 2023	<u>\$ 1,307,921</u>	<u>\$ 2,421,272</u>	<u>\$ 499,884</u>	<u>\$ 8,570</u>	<u>\$ 43,197</u>	<u>\$ 12,168</u>	<u>\$ 198,346</u>	<u>\$ 51,113</u>	<u>\$ 4,542,471</u>
Cost									
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 2)	-	788,279	-	-	220	-	4,251	(785,313)	7,437
Effect 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>\$ 592,374</u>	<u>\$ 5,128,399</u>
Accumulated depreciation and impairment									
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)
Effect 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 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>\$ 592,374</u>	<u>\$ 4,340,684</u>

Note 1: Reclassified from prepayments for equipment to property, plant and equipment \$154,624 thousand.

Note 2: Reclassified from prepayments for equipment to property, plant and equipment \$7,437 thousand.

For the nine months ended September 30, 2023 and 2022, 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	5-20 years
Machinery and equipment	2-20 years
Transportation	3-10 years
Office equipment	2-10 years
Leasehold improvements	3-5 years
Other equipment	2-15 years

Refer to Note 29 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 30.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 150,991	\$ 150,741	\$ 153,680
Buildings	254,288	309,960	335,829
Transportation equipment	<u>1,615</u>	<u>2,197</u>	<u>-</u>
	<u>\$ 406,894</u>	<u>\$ 462,898</u>	<u>\$ 489,509</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2023	2022	2023
			2022
Additions to right-of-use assets			<u>\$ 9,073</u>
Depreciation charge for right-of-use assets			<u>\$ 158,425</u>
Land	\$ 870	\$ 869	\$ 2,589
Buildings	23,283	25,120	\$ 2,601
Transportation equipment	<u>194</u>	<u>-</u>	<u>69,245</u>
	<u>\$ 24,347</u>	<u>\$ 25,989</u>	<u>\$ 70,831</u>
			<u>\$ 73,432</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, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 99,754</u>	<u>\$ 93,952</u>	<u>\$ 89,599</u>
Non-current	<u>\$ 170,453</u>	<u>\$ 234,627</u>	<u>\$ 256,646</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	4.75%-6.00%	4.75%-6.00%	2.64%-6.00%
Transportation equipment	5.58%	5.58%	-

c. Material leasing activities and terms

The Group leasing land for use in operations with a 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 used as 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	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 2,391</u>	<u>\$ 8,504</u>	<u>\$ 8,766</u>	<u>\$ 19,847</u>
Expenses relating to low-value asset leases	<u>\$ 293</u>	<u>\$ 397</u>	<u>\$ 984</u>	<u>\$ 948</u>
Total cash outflow for leases			<u>\$ (93,163)</u>	<u>\$ (111,950)</u>

The Group leases certain plants and transportation equipment which qualify as short-term leases and certain office equipment 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.

13. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 52,326
Additions	10,554
Disposals	(5,171)
Effect of foreign currency exchange differences	<u>481</u>
Balance at September 30, 2023	<u>\$ 58,190</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 27,673
Amortization expenses	13,138
Disposals	(5,171)
Effect of foreign currency exchange differences	<u>338</u>
Balance at September 30, 2023	<u>\$ 35,978</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 24,653</u>
Carrying amount at September 30, 2023	<u>\$ 22,212</u>

(Continued)

**Computer
Software**

Cost

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>

Accumulated amortization

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 September 30, 2022	<u>\$ 27,244</u> (Concluded)
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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	
	2023	2022	2023	2022
An analysis of amortization by function				
Operating costs	\$ 430	\$ 431	\$ 1,277	\$ 1,444
Selling and marketing expenses	269	318	858	971
General and administrative expenses	1,390	1,905	4,480	5,441
Research and development expenses	<u>2,334</u>	<u>1,718</u>	<u>6,523</u>	<u>5,257</u>
	<u>\$ 4,423</u>	<u>\$ 4,372</u>	<u>\$ 13,138</u>	<u>\$ 13,113</u>

14. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayment for purchases	\$ 12,156	\$ 6,345	\$ 30,587
Overpaid sales tax	137,182	234,027	240,356
Other prepayments	<u>19,473</u>	<u>31,013</u>	<u>38,818</u>
	<u>\$ 168,811</u>	<u>\$ 271,385</u>	<u>\$ 309,761</u>
<u>Other financial assets - current</u>			
Restricted demand deposits (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,937</u>
<u>Non-current</u>			
Refundable deposits	\$ 32,629	\$ 35,129	\$ 41,258
Prepayments for equipment	<u>33,490</u>	<u>136,841</u>	<u>145,269</u>
	<u>\$ 66,119</u>	<u>\$ 171,970</u>	<u>\$ 186,527</u>

Note: Restricted deposits for issuing a performance guarantee.

15. BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings (Note 29)</u>			
Bank loans	\$ 880,740	\$ 929,670	\$ 929,670
Less: Current portion	<u>(97,860)</u>	<u>(97,860)</u>	<u>(97,860)</u>
	<u>\$ 782,880</u>	<u>\$ 831,810</u>	<u>\$ 831,810</u>

The weighted average effective interest rate on bank loans listed above was 1.8134%, 1.5332% and 1.1935% as at September 30, 2023, December 31, 2022 and 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.

16. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes payable</u>			
Operating	\$ <u>76</u>	\$ <u>40</u>	\$ <u>9</u>
<u>Trade payables</u>			
Operating	\$ <u>3,637,773</u>	\$ <u>4,161,014</u>	\$ <u>4,719,961</u>

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

17. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 441,578	570,397	\$ 361,561
Payables for compensation of employees	257,947	252,030	282,630
Payables for commission	70,789	60,698	59,235
Payables for insurance	47,818	40,873	52,044
Payables for remuneration of directors and supervisors	10,800	14,400	10,800
Payables for sales tax	55,078	46,276	48,498
Payables for purchases of equipment (include building)	43,536	79,846	55,529
Payables for freight	14,832	15,601	20,292
Others	<u>120,032</u>	<u>94,103</u>	<u>102,425</u>
	\$ <u>1,062,410</u>	\$ <u>1,174,224</u>	\$ <u>993,014</u>
Other liabilities			
Receipts under custody	\$ <u>6,601</u>	\$ <u>3,226</u>	\$ <u>11,545</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ <u>2,293</u>	\$ <u>1,683</u>	\$ <u>1,563</u>

18. 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.

19. EQUITY

a. Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
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>87,734</u>	<u>87,762</u>	<u>87,762</u>
Shares issued	<u>\$ 877,346</u>	<u>\$ 877,626</u>	<u>\$ 877,626</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 for the issuance of employee share options.

On May 11 and August 10, 2023, the board of directors resolved to withdraw restricted shares. The Company withdraw \$280 thousand, 28 thousand shares, with a par value of \$10, with May 15 and September 8, 2023 as the effective date of reduction, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on May 31 and October 11, 2023, respectively.

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.

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

	Number of Shares (In Thousands of Shares)	Share Capital
Balance at January 1, 2022	87,419	\$ 874,194
Issuance of employee restricted shares (Note 24)	540	5,400
Retirement of recognized employee restricted shares (Note 24)	<u>(197)</u>	<u>(1,968)</u>
Balance at September 30, 2022	<u>87,762</u>	<u>\$ 877,626</u>

(Continued)

	Number of Shares (In Thousands of Shares)	Share Capital
Balance at January 1, 2023	87,762	\$ 877,626
Retirement of recognized employee restricted shares (Note 24)	<u>(28)</u>	<u>(280)</u>
Balance at September 30, 2023	<u>87,734</u>	<u>\$ 877,346</u> (Concluded)

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Premium from issuance ordinary shares	\$ 253,288	\$ 253,288	\$ 253,288
Premium from employee restricted shares	854,001	686,065	686,065
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>671,744</u>	<u>885,600</u>	<u>885,600</u>
	<u>\$ 1,779,033</u>	<u>\$ 1,824,953</u>	<u>\$ 1,824,953</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, 2023	\$ 253,288	\$ 686,065	\$ 885,600
Vested employee restricted shares	-	167,936	(167,936)
Retired employee restricted shares (Note 1)	<u>-</u>	<u>-</u>	<u>(45,920)</u>
Balance at September 30, 2023	<u>\$ 253,288</u>	<u>\$ 854,001</u>	<u>\$ 671,744</u>
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 2 and 3)	<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>

Note 1: Reversal of compensation cost of the restricted shares amounting to \$46,200 thousand, net of retired share capital of \$280 thousand.

Note 2: Accumulative stock dividends of \$310 thousand for withdraw restricted stock was recognized as salary expense.

Note 3: Reversal of compensation cost of the restricted shares amounting to \$5,054 thousand, net of retired share capital of \$1,968 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 21-g.

Distribution of the compensation may be made by way of cash dividends or share dividends, 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 2022 and 2021 were resolved in the shareholders' meetings on June 9, 2023 and June 17, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 443,289	\$ 235,936
Reversal of special reserve	\$ (93,082)	\$ (38,041)
Cash dividends	\$ 3,817,672	\$ 2,054,355
Cash dividends per share (NT\$)	\$ 43.5	\$ 23.5

d. Special reserve

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 293,428	\$ 331,469
Reversal of the debits to other equity items	(93,082)	(38,041)
Balance at September 30	\$ 200,346	\$ 293,428

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ (200,346)	\$ (293,428)
Recognized for the period		
Exchange differences on translating foreign operations	196,222	223,524
Income tax related to exchange differences arising on translating to the presentation currency	<u>(39,244)</u>	<u>(44,707)</u>
Other comprehensive income from the period	<u>156,978</u>	<u>178,817</u>
Balance at September 30	<u>\$ (43,368)</u>	<u>\$ (114,611)</u>

Unearned employee benefits

In the meetings of shareholders' on June 17, 2022, the shareholders approved a restricted share plan for employees (refer to Note 24).

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ (750,637)	\$ (27,962)
Issuance of shares	-	(891,000)
Share-based payment expenses recognized	297,963	50,981
Adjustment for retired restricted employee cash dividends (Note)	<u>46,200</u>	<u>5,054</u>
Balance at September 30	<u>\$ (406,474)</u>	<u>\$ (862,927)</u>

Note: Deducted from compensation cost of restricted shares.

20. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 4,463,462	\$ 6,405,252	\$ 14,357,157	\$ 17,206,547
	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract balances				
Notes receivable (Note 8)	<u>\$ 46,984</u>	<u>\$ 84,647</u>	<u>\$ 76,262</u>	<u>\$ 67,450</u>
Trade receivables (Notes 8 and 28)	<u>\$ 2,760,730</u>	<u>\$ 3,031,869</u>	<u>\$ 3,571,184</u>	<u>\$ 2,770,060</u>
Contract liabilities - current				
Sale of goods	<u>\$ 321,349</u>	<u>\$ 433,449</u>	<u>\$ 541,032</u>	<u>\$ 331,066</u>

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ 15,746	\$ 15,690	\$ 100,319	\$ 47,427
Other financial assets - current	<u>-</u>	<u>23</u>	<u>-</u>	<u>66</u>
	<u>\$ 15,746</u>	<u>\$ 15,713</u>	<u>\$ 100,319</u>	<u>\$ 47,493</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Government grants	\$ 26,442	\$ 12,755	\$ 48,630	\$ 23,511
Others	<u>1,972</u>	<u>1,986</u>	<u>4,617</u>	<u>3,434</u>
	<u>\$ 28,414</u>	<u>\$ 14,741</u>	<u>\$ 53,247</u>	<u>\$ 26,945</u>

c. Other gains and (losses)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	\$ (340)	\$ -	\$ 149	\$ -
Loss on disposal of property, plant and equipment	(62)	(281)	(2,056)	(370)
Net foreign exchange (losses) gains	(210,233)	169,909	54,833	214,779
Others (losses) gains	<u>(160)</u>	<u>(65)</u>	<u>(708)</u>	<u>189</u>
	<u>\$ (210,795)</u>	<u>\$ 169,563</u>	<u>\$ 52,218</u>	<u>\$ 214,598</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 4,025	\$ 11,314	\$ 11,851	\$ 29,272
Interest on lease liabilities	3,399	4,343	11,028	10,611
Other interest expense	<u>7,193</u>	<u>6,992</u>	<u>24,483</u>	<u>16,862</u>
	<u>\$ 14,617</u>	<u>\$ 22,649</u>	<u>\$ 47,362</u>	<u>\$ 56,745</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 58,197	\$ 48,573	\$ 171,790	\$ 140,397
Operating expenses	<u>28,167</u>	<u>33,090</u>	<u>88,009</u>	<u>87,137</u>
	<u>\$ 86,364</u>	<u>\$ 81,663</u>	<u>\$ 259,799</u>	<u>\$ 227,534</u>
An analysis of amortization by function				
Operating costs	\$ 430	\$ 431	\$ 1,277	\$ 1,444
Operating expenses	<u>3,993</u>	<u>3,941</u>	<u>11,861</u>	<u>11,669</u>
	<u>\$ 4,423</u>	<u>\$ 4,372</u>	<u>\$ 13,138</u>	<u>\$ 13,113</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Salary expenses	\$ 480,856	\$ 688,046	\$ 1,562,849	\$ 1,904,752
Other employee benefits				
Labor and health insurance	10,571	9,116	31,576	28,181
Other employee benefits	25,149	27,561	71,156	70,113
Equity-settled share-based payments (Note 24)	87,749	33,592	297,963	51,644 (Note)
Post-employment benefits				
Defined contribution plans	<u>30,901</u>	<u>26,255</u>	<u>84,413</u>	<u>82,504</u>
Total employee benefits expense	<u>\$ 635,226</u>	<u>\$ 784,570</u>	<u>\$ 2,047,957</u>	<u>\$ 2,137,194</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 359,543	\$ 501,520	\$ 1,123,727	\$ 1,402,533
Operating expenses	<u>275,683</u>	<u>283,050</u>	<u>924,230</u>	<u>734,661</u>
	<u>\$ 635,226</u>	<u>\$ 784,570</u>	<u>\$ 2,047,957</u>	<u>\$ 2,137,194</u>

Note: 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. The compensation of employees and remuneration of directors for the three months ended and the nine months ended September 30, 2023 and 2022, are as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2023	2022
Compensation of employees	3.88%	5.89%
Remuneration of directors	0.34%	0.26%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Compensation of employees	\$ 30,000	\$ 100,000	\$ 122,500	\$ 240,000
Remuneration of directors	\$ 3,600	\$ 3,600	\$ 10,800	\$ 10,800

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 2022 and 2021 that were resolved by the board of directors on February 23, 2023 and February 24, 2022, respectively, are as shown below:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 210,000	\$ 115,000
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, 2022 and 2021.

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	
	2023	2022	2023	2022
Foreign exchange gains	\$ 11,017	\$ 771,311	\$ 754,792	\$ 1,423,767
Foreign exchange losses	<u>(221,250)</u>	<u>(601,402)</u>	<u>(699,959)</u>	<u>(1,208,988)</u>
Net (losses) gains	<u>\$ (210,233)</u>	<u>\$ 169,909</u>	<u>\$ 54,833</u>	<u>\$ 214,779</u>

22. 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	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ (255,165)	\$ (357,631)	\$ (734,475)	\$ (775,456)
Adjustments for prior year	<u>(601)</u>	<u>13,552</u>	<u>72,827</u>	<u>68,808</u>
	(255,766)	(344,079)	(661,648)	(706,648)
Deferred tax				
In respect of the current period	<u>63,657</u>	<u>(29,858)</u>	<u>1,770</u>	<u>(59,762)</u>
Income tax expense recognized in profit or loss	<u>\$ (192,109)</u>	<u>\$ (373,937)</u>	<u>\$ (659,878)</u>	<u>\$ (766,410)</u>

The applicable tax rate used by the entity in ROC for the nine months ended September 30, 2023 and 2022 was 20%. Except for Zhongshan Voltronic Power Electronics Limited in the nine months ended September 30, 2022 and Voltronic Power Technology (Shen Zhen) Corp. in the nine months ended September 30, 2023, 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 for six years 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, 2023 and 2022.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	<u>\$ (80,907)</u>	<u>\$ (16,557)</u>	<u>\$ (39,244)</u>	<u>\$ (44,707)</u>

c. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities. As of September 30, 2023, the Group has no unsettled lawsuits related to tax.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share				
Basic earnings per share	\$ <u>7.22</u>	\$ <u>17.29</u>	\$ <u>30.92</u>	\$ <u>37.75</u>
Diluted earnings per share				
Diluted earnings per share	\$ <u>7.19</u>	\$ <u>17.23</u>	\$ <u>30.78</u>	\$ <u>37.60</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	
	2023	2022	2023	2022
Net profit for the year	\$ <u>629,643</u>	\$ <u>1,505,687</u>	\$ <u>2,697,586</u>	\$ <u>3,286,296</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	87,248	87,087	87,231	87,057
Effect of potentially dilutive ordinary shares				
Employees' compensation or bonuses issued to employees	77	171	102	187
Restricted employee share options	<u>293</u>	<u>136</u>	<u>321</u>	<u>166</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	<u>87,618</u>	<u>87,394</u>	<u>87,654</u>	<u>87,410</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be 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.

24. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARE PLAN FOR EMPLOYEES

a. 2019

On June 25, 2019, the shareholders approved a restricted share plan for employees with a total amount of \$6,820 thousand, consisting of 682 thousand shares. The subscription base date of September 8, 2019 was 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) Employees holding 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	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 average for the first three years	25%
Gross profit (GM %)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	25%
Operating profit (OPM \$)	10% (inclusive) or more than the previous year	Higher than the Company's average for the first three years	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	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 and \$23,571 thousand were recognized, respectively, within the vesting period for the three months and nine months ended September 30, 2023 and 2022.

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 date of the capital increase and payment was September 8, 2022, which was the date 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) Employees holding 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	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 average for the first three years	25%
Gross profit (GM %)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	25%
Operating profit (OPM \$)	10% (inclusive) or more than the previous year	Higher than the Company's average for the first three years	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	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 \$87,749 thousand, \$28,073 thousand, \$297,693 thousand and \$28,073 thousand were recognized, respectively, within the vesting period both for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 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	
	2023	2022
Balance at January 1	540	378
Issued in the current period	-	540
Vested	(102)	(181)
Forfeited (Note)	<u>(28)</u>	<u>(197)</u>
Balance at September 30	<u>410</u>	<u>540</u>

Note: The forfeited shares for the nine months ended September 30, 2023 and 2022 were the shares that were cancelled due to the vesting conditions not being met.

25. 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, 2023 and 2022:

As of September 30, 2023, December 31, 2022 and September 30, 2022, the unsettled payments for purchases of property, plant and equipment were \$43,536 thousand, \$79,846 thousand and \$55,529 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, 2023

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change of Variable Payments	Exchange Rate Impact	
Long-term borrowings (including current portion of long-term borrowings)	\$ 929,670	\$ (48,930)	\$ -	\$ -	\$ -	\$ 880,740
Guarantee deposits	1,683	565	-	-	45	2,293
Lease liabilities	328,579	(72,385)	9,073	(377)	5,317	270,207
	<u>\$ 1,259,932</u>	<u>\$ (120,750)</u>	<u>\$ 9,073</u>	<u>\$ (377)</u>	<u>\$ 5,362</u>	<u>\$ 1,153,240</u>

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 (including current portion of long-term borrowings)	-	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>

26. 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, reserve, 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.

27. 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, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ -	\$ -	\$ 44,694	\$ 44,694
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Factored trade receivables to bank without resources	\$ -	\$ -	\$ 119,397	\$ 119,397

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Factored trade receivables to bank without resources	\$ -	\$ -	\$ 146,260	\$ 146,260

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Factored trade receivables to bank without resources	\$ -	\$ -	\$ 244,736	\$ 244,736

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2023 and 2022.

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

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Fund Beneficiary Certificate	Debt Instruments
Financial Assets		
Balance at January 1, 2023	\$ -	\$ 146,260
Purchases	44,545	-
Recognized in profit or loss (including other gains and losses)	149	-
Sales	-	(26,863)
Balance at September 30, 2023	<u>\$ 44,694</u>	<u>\$ 119,397</u>
		Financial Assets at FVTOCI
		Debt Instrument
Financial Assets		
Balance at January 1, 2022		\$ 117,931
Net increase		<u>126,805</u>
Balance at September 30, 2022		<u>\$ 244,736</u>

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

Categories of Financial Instruments	Valuation Techniques and Input Values
Factored trade receivables to bank without resources	As the effect of discounting was not significant, the fair value is measured based on the original invoice amount.
Fund beneficiary certificate	Asset-based approach: Assess the net asset value, which is evaluated based on the fair value of the latest financial statements of the invested target.

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 44,694	\$ -	\$ -
Financial assets at amortized cost (1)	7,159,275	8,389,801	7,146,483
Financial assets at FVTOCI			
Investments in debt instruments			
Factored trade receivables to bank without resources	119,397	146,260	244,736
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	4,779,597	5,354,697	5,897,546

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (excluding debt instruments), trade receivables from related parties, other receivables, and refundable deposits (included in other non-current assets).
- 2) The balances include financial liabilities at amortized cost, which comprise 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) that are measured at amortized cost.

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 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 (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 has 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) are set out in Note 31.

Sensitivity analysis

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

The following table shows the Group's sensitivity to a 1% increase and decrease in the functional currencies of the group entities 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 represents 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 pretax profit when the New Taiwan dollar weakened by 1% against the relevant foreign currency. For a 1% strengthening of the New Taiwan dollar against the relevant foreign currency, there would be an equal and opposite impact on pretax profit and the balances below would be negative.

	USD Impact	
	For the Nine Months Ended	
	September 30	
	2023	2022
Profit or loss	\$ 48,471	\$ 46,896
	RMB Impact	
	For the Nine Months Ended	
	September 30	
	2023	2022
Profit or loss	\$ (84,828)	\$ (61,522)

The above impact on profit and loss was mainly attributable to the exposure on USD bank deposits, USD receivables, USD payables and USD bank borrowings, RMB bank deposits and RMB payables 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 USD payables to related parties. The Group's sensitivity to the RMB increased during the current period mainly because of an increased in RMB payables to related parties.

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, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 1,894,797	\$ 2,319,693	\$ 815,978
Financial liabilities	270,207	328,579	346,245
Cash flow interest rate risk			
Financial assets	2,507,015	3,032,292	2,864,603
Financial liabilities	880,740	929,670	929,670

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 were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$12,197 thousand and \$14,512 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits and bank borrowings.

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

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 financial assets recognized as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating 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 irrecoverable amounts. Thus, management believes the Group's credit risk was significantly reduced.

The Group transacts with a large number of unrelated customers and thus, no concentration of credit risk was observed.

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, 2023, December 31, 2022 and September 30, 2022, 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 show the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were 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 included both interest and principal cash flows.

For interest flows pertaining to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

September 30, 2023

	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	\$ 2,473,469	\$ 1,423,095	\$ 2,293	\$ -
Lease liabilities	24,731	85,929	179,843	-
Variable interest rate liabilities	<u>51,456</u>	<u>59,923</u>	<u>482,369</u>	<u>354,930</u>
	<u>\$ 2,549,656</u>	<u>\$ 1,568,947</u>	<u>\$ 664,505</u>	<u>\$ 354,930</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>\$ 111,379</u>	<u>\$ 482,369</u>	<u>\$ 354,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 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	\$ 3,168,945	\$ 1,254,399	\$ 1,683	\$ -
Lease liabilities	23,795	84,024	250,508	-
Variable interest rate liabilities	<u>52,445</u>	<u>58,919</u>	<u>430,470</u>	<u>455,575</u>
	<u>\$ 3,245,185</u>	<u>\$ 1,397,342</u>	<u>\$ 682,661</u>	<u>\$ 455,575</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>\$ 111,364</u>	<u>\$ 430,470</u>	<u>\$ 455,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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>

b) Financing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loan facilities			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>4,622,700</u>	<u>3,813,595</u>	<u>3,347,915</u>
	<u>\$ 4,622,700</u>	<u>\$ 3,813,595</u>	<u>\$ 3,347,915</u>
Secured bank overdraft facilities			
Amount used	\$ 880,740	\$ 929,670	\$ 929,670
Amount unused	<u>48,930</u>	<u>270,330</u>	<u>270,330</u>
	<u>\$ 929,670</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</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, 2023

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.	\$ 322,384	\$ -	\$ -	\$ 322,384	5.38-7.71
BNP Paribas S.A.	<u>66,620</u>	<u>-</u>	<u>-</u>	<u>66,620</u>	6.55-6.73
	<u>\$ 389,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,004</u>	

December 31, 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.	\$ 451,989	\$ -	\$ -	\$ 451,989	3.40-6.89
BNP Paribas S.A.	<u>48,231</u>	<u>-</u>	<u>-</u>	<u>48,231</u>	4.98-5.92
	<u>\$ 500,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,220</u>	

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>	

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.

28. 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 party (whose managing director is the key management personnel of the Group)
RIELLO UPS (ASIA) Co., Ltd.	Essential related party (whose managing director is the key management personnel of the Group)
RIELLO UPS (SHANGHAI) Co., Ltd.	Essential related party (whose managing director is the key management personnel of the Group)
FSP Technology Inc.	Key management personnel
WUXI Zhonghan Technology Co., Ltd.	Essential related party (whose parent company is the key management personnel of the Group)
Ming Fang International Investment Co., Ltd.	Essential related party (whose chairman is the key management personnel of the Group)

b. Sales of goods

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Sales	Essential related parties	\$ 182,994	\$ 289,550	\$ 499,725	\$ 849,035
	Key management personnel	<u>54,048</u>	<u>112,876</u>	<u>295,635</u>	<u>278,061</u>
		<u>\$ 237,042</u>	<u>\$ 402,426</u>	<u>\$ 795,360</u>	<u>\$ 1,127,096</u>

The selling prices of the goods sold to the related parties in the table above are not comparable, as these goods were not sold to other customers in the nine months ended September 30, 2023 and 2022. Payment terms for goods sold to related parties are 135-150 days from 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	
	2023	2022	2023	2022
Essential related parties	<u>\$ 7,556</u>	<u>\$ 8,298</u>	<u>\$ 29,883</u>	<u>\$ 12,242</u>

The purchase prices of the goods purchased from the related parties in the table above are not comparable, as these same goods were not purchased from other suppliers in the nine months ended September 30, 2023 and 2022. Payment terms of goods purchased from related parties are 150 days following the end of each month, and 30-90 days for general suppliers.

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

Line Item	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables	Essential related parties	\$ 83,772	\$ 79,181	\$ 220,355
from related parties	Key management personnel	<u>78,550</u>	<u>160,346</u>	<u>224,580</u>
		<u>\$ 162,322</u>	<u>\$ 239,527</u>	<u>\$ 444,935</u>

The outstanding trade receivables from related parties were unsecured. For the nine months ended September 30, 2023 and 2022, 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, 2023	December 31, 2022	September 30, 2022
Trade payables to related parties	Essential related parties	<u>\$ 9,526</u>	<u>\$ 12,042</u>	<u>\$ 8,862</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements - Group is lessee

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Interest expense</u>				
Essential related parties	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 20</u>

For the nine months ended September 30, 2022, the Group leased office space from essential related parties. The rental expense is determined with reference to the general market conditions, and the payment terms are monthly payments.

g. Other transactions with related parties

Refundable deposits

Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Essential related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>

h. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 66,617	\$ 53,333	\$ 113,899	\$ 91,280
Post-employee benefits	131	128	393	419
Share-based payments	<u>14,591</u>	<u>5,647</u>	<u>46,501</u>	<u>10,065</u>
	<u>\$ 81,339</u>	<u>\$ 59,108</u>	<u>\$ 160,793</u>	<u>\$ 101,764</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as deposits for quality guarantees and collaterals for bank borrowings:

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted demand deposits	\$ -	\$ -	\$ 2,937
Land	587,160	587,160	587,160
Buildings	<u>765,397</u>	<u>777,172</u>	<u>781,097</u>
	<u>\$ 1,352,557</u>	<u>\$ 1,364,332</u>	<u>\$ 1,368,257</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Unrecognized commitments are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 6,036</u>	<u>\$ 58,516</u>	<u>\$ 212,269</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group in the Group and the related exchange rates between the foreign currencies and the New Taiwan dollar are disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

September 30, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 156,431	32.2700 (USD:NTD)	\$ 5,048,022
USD	13,326	7.1798 (USD:RMB)	430,022
RMB	10,425	4.4946 (RMB:NTD)	46,857
RMB	1,941,906	0.1393 (RMB:USD)	<u>8,729,279</u>
			<u>\$ 14,254,180</u>

Financial liabilities

Monetary items			
USD	12,363	32.2700 (USD:NTD)	\$ 398,953
USD	7,188	7.1798 (USD:RMB)	231,982
RMB	1,941,906	4.4946 (RMB:NTD)	8,728,092
RMB	1,897,764	0.1393 (RMB:USD)	<u>8,530,849</u>
			<u>\$ 17,889,876</u>

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 220,121	30.7150 (USD:NTD)	\$ 6,761,015
USD	11,885	6.9646 (USD:RMB)	365,044
RMB	7,834	4.4102 (RMB:NTD)	34,549
RMB	1,716,296	0.1436 (RMB:USD)	<u>7,570,023</u>
			<u>\$ 14,730,631</u>

Financial liabilities

Monetary items			
USD	10,844	30.7150 (USD:NTD)	\$ 333,080
USD	8,909	6.9646 (USD:RMB)	273,635
RMB	1,716,297	4.4102 (RMB:NTD)	7,569,213
RMB	1,707,289	0.1436 (RMB:USD)	<u>7,530,297</u>
			<u>\$ 15,706,225</u>

September 30, 2022

	Foreign Currency (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>

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the group entities 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				
Foreign Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ (212,500)	1.00 (NTD:NTD)	\$ 167,855
USD	31.8500 (USD:NTD)	1,566	30.7100 (USD:NTD)	(2,322)
RMB	4.446 (RMB:NTD)	(4,096)	4.4434 (RMB:NTD)	2,152
VND	0.0013 (VND:NTD)	<u>4,797</u>	0.0013 (VND:NTD)	<u>2,224</u>
		<u>\$ (210,233)</u>		<u>\$ 169,909</u>

For the Nine Months Ended September 30				
Foreign Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ 43,897	1.00 (NTD:NTD)	\$ 205,017
USD	31.0172 (USD:NTD)	(3,542)	29.4300 (USD:NTD)	183
RMB	4.4095 (RMB:NTD)	1,756	4.4312 (RMB:NTD)	2,529
VND	0.0013 (VND:NTD)	<u>12,722</u>	0.0013 (VND:NTD)	<u>7,050</u>
		<u>\$ 54,833</u>		<u>\$ 214,779</u>

32. 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): Table 2
- 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: None
- 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)

33. 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, 2023
(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	\$ 89,892 (RMB 20,000)	\$ 89,892 (RMB 20,000)	\$ - (RMB -)	-	2	\$ -	Operating capital financing funds	\$ -	-	\$ -	\$ 2,054,346	\$ 2,054,346
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	224,730 (RMB 50,000)	224,730 (RMB 50,000)	224,730 (RMB 50,000)	3.55	2	-	Operating capital financing funds	-	-	-	2,054,346	2,054,346
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	382,041 (RMB 85,000)	382,041 (RMB 85,000)	382,041 (RMB 85,000)	3.55	2	-	Operating capital financing funds	-	-	-	2,054,346	2,054,346
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	247,203 (RMB 55,000)	247,203 (RMB 55,000)	247,203 (RMB 55,000)	3.65	2	-	Operating capital financing funds	-	-	-	2,054,346	2,054,346
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	426,987 (RMB 95,000)	426,987 (RMB 95,000)	426,987 (RMB 95,000)	3.65	2	-	Operating capital financing funds	-	-	-	2,054,346	2,054,346
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	179,784 (RMB 40,000)	179,784 (RMB 40,000)	179,784 (RMB 40,000)	3.65	2	-	Operating capital financing funds	-	-	-	2,054,346	2,054,346
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes												

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. Financing limit for each borrower for the business relationship, the financing amount on each individual loan shall not exceed 30% of total business transaction amount or 10% of net assets value was in accordance with currently audited or reviewed financial statements by accountant; the lower value is final. The business transaction amount referred to the one with higher purchase or sales amount in the current year starting from one month before application date, for the necessary of short-term financing, the financing amount on each individual loan should not exceed 10% of net asset value in accordance with currently audited or reviewed financial statements by accountant but the restriction shall not apply to inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares.

Note 5: The foreign-currency amounts of the highest balance for the period and ending balance were converted by exchange rate RMB1 into NT\$4.4946 as of September 30, 2023.

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, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company (Note)	Financial Statement Account	September 30, 2023				Note
				Number of Stock/Unit	Carrying Value	Percentage of Ownership (%)	Fair Value	
Voltronic Power Technology	Hoshun Hing Intelligent Mobile Limited Partnership	-	Financial assets at FVTPL	-	\$ 44,694	1.11	\$ 44,694	-

Note: If the issuer of the securities is not a related party, this field is not required to be filled.

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, 2023
(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)	\$ (489,131)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	\$ 79,145	3	-
	FSP Technology Inc.	Key management personnel	(Sales)	(295,635)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	78,550	3	-
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	193,596	2	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(171,833)	(2)	Note 3
	Potentia Technology Inc. Limited	Subsidiary	Purchase	9,912,934	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(8,808,109)	(97)	"
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(9,912,934)	(87)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	8,808,109	96	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(388,177)	(3)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	47,856	1	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	3,450,534	30	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,906,577)	(52)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(546,304)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	145,195	2	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	6,218,495	54	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,721,346)	(40)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(159,148)	(1)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	38,547	1	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(391,525)	(3)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	175,483	2	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	705,989	6	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(275,959)	(3)	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(193,596)	(5)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	171,833	3	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(3,450,534)	(91)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	4,906,577	96	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	388,177	20	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(47,856)	(6)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	393,164	20	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(79,895)	(10)	"
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	159,148	15	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(38,547)	(5)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	288,087	27	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(226,971)	(27)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	194,849	18	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(63,395)	(8)	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(6,218,495)	(94)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	3,721,346	93	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	546,304	11	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(145,195)	(7)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(288,087)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	226,971	6	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	728,585	15	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(372,103)	(17)	"

(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	
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	\$ (393,164)	(30)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	\$ 79,895	16	//
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(728,585)	(55)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	372,103	72	//
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(194,849)	(15)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	63,395	12	//
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(705,989)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	275,959	100	//
	Potentia Technology Inc. Limited	The same parent company	Purchase	391,525	96	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(175,483)	(93)	//

Note 1: Above amounts present in New Taiwan dollars (NT\$). Foreign currency is converted into NT\$ as of September 30, 2023; the amount of income accounts are converted by average exchange rate into New Taiwan dollar as of the first, second and third quarter.

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, 2023
(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>									
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	\$ 8,808,109	1.60	\$ -	-	\$ 929,197	\$ -	Note 4
	Zhongshan Voltronic Power Electronics Limited	The same parent company	145,195	5.75	-	-	61,541	-	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	175,483	2.23	-	-	50,541	-	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	171,833	1.80	-	-	22,248	-	"
	Potentia Technology Inc. Limited	The same parent company	4,906,577	0.94	-	-	235,125	-	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	3,721,346	2.57	-	-	596,561	-	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	226,971	2.50	-	-	32,507	-	"
Zhongshan Voltronic Precision Inc.	Zhongshan Voltronic Power Electronics Limited	The same parent company	372,103	2.83	-	-	78,900	-	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	275,959	3.94	-	-	55,571	-	"
<u>Other receivables</u>									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,464,752 (Note 3)	-	-	-	12,353	-	"

Note 1: The foreign-currency amounts were translated into exchange rate US\$1 into NT\$32.27 and RMB1 into NT\$4.4946 as of September 30, 2023.

Note 2: The amount received in subsequent period was as of October 31, 2023.

Note 3: Including interest receivables \$4,007 thousand.

Note 4: The amount was eliminated upon consolidation.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(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	\$ 9,912,934	Net 270 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	8,808,109	Net 270 days from the end of the month of when invoice is issued	63
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	388,177	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	47,856	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	159,148	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	38,547	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	546,304	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	145,195	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	391,525	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	175,483	Net 270 days from the end of the month of when invoice is issued	1
2	Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	2	Sales	193,596	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology	2	Trade receivables from related parties	171,833	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	3,450,534	Net 270 days from the end of the month of when invoice is issued	24
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	4,906,577	Net 270 days from the end of the month of when invoice is issued	35
3	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	3	Other receivables from related parties	1,460,745	The loan period is one year and will be returned in installments according to the financial situation during the period	10

(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	\$ 6,218,495	Net 270 days from the end of the month of when invoice is issued	43
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	3,721,346	Net 270 days from the end of the month of when invoice is issued	26
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	288,087	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	226,971	Net 270 days from the end of the month of when invoice is issued	2
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	393,164	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	79,895	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	194,849	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	63,395	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	728,585	Net 270 days from the end of the month of when invoice is issued	5
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	372,103	Net 270 days from the end of the month of when invoice is issued	3
6	Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	3	Sales	705,989	Net 270 days from the end of the month of when invoice is issued	5
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	275,959	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: The amounts of asset account and liability account are calculated as a percentage of the consolidated total assets. The amounts of income account are calculated as a percentage of the consolidated total sales.

Note 4: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$ as of September 30, 2023; the amount of income accounts are converted by average exchange rate into New Taiwan dollar (NT\$) as of the first, second and third quarter.

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, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 3)	Note
				September 30, 2023	December 31, 2022	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	\$ 10,046,568	\$ 1,312,708	\$ 1,312,953	Notes 1, 2 and 3
	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	301,879	72,372	72,372	Notes 1, 2 and 4
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	22,455	4,218	4,218	Notes 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	10,027,012	1,308,489	1,308,489	Notes 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 \$1,689 thousand and the deduction of unrealized loss of upstream transaction of the current period of \$1,158 thousand and the addition of realized disposition of property, plant and equipment benefit of \$776 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, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	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, 2023 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of September 30, 2023
					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)	\$ 259,493	100	\$ 259,493	\$ 4,859,276	\$ -
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)	253,928	100	253,928	2,054,346	-
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)	795,068	100	795,068	3,113,390	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	250,401 (RMB 56,000)	c.	-	-	-	-	35,799	100	35,799	345,539	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of September 30, 2023	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)	\$ 4,606,849

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

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

Note 2: The investment gain or loss and the carrying amount as of September 30, 2023:

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, 2023 to September 30, 2023 and the carrying amounts on September 30, 2023.

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, 2023
(In Thousands of New Taiwan Dollars)**

1. 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	\$ 3,574,532	35	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	\$ (3,273,575)	(36)	\$ 1,158
Zhongshan Voltronic Power Electronics Limited	Purchase	5,890,491	58	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(5,681,771)	(63)	-

2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
3. The amount of property transactions and the amount of the resultant gains or losses: None.
4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
5. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: None.
6. 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, 2023**

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

Note 1: On the last business day as of quarter-end, Taiwan Depository & Clearing Company calculated the major shareholders' information, the delivered and dematerialized registration common share and preferred share more than 5% of the Company. The share capital recorded in the Company's financial report and the actual number of the delivered and dematerialized registration securities amount may be different due to the different preparation and calculation basis.

Note 2: The above information, if the shareholder delivers the shares to the trust will be disclosed by the trustee's trust account to reveal the individual settlor. As for shareholders' declaration in accordance with the Securities and Exchange Act, shareholder holds more than 10% of insider equity holdings, includes their shareholdings and delivered to the trust which they have the power to decide how to allocate trust property. The insider equity holdings' declaration and related information, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.