

**Voltronic Power Technology Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2024 and 2023 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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the 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 June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Cheng-Chuan Yu and Jui-Hsuan Ho.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 8, 2024

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)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,088,838	41	\$ 5,044,707	34	\$ 7,260,272	42
Notes receivable (Notes 8 and 20)	50,767	-	57,517	-	50,534	-
Trade receivables (Notes 8 and 20)	3,721,796	19	2,730,832	19	2,822,508	16
Trade receivables from related parties (Notes 8, 20 and 28)	137,842	1	160,519	1	191,480	1
Other receivables (Note 8)	59,448	-	58,065	-	57,421	1
Current tax assets (Note 4)	128,505	1	-	-	-	-
Inventories (Note 9)	2,425,304	12	1,411,766	10	1,490,990	9
Prepayments (Note 14)	224,498	1	193,807	1	201,710	1
Total current assets	14,836,998	75	9,657,213	65	12,074,915	70
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 27)	53,304	-	42,362	-	28,330	-
Property, plant and equipment (Notes 11, 29 and 31)	4,467,825	22	4,419,607	30	4,367,679	25
Right-of-use assets (Note 12)	339,454	2	368,350	3	415,773	3
Other intangible assets (Note 13)	13,470	-	18,809	-	23,436	-
Deferred tax assets (Notes 3 and 4)	128,305	1	182,989	1	180,560	1
Other non-current assets (Notes 14 and 27)	42,672	-	66,769	1	196,739	1
Total non-current assets	5,045,030	25	5,098,886	35	5,212,517	30
TOTAL	\$ 19,882,028	100	\$ 14,756,099	100	\$ 17,287,432	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Note 20)	\$ 551,766	3	\$ 347,813	2	\$ 261,496	1
Notes payable (Note 16)	36	-	44	-	12	-
Trade payables (Note 16)	5,804,398	29	3,682,983	25	3,820,062	22
Trade payables to related parties (Note 28)	11,890	-	4,185	-	20,117	-
Other payables (Note 17)	4,496,363	23	1,081,941	7	4,915,963	28
Current tax liabilities (Note 4)	373,754	2	170,749	1	342,002	2
Lease liabilities - current (Notes 12 and 27)	101,217	1	97,187	1	94,998	1
Current portion of long-term borrowings (Notes 15 and 29)	97,860	-	97,860	1	97,860	1
Other current liabilities (Note 17)	2,304	-	2,030	-	1,782	-
Total current liabilities	11,439,588	58	5,484,792	37	9,554,292	55
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 29)	685,020	3	733,950	5	782,880	5
Deferred tax liabilities (Notes 3 and 4)	43,916	-	35,328	-	113,395	1
Lease liabilities - non-current (Notes 12 and 27)	107,626	1	142,259	1	197,763	1
Other non-current liabilities (Note 17)	1,912	-	1,967	-	2,042	-
Total non-current liabilities	838,474	4	913,504	6	1,096,080	7
Total liabilities	12,278,062	62	6,398,296	43	10,650,372	62
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Share capital						
Ordinary shares	877,262	4	877,306	6	877,466	5
Capital surplus	1,589,796	8	1,772,473	12	1,798,713	10
Retained earnings						
Legal reserve	2,341,482	12	1,979,226	14	1,979,226	12
Special reserve	349,767	2	200,346	1	200,346	1
Unappropriated earnings	2,589,636	13	4,217,639	29	2,662,330	15
Total retained earnings	5,280,885	27	6,397,211	44	4,841,902	28
Other equity (Notes 19 and 24)	(143,977)	(1)	(689,187)	(5)	(881,021)	(5)
Total equity	7,603,966	38	8,357,803	57	6,637,060	38
TOTAL	\$ 19,882,028	100	\$ 14,756,099	100	\$ 17,287,432	100

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 June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 20 and 28)	\$ 6,507,110	100	\$ 5,198,194	100	\$ 11,105,808	100	\$ 9,893,695	100
OPERATING COSTS								
Cost of goods sold (Notes 9, 21 and 28)	<u>(4,475,942)</u>	<u>(69)</u>	<u>(3,545,797)</u>	<u>(68)</u>	<u>(7,646,801)</u>	<u>(69)</u>	<u>(6,732,030)</u>	<u>(68)</u>
GROSS PROFIT	<u>2,031,168</u>	<u>31</u>	<u>1,652,397</u>	<u>32</u>	<u>3,459,007</u>	<u>31</u>	<u>3,161,665</u>	<u>32</u>
OPERATING EXPENSES								
(Note 21)								
Selling and marketing expenses	(112,623)	(2)	(107,143)	(2)	(202,902)	(2)	(206,148)	(2)
General and administrative expenses	(158,137)	(2)	(141,978)	(3)	(279,019)	(3)	(275,918)	(3)
Research and development expenses	(239,355)	(4)	(243,969)	(5)	(467,072)	(4)	(483,693)	(5)
Expected credit (loss) gain (Notes 5 and 8)	<u>(3,346)</u>	<u>-</u>	<u>(3,430)</u>	<u>-</u>	<u>(1,489)</u>	<u>-</u>	<u>132</u>	<u>-</u>
Total operating expenses	<u>(513,461)</u>	<u>(8)</u>	<u>(496,520)</u>	<u>(10)</u>	<u>(950,482)</u>	<u>(9)</u>	<u>(965,627)</u>	<u>(10)</u>
PROFIT FROM OPERATIONS	<u>1,517,707</u>	<u>23</u>	<u>1,155,877</u>	<u>22</u>	<u>2,508,525</u>	<u>22</u>	<u>2,196,038</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 21)	52,620	1	52,213	1	104,394	1	84,573	1
Other income (Note 21)	4,717	-	19,356	1	8,030	-	24,833	-
Other gains and losses (Note 21)	(77,223)	(1)	374,107	7	(230,517)	(2)	263,013	3
Finance costs (Note 21)	<u>(15,588)</u>	<u>-</u>	<u>(16,386)</u>	<u>-</u>	<u>(31,524)</u>	<u>-</u>	<u>(32,745)</u>	<u>-</u>
Total non-operating income and expenses	<u>(35,474)</u>	<u>-</u>	<u>429,290</u>	<u>9</u>	<u>(149,617)</u>	<u>(1)</u>	<u>339,674</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,482,233	23	1,585,167	31	2,358,908	21	2,535,712	26
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(198,183)</u>	<u>(3)</u>	<u>(263,137)</u>	<u>(5)</u>	<u>(360,990)</u>	<u>(3)</u>	<u>(467,769)</u>	<u>(5)</u>
NET PROFIT FOR THE PERIOD	<u>1,284,050</u>	<u>20</u>	<u>1,322,030</u>	<u>26</u>	<u>1,997,918</u>	<u>18</u>	<u>2,067,943</u>	<u>21</u>

(Continued)

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 June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of the financial statements of foreign operations (Note 19)	\$ 107,439	1	\$ (247,539)	(5)	\$ 522,606	5	\$ (208,315)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 19 and 22)	(21,488)	-	49,508	1	(104,522)	(1)	41,663	-
Other comprehensive (loss) income for the period, net of income tax	85,951	1	(198,031)	(4)	418,084	4	(166,652)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,370,001</u>	<u>21</u>	<u>\$ 1,123,999</u>	<u>22</u>	<u>\$ 2,416,002</u>	<u>22</u>	<u>\$ 1,901,291</u>	<u>19</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 14.70</u>		<u>\$ 15.16</u>		<u>\$ 22.88</u>		<u>\$ 23.71</u>	
Diluted	<u>\$ 14.64</u>		<u>\$ 15.11</u>		<u>\$ 22.78</u>		<u>\$ 23.62</u>	

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

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Others		
			Legal Reserve	Special Reserve	Unappropriated Earnings				
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)	(160)	(26,240)	-	-	-	-	236,614	210,214	
Net profit for the six months ended June 30, 2023	-	-	-	-	2,067,943	-	-	2,067,943	
Other comprehensive loss for the six months ended June 30, 2023, net of income tax (Note 19)	-	-	-	-	-	(166,652)	-	(166,652)	
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	2,067,943	(166,652)	-	1,901,291	
BALANCE AT JUNE 30, 2023	<u>\$ 877,466</u>	<u>\$ 1,798,713</u>	<u>\$ 1,979,226</u>	<u>\$ 200,346</u>	<u>\$ 2,662,330</u>	<u>\$ (366,998)</u>	<u>\$ (514,023)</u>	<u>\$ 6,637,060</u>	
BALANCE AT JANUARY 1, 2024	\$ 877,306	\$ 1,772,473	\$ 1,979,226	\$ 200,346	\$ 4,217,639	\$ (349,767)	\$ (339,420)	\$ 8,357,803	
Appropriation of 2023 earnings (Note 19)									
Legal reserve	-	-	362,256	-	(362,256)	-	-	-	
Reversal of special reserve	-	-	-	149,421	(149,421)	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(3,114,435)	-	-	(3,114,435)	
Issuance of cash dividends from capital surplus	-	(175,461)	-	-	-	-	-	(175,461)	
Share-based payment transactions (Notes 19, 21 and 24)	(44)	(7,216)	-	-	191	-	127,126	120,057	
Net profit for the six months ended June 30, 2024	-	-	-	-	1,997,918	-	-	1,997,918	
Other comprehensive income for the six months ended June 30, 2024, net of income tax (Note 19)	-	-	-	-	-	418,084	-	418,084	
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	1,997,918	418,084	-	2,416,002	
BALANCE AT JUNE 30, 2024	<u>\$ 877,262</u>	<u>\$ 1,589,796</u>	<u>\$ 2,341,482</u>	<u>\$ 349,767</u>	<u>\$ 2,589,636</u>	<u>\$ 68,317</u>	<u>\$ (212,294)</u>	<u>\$ 7,603,966</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 Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,358,908	\$ 2,535,712
Adjustments for:		
Depreciation expenses	166,832	173,435
Amortization expenses	7,620	8,715
Expected credit loss (reversed) recognized on trade receivables	1,489	(132)
Net loss (gain) on financial assets at fair value through profit or loss	194	(489)
Finance costs	31,524	32,745
Interest income	(104,394)	(84,573)
Compensation cost of employee share options	120,057	210,214
Loss on disposal of property, plant and equipment	204	1,994
Write-down of inventories	12,186	6,917
Net gain on foreign currency exchange	(27,754)	(53,757)
Gain on lease modification	(167)	-
Changes in operating assets and liabilities		
Notes receivable	6,750	34,113
Trade receivables	(972,675)	11,731
Trade receivables - related parties	24,722	51,688
Other receivables	(6,509)	1,494
Inventories	(1,028,130)	521,310
Prepayments	(30,691)	69,675
Contract liabilities	203,953	(171,953)
Notes payable	(8)	(28)
Trade payables	2,121,415	(340,955)
Trade payables - related parties	7,705	8,075
Other payables	109,574	(29,278)
Other current liabilities	274	(1,444)
Cash generated from operations	3,003,079	2,985,209
Interest received	109,520	82,301
Interest paid	(31,524)	(32,745)
Income tax paid	(327,740)	(714,026)
Net cash generated from operating activities	<u>2,753,335</u>	<u>2,320,739</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(11,136)	(27,841)
Acquisition of property, plant and equipment	(25,009)	(98,105)
Proceeds from the disposal of property, plant and equipment	2,158	1,043
Decrease in refundable deposits	1,412	2,994
Payments for intangible assets	(2,018)	(7,718)
Increase in prepayments for equipment	(9,841)	(38,335)
Net cash used in investing activities	<u>(44,434)</u>	<u>(167,962)</u>

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS **(In Thousands of New Taiwan Dollars)**

	For the Six Months Ended	
	June 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	\$ (48,930)	\$ (48,930)
(Refund of) proceeds from guarantee deposits received	(133)	385
Repayment of the principal portion of lease liabilities	<u>(43,943)</u>	<u>(39,771)</u>
Net cash used in financing activities	<u>(93,006)</u>	<u>(88,316)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>428,236</u>	<u>(157,203)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,044,131	1,907,258
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,044,707</u>	<u>5,353,014</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 8,088,838</u>	<u>\$ 7,260,272</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 SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (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) and inverters.

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 board of directors on August 8, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

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

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended 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

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

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

See Note 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, 2023.

Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;

- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

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

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affects both current and future periods.

Key Sources of Estimation Uncertainty

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 3,220	\$ 1,005	\$ 840
Demand deposits	1,505,715	1,502,603	4,213,554
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>6,579,903</u>	<u>3,541,099</u>	<u>3,045,878</u>
	<u>\$ 8,088,838</u>	<u>\$ 5,044,707</u>	<u>\$ 7,260,272</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Demand deposits	0.001%-1.450%	0.001%-1.450%	0.001%-1.350%
Time deposits	0.580%-5.500%	1.150%-5.600%	1.250%-5.080%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024	December 31, 2023	June 30, 2023
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>\$ 53,304</u>	<u>\$ 42,362</u>	<u>\$ 28,330</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 50,767	\$ 57,517	\$ 50,534
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 50,767</u>	<u>\$ 57,517</u>	<u>\$ 50,534</u>

(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 3,655,506	\$ 2,705,686	\$ 2,784,665
Less: Allowance for impairment loss	<u>(24,669)</u>	<u>(23,068)</u>	<u>(16,739)</u>
	3,630,837	2,682,618	2,767,926
At FVTOCI	<u>90,959</u>	<u>48,214</u>	<u>54,582</u>
	<u>\$ 3,721,796</u>	<u>\$ 2,730,832</u>	<u>\$ 2,822,508</u>
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 96,773	\$ 123,585	\$ 173,565
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	96,773	123,585	173,565
At FVTOCI	<u>41,069</u>	<u>36,934</u>	<u>17,915</u>
	<u>\$ 137,842</u>	<u>\$ 160,519</u>	<u>\$ 191,480</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 21,821	\$ 14,928	\$ 24,913
Interest receivables	7,968	13,094	7,125
Others	<u>29,659</u>	<u>30,043</u>	<u>25,383</u>
	<u>\$ 59,448</u>	<u>\$ 58,065</u>	<u>\$ 57,421</u>

(Concluded)

a. Notes receivable

At amortized cost

The average credit period of notes receivable is 60 to 120 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group evaluated no allowance for impairment loss was needed for notes receivable.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group did not hold any collateral for the balance of notes receivable.

The following table details the aging analysis of notes receivable:

	June 30, 2024	December 31, 2023	June 30, 2023
1 to 60 days	\$ 30,559	\$ 42,658	\$ 29,090
61 to 90 days	20,208	7,194	2,655
91 to 120 days	-	4,330	18,789
over 121 days	<u>-</u>	<u>3,335</u>	<u>-</u>
	<u>\$ 50,767</u>	<u>\$ 57,517</u>	<u>\$ 50,534</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 June 30, 2024, December 31, 2023 and June 30, 2023 the carrying amount of the trade receivables covered by insurance was \$2,171,685 thousand, \$1,985,508 thousand and \$1,756,517 thousand, respectively.

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

June 30, 2024

	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	0.38%	3.95%	43.37%	100%	100%	100%	
Gross carrying amount	\$ 1,468,282	\$ 96,182	\$ 1,524	\$ 535	\$ 156	\$ 13,915	\$ 1,580,594
Loss allowance (Lifetime ECLs)	<u>(5,604)</u>	<u>(3,798)</u>	<u>(661)</u>	<u>(535)</u>	<u>(156)</u>	<u>(13,915)</u>	<u>(24,669)</u>
Amortized cost	<u>\$ 1,462,678</u>	<u>\$ 92,384</u>	<u>\$ 863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,555,925</u>

December 31, 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	0.63%	3.99%	48.95%	100%	100%	100%	
Gross carrying amount	\$ 783,514	\$ 40,351	\$ 6,660	\$ 7,721	\$ 301	\$ 5,216	\$ 843,763
Loss allowance (Lifetime ECLs)	(4,962)	(1,608)	(3,260)	(7,721)	(301)	(5,216)	(23,068)
Amortized cost	<u>\$ 778,552</u>	<u>\$ 38,743</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 820,695</u>

June 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	0.51%	4.15%	42.27%	100%	100%	100%	
Gross carrying amount	\$ 1,129,081	\$ 63,898	\$ 660	\$ 8,074	\$ -	\$ -	\$ 1,201,713
Loss allowance (Lifetime ECLs)	(5,736)	(2,650)	(279)	(8,074)	-	-	(16,739)
Amortized cost	<u>\$ 1,123,345</u>	<u>\$ 61,248</u>	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,184,974</u>

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

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 23,068	\$ 16,934
Add: Net remeasurement of loss allowance	1,489	-
Less: Net remeasurement of loss allowance	-	(132)
Foreign exchange gains and losses	<u>112</u>	<u>(63)</u>
Balance at June 30	<u>\$ 24,669</u>	<u>\$ 16,739</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 June 30, 2024, December 31, 2023 and June 30, 2023 the carrying amount of the trade receivables at FVTOCI was \$30,209 thousand, \$4,303 thousand and \$20,364 thousand, respectively.

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

June 30, 2024

	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	\$ 101,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,819
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 101,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,819</u>

December 31, 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	\$ 80,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,845
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 80,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,845</u>

June 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	\$ 52,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,133
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 52,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,133</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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group evaluated no allowance for impairment loss was needed for other receivables.

9. INVENTORIES

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 845,515	\$ 644,955	\$ 712,117
Supplies	3,511	3,343	3,324
Semi-finished goods	179,607	124,148	139,681
Work in progress	643,889	268,435	236,669
Finished goods	<u>752,782</u>	<u>370,885</u>	<u>399,199</u>
	<u>\$ 2,425,304</u>	<u>\$ 1,411,766</u>	<u>\$ 1,490,990</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Cost of inventories sold	\$ 4,468,267	\$ 3,539,669	\$ 7,634,615	\$ 6,725,113
Inventory write-downs	<u>7,675</u>	<u>6,128</u>	<u>12,186</u>	<u>6,917</u>
	<u>\$ 4,475,942</u>	<u>\$ 3,545,797</u>	<u>\$ 7,646,801</u>	<u>\$ 6,732,030</u>

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
Voltronic Power Technology Corp.	Voltronic International Corp.	Investment activities	100.00%	100.00%	100.00%	a
	Voltronic Power Technology (Vietnam) Company Limited	Design, manufacture and sale of UPS and inverters	100.00%	100.00%	100.00%	b
	Inversolenergy Tech, Inc.	Marketing, technical support and after-sales service of UPS and inverters	100.00%	-	-	a and e
Voltronic International Corp.	Voltronic International H.K. Corp. Limited	Investment activities	100.00%	100.00%	100.00%	a
	Potentia Technology Inc. Limited	Sale of uninterruptible power systems (UPS) and inverters	100.00%	100.00%	100.00%	a
Voltronic International H.K. Corp. Limited	Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS and inverters	100.00%	100.00%	100.00%	c
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS and inverters	100.00%	100.00%	100.00%	c
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS and inverters	27.03%	100.00%	100.00%	c and d
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS and inverters	72.97%	-	-	c and d
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS and inverters related components	100.00%	100.00%	100.00%	c

- a. The main operating risk is the foreign exchange rate risks.
- b. The main operating risks are foreign exchange rate risks and government decrees.
- c. The main operating risks are foreign exchange rate risks, government decrees and political risk arising from the uncertainty in relationship between China and Taiwan.
- d. In February 2024, Orchid Power (Shen Zhen) Manufacturing Company subscribed to an increase in capital of Zhongshan Voltronic Power Electronics Limited with 450 million RMB. Following the capital increase, Orchid Power (Shen Zhen) Manufacturing Company holds a 72.97% equity stake in Zhongshan Voltronic Power Electronics Limited, while the equity stake of Voltronic International H.K. Corp. Limited in Zhongshan Voltronic Power Electronics Limited decreased from 100% to 27.03%.
- e. Approved by the board of directors on May 9, 2024, Voltronic Power Technology Corp. established Inversolenergy Tech, Inc. in the United States in response to operational needs. Voltronic Power Technology Corp. invested a capital of US\$500 thousand in May 2024, holding 100% ownership stake in the subsidiary.

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, 2024	\$ 1,307,921	\$ 2,572,065	\$ 906,322	\$ 18,045	\$ 95,411	\$ 32,901	\$ 405,372	\$ 51,112	\$ 5,389,149
Additions	-	6,845	11,425	101	4,152	-	19,616	-	42,139
Disposals	-	(13,738)	(3,642)	(237)	(1,129)	(5,052)	(6,312)	-	(30,110)
Reclassified (Note 1)	-	51,112	33,586	-	-	-	-	(51,112)	33,586
Effect of foreign currency exchange differences	-	69,850	35,159	808	4,231	1,534	15,794	-	127,376
Balance at June 30, 2024	<u>\$ 1,307,921</u>	<u>\$ 2,686,134</u>	<u>\$ 982,850</u>	<u>\$ 18,717</u>	<u>\$ 102,665</u>	<u>\$ 29,383</u>	<u>\$ 434,470</u>	<u>\$ -</u>	<u>\$ 5,562,140</u>
Accumulated depreciation and impairment									
Balance at January 1, 2024	\$ -	\$ 216,254	\$ 442,037	\$ 9,092	\$ 55,962	\$ 23,156	\$ 223,041	\$ -	\$ 969,542
Depreciation expenses	-	35,881	42,401	1,153	5,480	3,233	29,926	-	118,074
Disposals	-	(13,738)	(3,114)	(213)	(600)	(5,052)	(5,031)	-	(27,748)
Effect of foreign currency exchange differences	-	6,085	16,130	408	2,404	1,084	8,336	-	34,447
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 244,482</u>	<u>\$ 497,454</u>	<u>\$ 10,440</u>	<u>\$ 63,246</u>	<u>\$ 22,421</u>	<u>\$ 256,272</u>	<u>\$ -</u>	<u>\$ 1,094,315</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 1,307,921</u>	<u>\$ 2,355,811</u>	<u>\$ 464,285</u>	<u>\$ 8,953</u>	<u>\$ 39,449</u>	<u>\$ 9,745</u>	<u>\$ 182,331</u>	<u>\$ 51,112</u>	<u>\$ 4,419,607</u>
Carrying amounts at June 30, 2024	<u>\$ 1,307,921</u>	<u>\$ 2,441,652</u>	<u>\$ 485,396</u>	<u>\$ 8,277</u>	<u>\$ 39,419</u>	<u>\$ 6,962</u>	<u>\$ 178,198</u>	<u>\$ -</u>	<u>\$ 4,467,825</u>
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	15,273	1,413	6,301	-	29,686	-	52,822
Disposals	-	(36,599)	(2,277)	(1,679)	(522)	(125)	(10,582)	-	(51,784)
Reclassified (Note 2)	-	11,842	10,012	-	2,182	-	223	(14,024)	10,235
Effect of foreign currency exchange differences	-	(33,410)	(12,331)	(312)	(1,940)	(916)	(5,663)	24	(54,548)
Balance at June 30, 2023	<u>\$ 1,307,921</u>	<u>\$ 2,587,790</u>	<u>\$ 778,216</u>	<u>\$ 16,532</u>	<u>\$ 95,501</u>	<u>\$ 39,062</u>	<u>\$ 385,963</u>	<u>\$ 48,825</u>	<u>\$ 5,259,810</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	-	43,158	40,592	939	5,468	5,962	29,247	-	125,366
Disposals	-	(36,599)	(2,027)	(1,511)	(408)	(125)	(8,077)	-	(48,747)
Effect of foreign currency exchange differences	-	(3,031)	(6,045)	(162)	(957)	(551)	(2,517)	-	(13,263)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 202,365</u>	<u>\$ 409,331</u>	<u>\$ 8,096</u>	<u>\$ 52,045</u>	<u>\$ 24,656</u>	<u>\$ 195,638</u>	<u>\$ -</u>	<u>\$ 892,131</u>
Carrying amounts at June 30, 2023	<u>\$ 1,307,921</u>	<u>\$ 2,385,425</u>	<u>\$ 368,885</u>	<u>\$ 8,436</u>	<u>\$ 43,456</u>	<u>\$ 14,406</u>	<u>\$ 190,325</u>	<u>\$ 48,825</u>	<u>\$ 4,367,679</u>

Note 1: Reclassified from prepayments for equipment to property, plant and equipment \$33,586 thousand.

Note 2: Reclassified from prepayments for equipment to property, plant and equipment \$10,235 thousand.

For the six months ended June 30, 2024 and 2023, 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 their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Draining and air-conditioning units	5-15 years
Machinery and equipment	2-20 years
Transportation	3-10 years
Office equipment	2-10 years
Leasehold improvements	3-5 years
Other equipment	2-10 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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Land	\$ 150,251	\$ 144,780	\$ 145,606
Buildings	188,169	222,148	268,358
Transportation equipment	<u>1,034</u>	<u>1,422</u>	<u>1,809</u>
	<u>\$ 339,454</u>	<u>\$ 368,350</u>	<u>\$ 415,773</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2024	2023	2024
			2023
Additions to right-of-use assets		<u>\$ 11,408</u>	<u>\$ 9,073</u>
Depreciation charge for right-of-use assets			
Land	\$ 893	\$ 854	\$ 1,764
Buildings	23,291	22,901	46,606
Transportation equipment	<u>194</u>	<u>194</u>	<u>388</u>
	<u>\$ 24,378</u>	<u>\$ 23,949</u>	<u>\$ 48,758</u>
			<u>\$ 48,069</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 six months ended June 30, 2024 and 2023.

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Current	<u>\$ 101,217</u>	<u>\$ 97,187</u>	<u>\$ 94,998</u>
Non-current	<u>\$ 107,626</u>	<u>\$ 142,259</u>	<u>\$ 197,763</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	4.75%-6.00%	4.75%-6.00%	4.75%-6.00%
Transportation equipment	5.58%	5.58%	5.58%

c. Material leasing activities and terms (the Group is the lessee)

The Group leases 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 June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 4,444</u>	<u>\$ 2,246</u>	<u>\$ 5,555</u>	<u>\$ 6,375</u>
Expenses relating to low-value asset leases	<u>\$ 283</u>	<u>\$ 299</u>	<u>\$ 582</u>	<u>\$ 691</u>
Total cash outflow for leases			<u>\$ (55,633)</u>	<u>\$ (54,466)</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, 2024	\$ 58,691
Additions	2,018
Disposals	(8,788)
Effect of foreign currency exchange differences	<u>1,092</u>
Balance at June 30, 2024	<u>\$ 53,013</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 39,882
Amortization expense	7,620
Disposals	(8,788)
Effect of foreign currency exchange differences	<u>829</u>
Balance at June 30, 2024	<u>\$ 39,543</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 18,809</u>
Carrying amount at June 30, 2024	<u>\$ 13,470</u>
	(Continued)

**Computer
Software**

Cost

Balance at January 1, 2023	\$ 52,326
Additions	7,718
Disposals	(5,171)
Effect of foreign currency exchange differences	<u>(555)</u>
Balance at June 30, 2023	<u>\$ 54,318</u>

Accumulated amortization

Balance at January 1, 2023	\$ 27,673
Amortization expense	8,715
Disposals	(5,171)
Effect of foreign currency exchange differences	<u>(335)</u>
Balance at June 30, 2023	<u>\$ 30,882</u>

Carrying amount at June 30, 2023	<u>\$ 23,436</u>
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(Concluded)

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 June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
An analysis of amortization by function				
Operating costs	\$ 217	\$ 428	\$ 595	\$ 847
Selling and marketing expenses	227	294	467	589
General and administrative expenses	1,385	1,502	2,901	3,090
Research and development expenses	<u>1,666</u>	<u>2,046</u>	<u>3,657</u>	<u>4,189</u>
	<u>\$ 3,495</u>	<u>\$ 4,270</u>	<u>\$ 7,620</u>	<u>\$ 8,715</u>

14. OTHER ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Prepayments for purchases	\$ 10,190	\$ 12,594	\$ 17,109
Overpaid sales tax	195,118	158,808	146,442
Other prepayments	<u>19,190</u>	<u>22,405</u>	<u>38,159</u>
	<u>\$ 224,498</u>	<u>\$ 193,807</u>	<u>\$ 201,710</u>
<u>Non-current</u>			
Other assets			
Refundable deposits	\$ 30,387	\$ 30,739	\$ 31,798
Prepayments for equipment	<u>12,285</u>	<u>36,030</u>	<u>164,941</u>
	<u>\$ 42,672</u>	<u>\$ 66,769</u>	<u>\$ 196,739</u>

15. BORROWINGS

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Secured borrowings (Note 29)</u>			
Bank loans	\$ 782,880	\$ 831,810	\$ 880,740
Less: Current portion	<u>(97,860)</u>	<u>(97,860)</u>	<u>(97,860)</u>
	<u>\$ 685,020</u>	<u>\$ 733,950</u>	<u>\$ 782,880</u>

The weighted average effective interest rate on bank loans listed above was 1.9396%, 1.8134% and 1.8120% as of June 30, 2024, December 31, 2023 and June 30, 2023.

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes payable</u>			
Operating	<u>\$ 36</u>	<u>\$ 44</u>	<u>\$ 12</u>
<u>Trade payables</u>			
Operating	<u>\$ 5,804,398</u>	<u>\$ 3,682,983</u>	<u>\$ 3,820,062</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Other payables			
Payables for dividends	\$ 3,289,896	\$ -	\$ 3,817,672
Payables for salaries and bonuses	474,122	459,819	443,994
Payables for compensation of employee	355,196	315,447	320,956
Payables for commission	51,063	59,458	73,470
Payables for sales tax	68,036	63,411	54,000
Payables for insurance	46,977	38,077	43,294
Payables for purchases of equipment (include building)	45,736	28,606	34,563
Payables for remuneration of directors and supervisors	21,600	14,400	21,600
Payables for freight	20,581	13,863	12,833
Others	123,156	88,860	93,581
	<u>\$ 4,496,363</u>	<u>\$ 1,081,941</u>	<u>\$ 4,915,963</u>
Other liabilities			
Receipts under custody	<u>\$ 2,304</u>	<u>\$ 2,030</u>	<u>\$ 1,782</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	<u>\$ 1,912</u>	<u>\$ 1,967</u>	<u>\$ 2,042</u>

18. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company has 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 in China 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

	June 30, 2024	December 31, 2023	June 30, 2023
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>87,726</u>	<u>87,730</u>	<u>87,746</u>
Shares issued	<u>\$ 877,262</u>	<u>\$ 877,306</u>	<u>\$ 877,466</u>

Fully paid ordinary shares, which have a par value of NT\$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 9, 2024, the board of directors approved to withdraw restricted shares. The Company withdraw \$44 thousand, 4.4 thousand shares, with a par value of \$10, with June 20, 2024 as the effective date of reduction, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on July 17, 2024.

On May 11, 2023, the board of directors approved to withdraw restricted shares. The Company withdraw \$160 thousand, 16 thousand shares, with a par value of \$10, with May 15, 2023 as the effective date of reduction, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on May 31, 2023.

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

	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>(16)</u>	<u>(160)</u>
Balance at June 30, 2023	<u>87,746</u>	<u>\$ 877,466</u>
Balance at January 1, 2024	87,730	\$ 877,306
Retirement of recognized employee restricted shares (Note 24)	<u>(4)</u>	<u>(44)</u>
Balance at June 30, 2024	<u>87,726</u>	<u>\$ 877,262</u>

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Premium from issuance ordinary shares	\$ 77,827	\$ 253,288	\$ 253,288
Premium from employee restricted shares	854,001	854,001	686,065
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>657,968</u>	<u>665,184</u>	<u>859,360</u>
	<u>\$ 1,589,796</u>	<u>\$ 1,772,473</u>	<u>\$ 1,798,713</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, 2024	\$ 253,288	\$ 854,001	\$ 665,184
Retirement employee restricted shares (Note 1)	-	-	(7,216)
Distribution of cash dividends	<u>(175,461)</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2024	<u>\$ 77,827</u>	<u>\$ 854,001</u>	<u>\$ 657,968</u>
Balance at January 1, 2023	\$ 253,288	\$ 686,065	\$ 885,600
Retirement employee restricted shares (Note 2)	<u>-</u>	<u>-</u>	<u>(26,240)</u>
Balance at June 30, 2023	<u>\$ 253,288</u>	<u>\$ 686,065</u>	<u>\$ 859,360</u>

Note 1: Reversal of compensation cost of the restricted shares amounting to \$7,260 thousand, net of retired share capital of \$44 thousand.

Note 2: Reversal of compensation cost of the restricted shares amounting to \$26,400 thousand, net of retired share capital of \$160 thousand.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, (including adjusting the undistributed retained earnings), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors and supervisors in Note 21g.

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 the case where 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 deficit. 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 2023 and 2022 were approved in the shareholders' meetings on June 14, 2024 and June 9, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 362,256	\$ 443,289
Recognition of special reserve (reversed)	\$ 149,421	\$ (93,082)
Cash dividends	\$ 3,114,435	\$ 3,817,672
Cash dividends per share (NT\$)	\$ 35.5	\$ 43.5

An issuance of cash dividends from capital surplus amounting to \$175,461 thousand was approved in the shareholders' meetings on June 14, 2024.

Earnings of Voltronic Power Technology Corp. and its subsidiaries are distributed in accordance with the provisions of each company's articles of association and are not subject to any contractual restrictions.

d. Special reserve

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 200,346	\$ 293,428
Recognition of the debits to other equity items (reversed)	149,421	(93,082)
Balance at June 30	\$ 349,767	\$ 200,346

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ (349,767)	\$ (200,346)
Recognized for the period		
Exchange differences on translating foreign operations	522,606	(208,315)
Income tax related to exchange differences arising on translating to the presentation currency	<u>(104,522)</u>	<u>41,663</u>
Other comprehensive (loss) income from the period	<u>418,084</u>	<u>(166,652)</u>
Balance at June 30	<u>\$ 68,317</u>	<u>\$ (366,998)</u>

Unearned employee benefits

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

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ (339,420)	\$ (750,637)
Share-based payment expenses recognized	119,866	210,214
Adjustment for retired restricted employee cash dividends (Note)	<u>7,260</u>	<u>26,400</u>
Balance at June 30	<u>\$ (212,294)</u>	<u>\$ (514,023)</u>

Note: Deducted from compensation cost of restricted shares.

20. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 6,507,110</u>	<u>\$ 5,198,194</u>	<u>\$ 11,105,808</u>	<u>\$ 9,893,695</u>
	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract balances				
Notes receivable (Note 8)	<u>\$ 50,767</u>	<u>\$ 57,517</u>	<u>\$ 50,534</u>	<u>\$ 84,647</u>
Trade receivables (Notes 8 and 28)	<u>\$ 3,859,638</u>	<u>\$ 2,891,351</u>	<u>\$ 3,013,988</u>	<u>\$ 3,031,869</u>
Contract liabilities - current				
Sale of goods	<u>\$ 551,766</u>	<u>\$ 347,813</u>	<u>\$ 261,496</u>	<u>\$ 433,449</u>

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Bank deposits	\$ <u>52,620</u>	\$ <u>52,213</u>	\$ <u>104,394</u>	\$ <u>84,573</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Government grants	\$ 2,644	\$ 18,801	\$ 3,521	\$ 22,188
Others	<u>2,073</u>	<u>555</u>	<u>4,509</u>	<u>2,645</u>
	\$ <u>4,717</u>	\$ <u>19,356</u>	\$ <u>8,030</u>	\$ <u>24,833</u>

c. Other gains and (losses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	\$ (328)	\$ 489	\$ (194)	\$ 489
Loss on disposal of property, plant and equipment	(46)	(262)	(204)	(1,994)
Net foreign exchange (losses) gains	(75,696)	374,170	(228,927)	265,066
Lease modification gains	168	-	168	-
Other (losses) gains	<u>(1,321)</u>	<u>(290)</u>	<u>(1,360)</u>	<u>(548)</u>
	\$ <u>(77,223)</u>	\$ <u>374,107</u>	\$ <u>(230,517)</u>	\$ <u>263,013</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 3,786	\$ 3,979	\$ 7,547	\$ 7,826
Interest on lease liabilities	2,659	3,711	5,553	7,629
Other interest expense	<u>9,143</u>	<u>8,696</u>	<u>18,424</u>	<u>17,290</u>
	\$ <u>15,588</u>	\$ <u>16,386</u>	\$ <u>31,524</u>	\$ <u>32,745</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
An analysis of depreciation by function				
Operating costs	\$ 57,503	\$ 56,334	\$ 115,401	\$ 113,593
Operating expenses	<u>25,584</u>	<u>29,393</u>	<u>51,431</u>	<u>59,842</u>
	<u>\$ 83,087</u>	<u>\$ 85,727</u>	<u>\$ 166,832</u>	<u>\$ 173,435</u>
An analysis of amortization by function				
Operating costs	\$ 217	\$ 428	\$ 595	\$ 847
Operating expenses	<u>3,278</u>	<u>3,842</u>	<u>7,025</u>	<u>7,868</u>
	<u>\$ 3,495</u>	<u>\$ 4,270</u>	<u>\$ 7,620</u>	<u>\$ 8,715</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Salary expenses	\$ 694,039	\$ 564,735	\$ 1,233,587	\$ 1,081,993
Other employee benefits				
Labor and health insurance	13,453	9,921	24,465	21,005
Other employee benefits	25,761	23,420	50,574	46,007
Equity-settled share-based payments (Note 24)	57,658	100,365	120,057 (Note)	210,214
Post-employment benefits				
Defined contribution plans	<u>36,013</u>	<u>27,104</u>	<u>67,594</u>	<u>53,512</u>
Total employee benefits expense	<u>\$ 826,924</u>	<u>\$ 725,545</u>	<u>\$ 1,496,277</u>	<u>\$ 1,412,731</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 481,777	\$ 391,829	\$ 865,862	\$ 764,184
Operating expenses	<u>345,147</u>	<u>333,716</u>	<u>630,415</u>	<u>648,547</u>
	<u>\$ 826,924</u>	<u>\$ 725,545</u>	<u>\$ 1,496,277</u>	<u>\$ 1,412,731</u>

Note: Share-based payment expense recognized of \$119,866 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of \$191 thousand are included in the six months ended June 30, 2024.

g. Employees compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended and the six months ended June 30, 2024 and 2023, are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2024	2023
Employees' compensation	5.12%	3.80%
Remuneration of directors	0.31%	0.30%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Employees' compensation	\$ 85,000	\$ 60,000	\$ 120,000	\$ 92,500
Remuneration of directors	\$ 3,600	\$ 3,600	\$ 7,200	\$ 7,200

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 employees' compensation and remuneration of directors for 2023 and 2022 that were resolved by the board of directors on February 26, 2024 and February 23, 2023, respectively, are as shown below:

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Employees' compensation	\$ 180,000	\$ 210,000
Remuneration of directors	14,400	14,400

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation 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 June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ 170,587	\$ 542,055	\$ 415,987	\$ 743,775
Foreign exchange losses	<u>(246,283)</u>	<u>(167,885)</u>	<u>(644,914)</u>	<u>(478,709)</u>
Net (losses) gains	<u>\$ (75,696)</u>	<u>\$ 374,170</u>	<u>\$ (228,927)</u>	<u>\$ 265,066</u>

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense recognized in profit are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ (297,502)	\$ (274,383)	\$ (473,680)	\$ (479,310)
Adjustments for prior year	<u>74,252</u>	<u>75,098</u>	<u>74,252</u>	<u>73,428</u>
	(223,250)	(199,285)	(399,428)	(405,882)
Deferred tax				
In respect of the current period	<u>25,067</u>	<u>(63,852)</u>	<u>38,438</u>	<u>(61,887)</u>
Income tax expense recognized in profit or loss	<u>\$ (198,183)</u>	<u>\$ (263,137)</u>	<u>\$ (360,990)</u>	<u>\$ (467,769)</u>

The applicable tax rate used by the entity in ROC for the six months ended June 30, 2024 and 2023 was 20%. Voltronic Power Technology (Shen Zhen) Corp. used the tax rate of 15% in the six months ended June 30, 2024 and 2023 due to owning the high-tech enterprise certificate. Zhongshan Voltronic Power Electronics Limited also used the same tax rate of 15% in the six months ended June 30, 2024 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 six months ended June 30, 2024 and 2023.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	\$ (21,488)	\$ 49,508	\$ (104,522)	\$ 41,663

c. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities. As of June 30, 2024, the Group has no unsettled lawsuits related to tax.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Basic earnings per share				
Basic earnings per share	\$ 14.70	\$ 15.16	\$ 22.88	\$ 23.71
Diluted earnings per share				
Diluted earnings per share	\$ 14.64	\$ 15.11	\$ 22.78	\$ 23.62

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 June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Net profit for the year	\$ 1,284,050	\$ 1,322,030	\$ 1,997,918	\$ 2,067,943
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	87,325	87,223	87,325	87,223
Effect of potentially dilutive ordinary shares				
Employees' compensation or bonuses issued to employees	62	47	98	84
Restricted employee share options	302	246	299	233
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,689	87,516	87,722	87,540

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.

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

a. 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, which was September 8, 2022, was 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	The Ratio of the Number of Shares to Be Awarded in the Current Year
Revenue	10% (inclusive) or more than the previous year	Higher than the Company's 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 \$100,365 thousand and \$210,214 thousand were recognized, respectively within the vesting period for the three months and six months ended June 30, 2023. Compensation costs of \$57,658 thousand and \$120,057 thousand were recognized, respectively within the vesting period for the three months and six months ended June 30, 2024.

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

	Number of Options (In Thousands of Units) For the Six Months Ended June 30	
	2024	2023
Balance at January 1	406	540
Forfeited (Note)	<u>(4)</u>	<u>(16)</u>
Balance at June 30	<u>402</u>	<u>524</u>

Note: The forfeited shares for the six months ended June 30, 2024 and 2023 were the shares that were cancelled due to the vesting conditions not being met.

25. CASH FLOW 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 six months ended June 30, 2024 and 2023:

- 1) As of June 30, 2024, December 31, 2023 and June 30, 2023, the unsettled payments for purchases of property, plant and equipment were \$45,736 thousand, \$28,606 thousand and \$34,563 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.
- 2) As of June 30, 2024 and 2023, there were un-settled payments for the distribution of cash dividends approved in the shareholder's meeting (refer to Notes 17 and 19).

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2024

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change of Variance Payment	Exchange Rate Impact	
Long-term borrowings (including current portion of long-term borrowings)	\$ 831,810	\$ (48,930)	\$ -	\$ -	\$ -	\$ 782,880
Guarantee deposits	1,967	(133)	-	-	78	1,912
Lease liabilities	239,446	(43,943)	11,408	(7,930)	9,862	208,843
	<u>\$ 1,073,223</u>	<u>\$ (93,006)</u>	<u>\$ 11,408</u>	<u>\$ (7,930)</u>	<u>\$ 9,940</u>	<u>\$ 993,635</u>

For the six months ended June 30, 2023

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change of Variance Payment	Exchange Rate Impact	
Long-term borrowings (including current portion of long-term borrowings)	\$ 929,670	\$ (48,930)	\$ -	\$ -	\$ -	\$ 880,740
Guarantee deposits	1,683	385	-	-	(26)	2,042
Lease liabilities	328,579	(39,771)	9,073	(377)	(4,743)	292,761
	<u>\$ 1,259,932</u>	<u>\$ (88,316)</u>	<u>\$ 9,073</u>	<u>\$ (377)</u>	<u>\$ (4,769)</u>	<u>\$ 1,175,543</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 that are 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

June 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ -	\$ -	\$ 53,304	\$ 53,304
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Factored trade receivables to bank without resources	\$ -	\$ -	\$ 132,028	\$ 132,028

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ -	\$ -	\$ 42,362	\$ 42,362
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Factored trade receivables to bank without resources	\$ -	\$ -	\$ 85,148	\$ 85,148

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ <u> -</u>	\$ <u> -</u>	\$ <u>28,330</u>	\$ <u>28,330</u>
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Factored trade receivables to bank without resources	\$ <u> -</u>	\$ <u> -</u>	\$ <u>72,497</u>	\$ <u>72,497</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2024 and 2023.

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

Financial Assets	Financial Assets at FVTPL Fund Beneficiary Certificate	Financial Assets at FVTOCI Debt Instruments
Balance at January 1, 2024	\$ 42,362	\$ 85,148
Purchases	11,136	\$ 46,880
Recognized in profit or loss (including other gains and losses)	<u>(194)</u>	<u>-</u>
Balance at June 30, 2024	<u>\$ 53,304</u>	<u>\$ 132,028</u>
Balance at January 1, 2023	\$ -	\$ 146,260
Purchases	27,841	-
Recognized in profit or loss (including other gains and losses)	489	-
Sales	<u>-</u>	<u>(73,763)</u>
Balance at June 30, 2023	<u>\$ 28,330</u>	<u>\$ 72,497</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 53,304	\$ 42,362	\$ 28,330
Financial assets at amortized cost (1)	11,935,229	7,982,303	10,316,603
Financial assets at FVTOCI			
Investments in debt instruments			
Factored trade receivables to bank without resources	132,028	85,148	72,497

Financial liabilities

Financial liabilities at amortized cost (2)	6,841,652	4,711,776	4,937,420
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- 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 (primarily includes 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 was 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 Six Months Ended	
	June 30	
	2024	2023
Profit or loss	\$ 71,216	\$ 64,463
	RMB Impact	
	For the Six Months Ended	
	June 30	
	2024	2023
Profit or loss	\$ (113,785)	\$ (81,780)

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

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
Financial assets	\$ 6,579,903	\$ 3,541,099	\$ 3,045,878
Financial liabilities	208,843	239,446	292,761
Cash flow interest rate risk			
Financial assets	1,505,715	1,502,603	4,213,554
Financial liabilities	782,880	831,810	880,740

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 was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$3,614 thousand and \$16,664 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group had available unutilized 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.

June 30, 2024

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing Lease liabilities	\$ 3,669,972 36,060	\$ 2,386,888 72,505	\$ 1,912 112,086	\$ - -
Variable interest rate liabilities	<u>52,757</u>	<u>59,341</u>	<u>428,968</u>	<u>302,600</u>
	<u>\$ 3,758,789</u>	<u>\$ 2,518,734</u>	<u>\$ 542,966</u>	<u>\$ 302,600</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>\$ 112,098</u>	<u>\$ 428,968</u>	<u>\$ 302,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing Lease liabilities	\$ 2,385,170 23,835	\$ 1,492,829 82,644	\$ 1,967 149,452	\$ - -
Variable interest rate liabilities	<u>52,691</u>	<u>59,402</u>	<u>430,483</u>	<u>353,364</u>
	<u>\$ 2,461,696</u>	<u>\$ 1,634,875</u>	<u>\$ 581,902</u>	<u>\$ 353,364</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>\$ 112,093</u>	<u>\$ 430,483</u>	<u>\$ 353,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 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	\$ 3,035,805	\$ 1,018,833	\$ 2,042	\$ -
Lease liabilities	35,391	71,728	198,681	-
Variable interest rate liabilities	<u>52,953</u>	<u>58,858</u>	<u>435,196</u>	<u>405,638</u>
	<u>\$ 3,124,149</u>	<u>\$ 1,149,419</u>	<u>\$ 635,919</u>	<u>\$ 405,638</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>\$ 111,811</u>	<u>\$ 435,196</u>	<u>\$ 405,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loan facilities			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>3,824,500</u>	<u>4,607,050</u>	<u>2,800,000</u>
	<u>\$ 3,824,500</u>	<u>\$ 4,607,050</u>	<u>\$ 2,800,000</u>
Secured bank overdraft facilities			
Amount used	\$ 782,880	\$ 831,810	\$ 880,740
Amount unused	<u>-</u>	<u>97,860</u>	<u>48,930</u>
	<u>\$ 782,880</u>	<u>\$ 929,670</u>	<u>\$ 929,670</u>

e. Transfers of financial assets

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

June 30, 2024

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.	\$ 406,570	\$ -	\$ -	\$ 406,570	5.99-7.79
BNP Paribas S.A.	<u>85,337</u>	<u>-</u>	<u>-</u>	<u>85,337</u>	6.54-6.61
	<u>\$ 491,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 491,907</u>	

December 31, 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.	\$ 392,507	\$ -	\$ -	\$ 392,507	4.27-7.79
BNP Paribas S.A.	<u>47,238</u>	<u>-</u>	<u>-</u>	<u>47,238</u>	5.94-6.73
	<u>\$ 439,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,745</u>	

June 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.	\$ 347,518	\$ -	\$ -	\$ 347,518	5.09-7.57
BNP Paribas S.A.	<u>126,162</u>	<u>-</u>	<u>-</u>	<u>126,162</u>	6.15-6.55
	<u>\$ 473,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,680</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, were eliminated upon 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 (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)

b. Sales of goods

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Sales	Essential related parties	\$ 202,177	\$ 135,614	\$ 331,203	\$ 316,731
	Key management personnel	<u>47,565</u>	<u>66,099</u>	<u>84,860</u>	<u>241,587</u>
		<u>\$ 249,742</u>	<u>\$ 201,713</u>	<u>\$ 416,063</u>	<u>\$ 558,318</u>

The selling prices of the goods sold to the related parties in the table above are not comparable as these goods are not sold to other customers in the six months ended June 30, 2024 and 2023. Payment terms of goods sold to related parties are 60-150 days after at the end of the month, and 0-180 days for general customers.

c. Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Essential related parties	<u>\$ 11,589</u>	<u>\$ 16,226</u>	<u>\$ 37,499</u>	<u>\$ 22,327</u>

The purchase prices of the goods purchased from the related parties in the table above are not comparable as these same goods are not purchased from other suppliers in the six months ended June 30, 2024 and 2023. Payment terms of goods purchased from related parties are 150 days after every month end close, and 30-90 days for general suppliers.

d. Trade receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	June 30, 2024	December 31, 2023	June 30, 2023
Trade receivables from related parties	Essential related parties	\$ 51,378	\$ 70,936	\$ 28,969
	Key management personnel	<u>86,465</u>	<u>89,583</u>	<u>162,511</u>
		<u>\$ 137,843</u>	<u>\$ 160,519</u>	<u>\$ 191,480</u>

The outstanding trade receivables from related parties were unsecured. For the six months ended June 30, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

- e. Trade payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	June 30, 2024	December 31, 2023	June 30, 2023
Trade payables to related parties	Essential related parties	\$ <u>11,890</u>	\$ <u>4,185</u>	\$ <u>20,117</u>

The outstanding trade payables from related parties are unsecured.

- f. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 3,558	\$ 3,471	\$ 43,732	\$ 47,282
Post-employee benefits	137	131	270	262
Share-based payments	<u>9,551</u>	<u>16,043</u>	<u>19,115</u>	<u>31,910</u>
	<u>\$ 13,246</u>	<u>\$ 19,645</u>	<u>\$ 63,117</u>	<u>\$ 79,454</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 587,160	\$ 587,160	\$ 587,160
Buildings	<u>753,622</u>	<u>761,472</u>	<u>769,322</u>
	<u>\$ 1,340,782</u>	<u>\$ 1,348,632</u>	<u>\$ 1,356,482</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:

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	\$ <u>684</u>	\$ <u>6,270</u>	\$ <u>11,379</u>
Acquisition of service	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ -</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:

June 30, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 223,160	32.4500 (USD:NTD)	\$ 7,241,540
USD	17,772	7.1268 (USD:RMB)	576,696
USD	17,599	25,320 (USD:VND)	571,093
RMB	2,551,550	0.1403 (RMB:USD)	<u>11,616,533</u>
			<u>\$ 20,005,862</u>

Financial liabilities

Monetary items			
USD	19,050	32.4500 (USD:NTD)	\$ 618,187
USD	11,772	7.1268 (USD:RMB)	382,014
USD	8,245	25,320 (USD:VND)	267,558
RMB	2,551,576	4.5532 (RMB:NTD)	11,617,838
RMB	2,498,979	0.1403 (RMB:USD)	<u>11,377,188</u>
			<u>\$ 24,262,785</u>

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 189,642	30.7050 (USD:NTD)	\$ 5,822,948
USD	17,061	7.0827 (USD:RMB)	523,865
USD	12,883	24,215 (USD:VND)	395,571
RMB	2,446	4.3352 (RMB:NTD)	10,602
RMB	2,038,586	0.1412 (RMB:USD)	<u>8,838,383</u>
			<u>\$ 15,591,369</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 18,480	30.7050 (USD:NTD)	\$ 567,428
USD	7,533	7.0827 (USD:RMB)	231,313
USD	7,064	24,215 (USD:VND)	216,907
RMB	2,038,586	4.3352 (RMB:NTD)	8,837,678
RMB	2,003,568	0.1412 (RMB:USD)	<u>8,686,560</u>
			<u>\$ 18,539,886</u>
			(Concluded)

June 30, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 211,085	31.1400 (USD:NTD)	\$ 6,573,174
USD	12,655	7.2258 (USD:RMB)	394,095
USD	9,271	23,095 (USD:VND)	288,717
RMB	5,010	4.3096 (RMB:NTD)	21,591
RMB	1,937,150	0.1384 (RMB:USD)	<u>8,348,682</u>
			<u>\$ 15,626,259</u>

Financial liabilities

Monetary items			
USD	10,599	31.1400 (USD:NTD)	\$ 330,046
USD	6,423	7.2258 (USD:RMB)	200,015
USD	8,979	23,095 (USD:VND)	279,604
RMB	1,937,150	4.3096 (RMB:NTD)	8,348,341
RMB	1,902,633	0.1384 (RMB:USD)	<u>8,199,920</u>
			<u>\$ 17,357,926</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 June 30				
2024			2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ (82,570)	1.00 (NTD:NTD)	\$ 371,983
USD	32.4650 (USD:NTD)	1,673	30.8767 (USD:NTD)	(6,231)
RMB	4.5635 (RMB:NTD)	(2,887)	4.3628 (RMB:NTD)	5,761
VND	0.0013 (VND:NTD)	<u>8,088</u>	0.0013 (VND:NTD)	<u>2,657</u>
		<u>\$ (75,696)</u>		<u>\$ 374,170</u>

For the Six Months Ended June 30				
2024			2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ (244,606)	1.00 (NTD:NTD)	\$ 256,397
USD	32.0425 (USD:NTD)	1,409	30.6009 (USD:NTD)	(5,108)
RMB	4.5083 (RMB:NTD)	(3,193)	4.3913 (RMB:NTD)	5,852
VND	0.0013 (VND:NTD)	<u>17,463</u>	0.0013 (VND:NTD)	<u>7,925</u>
		<u>\$ (228,927)</u>		<u>\$ 265,066</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 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.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(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	\$ 91,064 (RMB 20,000)	\$ - (RMB -)	\$ - (RMB -)	3.65	2	\$ -	Operating capital financing funds	\$ -	-	\$ -	\$ 5,006,783	\$ 5,006,783
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	227,660 (RMB 50,000)	227,660 (RMB 50,000)	- (RMB -)	3.55	2	-	Operating capital financing funds	-	-	-	5,006,783	5,006,783
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	387,022 (RMB 85,000)	387,022 (RMB 85,000)	- (RMB -)	3.55	2	-	Operating capital financing funds	-	-	-	5,006,783	5,006,783
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	250,426 (RMB 55,000)	- (RMB -)	- (RMB -)	3.65	2	-	Operating capital financing funds	-	-	-	5,006,783	5,006,783
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	432,554 (RMB 95,000)	432,554 (RMB 95,000)	- (RMB -)	3.45	2	-	Operating capital financing funds	-	-	-	5,006,783	5,006,783
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	182,128 (RMB 40,000)	182,128 (RMB 40,000)	- (RMB -)	3.45	2	-	Operating capital financing funds	-	-	-	5,006,783	5,006,783
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	182,128 (RMB 40,000)	182,128 (RMB 40,000)	- (RMB -)	3.45	2	-	Operating capital financing funds	-	-	-	5,006,783	5,006,783

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 aggregate financing limit shall not exceed 40% which were reviewed and attested by certified public accountants.

Note 4: a. The aggregate financing limit shall not exceed 40% of the net asset 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 highest balance for the period and ending balance present in NT\$. Foreign currencies are converted into NT\$; the exchange rate was, RMB1=NT\$4.5532 as of June 30, 2024.

Note 6: The amounts was eliminated upon consolidation.

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2024
(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company (Note)	Financial Statement Account	June 30, 2024				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	-	\$ 53,304	1.11	\$ 53,304	-

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 SIX MONTHS ENDED JUNE 30, 2024
(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)	\$ (325,673)	(3)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	\$ 47,354	1	-
	Potentia Technology Inc. Limited	Subsidiary	Purchase	7,651,667	96	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	(11,899,320)	(98)	Note 3
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	208,965	3	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(193,752)	(2)	"
	Zhongshan Voltronic Power Electronics Limited	Subsidiary	Purchase	104,800	1	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(90,375)	(1)	"
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(7,651,667)	(83)	Net 360 days from the end of the month of when invoice is issued	Note 2	Note 2	11,899,320	95	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(439,827)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	156,916	1	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	2,652,732	29	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	(5,818,054)	(45)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(484,990)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	157,195	1	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	4,973,226	54	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	(5,752,843)	(45)	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(436,128)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	266,497	2	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	680,666	7	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(569,890)	(4)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(159,987)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	64,761	1	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(208,965)	(7)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	193,752	3	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(2,652,732)	(88)	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	5,818,054	95	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	439,827	20	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(156,916)	(8)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	496,262	22	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(254,913)	(12)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	109,837	5	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(124,873)	(6)	"
Zhongshan Voltronic Power Electronics Limited	Voltronic Power Technology	Parent company	(Sales)	(104,800)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	90,375	1	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,973,226)	(93)	Net 360 days from the end of the month of when invoice is issued	Note 2	Note 2	5,752,843	94	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	484,990	11	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(157,195)	(5)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	613,296	14	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(528,804)	(18)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(233,124)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	265,386	4	"

(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)	\$ (496,262)	(39)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	\$ 254,913	27	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(613,296)	(48)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	528,804	56	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(174,945)	(14)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	156,717	17	Note 3
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(680,666)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	569,890	100	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	436,128	95	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(266,497)	(91)	"
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(109,837)	(7)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	124,873	19	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	159,897	17	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(64,761)	(6)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	233,124	24	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(265,386)	(23)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	174,945	18	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(156,717)	(14)	"

Note 1: Above amounts present in New Taiwan dollars (NT\$). Foreign currency is converted into NT\$ as of June 30, 2024; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT\$) as of 2024.

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
JUNE 30, 2024
(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	\$ 11,899,320	1.46	\$ -	-	\$ 1,220,522	\$ -	Note 3
	Zhongshan Voltronic Power Electronics Limited	The same parent company	157,195	6.87	-	-	74,805	-	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	266,497	3.61	-	-	70,416	-	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	156,916	7.84	-	-	69,460	-	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	193,752	2.43	-	-	23,316	-	"
	Potentia Technology Inc. Limited	The same parent company	5,818,054	1.02	-	-	528,260	-	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	5,752,843	1.99	-	-	773,149	-	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	265,386	1.87	-	-	46,297	-	"
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	124,873	2.20	-	-	16,357	-	"
Zhongshan Voltronic Precision Inc.	Zhongshan Voltronic Power Electronics Limited	The same parent company	528,804	2.59	-	-	140,190	-	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	254,913	6.32	-	-	126,080	-	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	156,717	3.28	-	-	71,324	-	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	569,890	2.82	-	-	106,703	-	"

Note 1: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$; the exchange rate was US\$1=NT\$32.45, RMB1=NT\$4.5532 as of June 30, 2024.

Note 2: As of July 31, 2024.

Note 3: The amount was eliminated upon consolidation.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(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	\$ 7,651,667	Net 360 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	11,899,320	Net 360 days from the end of the month of when invoice is issued	60
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	439,827	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	156,916	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	159,987	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	64,761	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	484,990	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	157,195	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	436,128	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	266,497	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	208,965	Net 270 days from the end of the month of when invoice is issued	2
		Voltronic Power Technology	2	Trade receivables from related parties	193,752	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	2,652,732	Net 360 days from the end of the month of when invoice is issued	24
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	5,818,054	Net 360 days from the end of the month of when invoice is issued	29
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	109,837	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	124,873	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Investments accounted for using equity method	2,000,909	Capital increase	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	\$ 4,973,226	Net 360 days from the end of the month of when invoice is issued	45
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	5,752,843	Net 360 days from the end of the month of when invoice is issued	29
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	233,124	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	265,386	Net 270 days from the end of the month of when invoice is issued	1
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	496,262	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	254,913	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	174,945	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	156,717	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	613,296	Net 270 days from the end of the month of when invoice is issued	6
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	528,804	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	680,666	Net 270 days from the end of the month of when invoice is issued	6
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	569,890	Net 270 days from the end of the month of when invoice is issued	3

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 concerted into NT\$ as of June 30, 2024, the amount of income accounts are converted by average exchange rate into New Taiwan dollar (NT\$) as of the first and second quarter.

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

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies, and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				June 30, 2024	December 31, 2023	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	\$ 11,829,368	\$ 1,066,815	\$ 1,063,453	Notes 1, 2 and 3
	Voltronic Power Technology (Vietnam) Company Limited	Bac Ninh Province, Vietnam	Design, manufacture and sale of UPS and inverters	30,945 (US\$ 1,000)	30,945 (US\$ 1,000)	-	100	481,483	142,263	142,263	Notes 1, 2 and 4
	Inversolenergy Tech, Inc.	United States	Marketing, technical support and after-sales service of UPS and inverters	16,135 (US\$ 500)	-	100	100	16,434	209	209	Notes 1 and 2
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS) and inverters	-	-	-	100	34,691	9,862	9,862	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	11,802,996	1,056,954	1,056,954	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 gain of the previous upstream transaction of \$1,160 thousand and the deduction of unrealized gain of upstream transaction of the current period of \$5,039 thousand and the addition of realized disposition of property, plant and equipment benefit of \$517 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 SIX MONTHS ENDED JUNE 30, 2024
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of June 30, 2024 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of June 30, 2024
					Outflow	Inflow						
Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS and inverters	\$ 64,630 (US\$ 2,000)	b.	\$ 64,630 (US\$ 2,000)	\$ -	\$ -	\$ 64,630 (US\$ 2,000)	\$ 125,348	100	\$ 125,348	\$ 5,060,259	\$ -
Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS and inverters	30,027 (US\$ 1,000)	b.	30,027 (US\$ 1,000)	-	-	30,027 (US\$ 1,000)	587,332	100	587,332	5,006,783	-
Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS and inverters	2,794,537 (US\$ 25,000) (RMB 450,000)	b.	793,628 (US\$ 25,000)	-	-	793,628 (US\$ 25,000)	344,274	100	344,274	6,421,609	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS and inverters related components	250,401 (RMB 56,000)	c.	-	-	-	-	76,628	100	76,628	439,580	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of June 30, 2024	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)	\$ 4,562,380

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

- a. Directly invest in a company in mainland China.
- b. Through investing in the third area, which then invested in the investee in mainland China.
- c. Other methods.

Note 2: The investment gain or loss and the carrying amount as of June 30, 2024:

The Company invested Zhongshan 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 recognized net income and book value of investee, Zhongshan Voltronic Precision Inc through subsidiary Zhongshan Voltronic Power Electronics Limited as of June 30, 2024.

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 SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)

a. There were the amounts and percentages of purchases, also the amounts and percentages displayed at the end of the period of the related payables.

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Gain
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	\$ 2,727,803	34	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	\$ (3,786,940)	(31)	\$ 5,039
Zhongshan Voltronic Power Electronics Limited	Purchase	4,554,321	57	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(8,113,719)	(67)	-

b. There were the amounts and percentages of the sales, also the amounts and percentages displayed in the ending balance of the related receivables: None.

c. The amount and percentage of sales and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

TABLE 9**VOLTRONIC POWER TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2024**

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.