

**Voltronic Power Technology Corp. and  
Subsidiaries**

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

### Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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

November 7, 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	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 6,606,322	38	\$ 5,044,707	34	\$ 4,402,865	31
Notes receivable (Notes 8 and 20)	40,444	-	57,517	-	46,984	-
Trade receivables (Notes 8 and 20)	3,069,648	18	2,730,832	19	2,598,408	19
Trade receivables from related parties (Notes 8, 20 and 28)	137,257	1	160,519	1	162,322	1
Other receivables (Note 8)	66,955	-	58,065	-	51,330	-
Inventories (Note 9)	2,168,691	12	1,411,766	10	1,469,918	11
Prepayments (Note 14)	272,775	2	193,807	1	168,811	1
Total current assets	<u>12,362,092</u>	<u>71</u>	<u>9,657,213</u>	<u>65</u>	<u>8,900,638</u>	<u>63</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 27)	52,613	-	42,362	-	44,694	-
Property, plant and equipment (Notes 11, 29 and 30)	4,422,081	26	4,419,607	30	4,542,471	32
Right-of-use assets (Note 12)	323,207	2	368,350	3	406,894	3
Other intangible assets (Note 13)	14,371	-	18,809	-	22,212	-
Deferred tax assets (Notes 3 and 4)	109,883	1	182,989	1	95,636	1
Other non-current assets (Notes 14 and 27)	50,156	-	66,769	1	66,119	1
Total non-current assets	<u>4,972,311</u>	<u>29</u>	<u>5,098,886</u>	<u>35</u>	<u>5,178,026</u>	<u>37</u>
<b>TOTAL</b>	<u>\$ 17,334,403</u>	<u>100</u>	<u>\$ 14,756,099</u>	<u>100</u>	<u>\$ 14,078,664</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities - current (Note 20)	\$ 453,006	3	\$ 347,813	2	\$ 321,349	2
Notes payable (Note 16)	40	-	44	-	76	-
Trade payables (Note 16)	5,667,014	33	3,682,983	25	3,637,773	26
Trade payables to related parties (Note 28)	8,303	-	4,185	-	9,526	-
Other payables (Note 17)	1,115,404	6	1,081,941	7	1,062,410	7
Current tax liabilities (Note 4)	316,226	2	170,749	1	165,566	1
Lease liabilities - current (Notes 12 and 27)	86,156	-	97,187	1	99,754	1
Current portion of long-term borrowings (Notes 15 and 29)	97,860	1	97,860	1	97,860	1
Other current liabilities (Note 17)	8,318	-	2,030	-	6,601	-
Total current liabilities	<u>7,752,327</u>	<u>45</u>	<u>5,484,792</u>	<u>37</u>	<u>5,400,915</u>	<u>38</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 15 and 29)	636,090	4	733,950	5	782,880	6
Deferred tax liabilities (Notes 3 and 4)	26,014	-	35,328	-	44,041	-
Lease liabilities - non-current (Notes 12 and 27)	98,045	-	142,259	1	170,453	1
Other non-current liabilities (Note 17)	12,385	-	1,967	-	2,293	-
Total non-current liabilities	<u>772,534</u>	<u>4</u>	<u>913,504</u>	<u>6</u>	<u>999,667</u>	<u>7</u>
Total liabilities	<u>8,524,861</u>	<u>49</u>	<u>6,398,296</u>	<u>43</u>	<u>6,400,582</u>	<u>45</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)</b>						
Share capital						
Ordinary shares	877,206	5	877,306	6	877,346	6
Capital surplus	1,580,612	9	1,772,473	12	1,779,033	13
Retained earnings						
Legal reserve	2,341,482	14	1,979,226	14	1,979,226	14
Special reserve	349,767	2	200,346	1	200,346	2
Unappropriated earnings	3,819,607	22	4,217,639	29	3,291,973	23
Total retained earnings	6,510,856	38	6,397,211	44	5,471,545	39
Other equity (Notes 19 and 24)	(159,132)	(1)	(689,187)	(5)	(449,842)	(3)
Total equity	<u>8,809,542</u>	<u>51</u>	<u>8,357,803</u>	<u>57</u>	<u>7,678,082</u>	<u>55</u>
<b>TOTAL</b>	<u>\$ 17,334,403</u>	<u>100</u>	<u>\$ 14,756,099</u>	<u>100</u>	<u>\$ 14,078,664</u>	<u>100</u>

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

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 20 and 28)	\$ 6,700,733	100	\$ 4,463,462	100	\$ 17,806,541	100	\$ 14,357,157	100
OPERATING COSTS								
Cost of goods sold (Notes 9, 21 and 28)	<u>(4,627,850)</u>	<u>(69)</u>	<u>(3,022,281)</u>	<u>(68)</u>	<u>(12,274,651)</u>	<u>(69)</u>	<u>(9,754,311)</u>	<u>(68)</u>
GROSS PROFIT	<u>2,072,883</u>	<u>31</u>	<u>1,441,181</u>	<u>32</u>	<u>5,531,890</u>	<u>31</u>	<u>4,602,846</u>	<u>32</u>
OPERATING EXPENSES								
(Note 21)								
Selling and marketing expenses	(108,976)	(2)	(86,423)	(2)	(311,878)	(2)	(292,571)	(2)
General and administrative expenses	(140,225)	(2)	(111,288)	(3)	(419,244)	(2)	(387,206)	(3)
Research and development expenses	(239,758)	(4)	(233,923)	(5)	(706,830)	(4)	(717,616)	(5)
Expected credit loss (Note 8)	<u>(245)</u>	<u>-</u>	<u>(6,543)</u>	<u>-</u>	<u>(1,734)</u>	<u>-</u>	<u>(6,411)</u>	<u>-</u>
Total operating expenses	<u>(489,204)</u>	<u>(8)</u>	<u>(438,177)</u>	<u>(10)</u>	<u>(1,439,686)</u>	<u>(8)</u>	<u>(1,403,804)</u>	<u>(10)</u>
PROFIT FROM OPERATIONS	<u>1,583,679</u>	<u>23</u>	<u>1,003,004</u>	<u>22</u>	<u>4,092,204</u>	<u>23</u>	<u>3,199,042</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 21)	49,401	1	15,746	-	153,795	1	100,319	1
Other income (Note 21)	573	-	28,414	1	8,603	-	53,247	-
Other gains and losses (Note 21)	(104,471)	(2)	(210,795)	(5)	(334,988)	(2)	52,218	-
Finance costs (Notes 21)	<u>(19,332)</u>	<u>-</u>	<u>(14,617)</u>	<u>-</u>	<u>(50,856)</u>	<u>-</u>	<u>(47,362)</u>	<u>-</u>
Total non-operating income and expenses	<u>(73,829)</u>	<u>(1)</u>	<u>(181,252)</u>	<u>(4)</u>	<u>(223,446)</u>	<u>(1)</u>	<u>158,422</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,509,850	22	821,752	18	3,868,758	22	3,357,464	23
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(280,113)</u>	<u>(4)</u>	<u>(192,109)</u>	<u>(4)</u>	<u>(641,103)</u>	<u>(4)</u>	<u>(659,878)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>1,229,737</u>	<u>18</u>	<u>629,643</u>	<u>14</u>	<u>3,227,655</u>	<u>18</u>	<u>2,697,586</u>	<u>19</u>
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating of the financial statements of foreign operations (Note 19)	(93,185)	(1)	404,537	9	429,421	2	196,222	1

(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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 19 and 22)	\$ 18,637	-	\$ (80,907)	(2)	\$ (85,885)	-	\$ (39,244)	-
Other comprehensive income for the period, net of income tax	(74,548)	(1)	323,630	7	343,536	2	156,978	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 1,155,189</u>	<u>17</u>	<u>\$ 953,273</u>	<u>21</u>	<u>\$ 3,571,191</u>	<u>20</u>	<u>\$ 2,854,564</u>	<u>20</u>
<b>EARNINGS PER SHARE</b> (Note 23)								
Basic	<u>\$ 14.08</u>		<u>\$ 7.22</u>		<u>\$ 36.96</u>		<u>\$ 30.92</u>	
Diluted	<u>\$ 14.01</u>		<u>\$ 7.19</u>		<u>\$ 36.77</u>		<u>\$ 30.78</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
	Shares	Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translating Foreign Operations	Others	
				Legal Reserve	Special Reserve			
BALANCE AT JANUARY 1, 2023	\$ 877,626	\$ 1,824,953	\$ 1,535,937	\$ 293,428	\$ 4,762,266	\$ (200,346)	\$ (750,637)	\$ 8,343,227
Appropriation of 2022 earnings (Note 19)								
Legal reserve	-	-	443,289	-	(443,289)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,817,672)	-	-	(3,817,672)
Reversal of special reserve	-	-	-	(93,082)	93,082	-	-	-
Share-based payment transactions (Notes 19, 21 and 24)	(280)	(45,920)	-	-	-	-	344,163	297,963
Net profit for the nine months ended September 30, 2023	-	-	-	-	2,697,586	-	-	2,697,586
Other comprehensive income for the nine months ended September 30, 2023, net of income tax (Note 19)	-	-	-	-	-	156,978	-	156,978
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	2,697,586	156,978	-	2,854,564
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 877,346</u>	<u>\$ 1,779,033</u>	<u>\$ 1,979,226</u>	<u>\$ 200,346</u>	<u>\$ 3,291,973</u>	<u>\$ (43,368)</u>	<u>\$ (406,474)</u>	<u>\$ 7,678,082</u>
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)	-	-	-
Special reserve	-	-	-	149,421	(149,421)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,114,435)	-	-	(3,114,435)
Cash dividends from capital surplus (Note 19)	-	(175,461)	-	-	-	-	-	(175,461)
Share-based payment transactions (Notes 19, 21 and 24)	(100)	(16,400)	-	-	425	-	186,519	170,444
Net profit for the nine months ended September 30, 2024	-	-	-	-	3,227,655	-	-	3,227,655
Other comprehensive income for the nine months ended September 30, 2024, net of income tax (Note 19)	-	-	-	-	-	343,536	-	343,536
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	3,227,655	343,536	-	3,571,191
BALANCE AT SEPTEMBER 30, 2024	<u>\$ 877,206</u>	<u>\$ 1,580,612</u>	<u>\$ 2,341,482</u>	<u>\$ 349,767</u>	<u>\$ 3,819,607</u>	<u>\$ (6,231)</u>	<u>\$ (152,901)</u>	<u>\$ 8,809,542</u>

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

# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,868,758	\$ 3,357,464
Adjustments for:		
Depreciation expenses	251,759	259,799
Amortization expenses	10,410	13,138
Expected credit loss	1,734	6,411
Net loss (gain) on financial assets at fair value through profit or loss	885	(149)
Finance costs	50,856	47,362
Interest income	(153,795)	(100,319)
Compensation cost of employee share options	170,444	297,963
Loss on disposal of property, plant and equipment	528	2,056
Write-down of inventories	14,118	11,983
Net loss (gain) on foreign currency exchange	52,992	(108,895)
Gain on lease modification	(167)	-
Changes in operating assets and liabilities		
Notes receivable	17,073	37,663
Trade receivables	(398,485)	240,362
Trade receivables from related parties	25,382	80,572
Other receivables	(16,986)	7,252
Inventories	(773,021)	535,787
Prepayments	(78,968)	102,574
Contract liabilities	105,193	(112,100)
Notes payable	(4)	36
Trade payables	1,984,031	(523,243)
Trade payables to related parties	4,118	(2,516)
Other payables	34,469	(72,241)
Other current liabilities	6,288	3,374
Cash generated from operations	5,177,612	4,084,333
Interest received	161,891	98,380
Interest paid	(50,856)	(47,362)
Income tax paid	(517,719)	(1,147,907)
Net cash generated from operating activities	4,770,928	2,987,444
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(11,136)	(44,545)
Acquisition of property, plant and equipment	(70,694)	(104,446)
Proceeds from the disposal of property, plant and equipment	2,172	2,167
(Increase) decrease in refundable deposits	(8,270)	3,083
Payments for intangible assets	(5,741)	(10,554)
Increase in prepayments for equipment	(10,016)	(51,273)
Net cash used in investing activities	(103,685)	(205,568)

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# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	\$ (97,860)	\$ (48,930)
Proceeds from guarantee deposits received	10,353	565
Repayment of the principal portion of lease liabilities	(77,931)	(72,385)
Distributed cash dividends	<u>(3,289,896)</u>	<u>(3,817,672)</u>
Net cash used in financing activities	<u>(3,455,334)</u>	<u>(3,938,422)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>349,706</u>	<u>206,397</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,561,615	(950,149)
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>\$ 6,606,322</u>	<u>\$ 4,402,865</u>

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

(Concluded)

# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 November 7, 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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
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.

## **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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 1,977	\$ 1,005	\$ 1,053
Demand deposits	805,546	1,502,603	2,507,015
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>5,798,799</u>	<u>3,541,099</u>	<u>1,894,797</u>
	<u>\$ 6,606,322</u>	<u>\$ 5,044,707</u>	<u>\$ 4,402,865</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Demand deposits	0.001%-1.150%	0.001%-1.450%	0.001%-1.450%
Time deposits	1.050%-5.360%	1.150%-5.600%	1.250%-5.440%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 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>\$ 52,613</u>	<u>\$ 42,362</u>	<u>\$ 44,694</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 40,444	\$ 57,517	\$ 46,984
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 40,444</u>	<u>\$ 57,517</u>	<u>\$ 46,984</u>

(Continued)

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 3,045,095	\$ 2,705,686	\$ 2,552,308
Less: Allowance for impairment loss	<u>(24,903)</u>	<u>(23,068)</u>	<u>(23,447)</u>
	3,020,192	2,682,618	2,528,861
At FVTOCI	<u>49,456</u>	<u>48,214</u>	<u>69,547</u>
	<u>\$ 3,069,648</u>	<u>\$ 2,730,832</u>	<u>\$ 2,598,408</u>
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 121,977	\$ 123,585	\$ 112,472
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	121,977	123,585	112,472
At FVTOCI	<u>15,280</u>	<u>36,934</u>	<u>49,850</u>
	<u>\$ 137,257</u>	<u>\$ 160,519</u>	<u>\$ 162,322</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 28,674	\$ 14,928	\$ 15,866
Interest receivables	4,998	13,094	6,792
Others	<u>33,283</u>	<u>30,043</u>	<u>28,672</u>
	<u>\$ 66,955</u>	<u>\$ 58,065</u>	<u>\$ 51,330</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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group evaluated no allowance for impairment loss was needed for notes receivable.

The following table details the aging analysis of notes receivable:

	September 30, 2024	December 31, 2023	September 30, 2023
1 to 60 days	\$ 23,755	\$ 42,658	\$ 42,726
61 to 90 days	16,508	7,194	4,197
91 to 120 days	181	4,330	61
Over 121 days	<u>-</u>	<u>3,335</u>	<u>-</u>
	<u>\$ 40,444</u>	<u>\$ 57,517</u>	<u>\$ 46,984</u>

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

b. Trade receivables

1) At amortized cost

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

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

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

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

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of September 30, 2024, December 31, 2023 and September 30, 2023 the carrying amount of the trade receivables covered by insurance was \$1,840,559 thousand, \$1,985,508 thousand and \$1,758,997 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.

September 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	0.39%	4.05%	48.10%	100%	100%	100%	
Gross carrying amount	\$ 1,168,296	\$ 139,337	\$ 7,989	\$ 31	\$ 100	\$ 10,760	\$ 1,326,513
Loss allowance (Lifetime ECLs)	<u>(4,523)</u>	<u>(5,646)</u>	<u>(3,843)</u>	<u>(31)</u>	<u>(100)</u>	<u>(10,760)</u>	<u>(24,903)</u>
Amortized cost	<u>\$ 1,163,773</u>	<u>\$ 133,691</u>	<u>\$ 4,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,301,610</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)	<u>(4,962)</u>	<u>(1,608)</u>	<u>(3,260)</u>	<u>(7,721)</u>	<u>(301)</u>	<u>(5,216)</u>	<u>(23,068)</u>
Amortized cost	<u>\$ 778,552</u>	<u>\$ 38,743</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 820,695</u>

## September 30, 2023

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

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

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$ 23,068	\$ 16,934
Add: Net remeasurement of loss allowance	1,734	6,411
Foreign exchange gains and losses	<u>101</u>	<u>102</u>
Balance at September 30	<u>\$ 24,903</u>	<u>\$ 23,447</u>

## 2) At FVTOCI

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

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables at FVTOCI. As of September 30, 2024, December 31, 2023 and September 30, 2023 the carrying amount of the trade receivables at FVTOCI was \$11,669 thousand, \$4,303 thousand and \$11,352 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.

## September 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	\$ 53,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,067
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 53,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,067</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>

## September 30, 2023

	Not Past Due	Past Due					Total
		Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	\$ 108,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,045
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 108,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,045</u>

### c. Other receivables

The Group's other receivables included refundable tax and interest receivables. The Group follows the policy of trading only with customers who maintains good credit standing. The Group estimates whether the credit risk is significantly increased by monitoring the business situation and measures the loss allowance for other receivables by reference to past default experience of the debtor and analyze of the debtor's current financial position. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group evaluated no allowance for impairment loss was needed for other receivables.

## 9. INVENTORIES

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Raw materials	\$ 774,208	\$ 644,955	\$ 684,897
Supplies	3,483	3,343	3,466
Semi-finished goods	143,245	124,148	144,837
Work in progress	318,675	268,435	274,355
Finished goods	<u>929,080</u>	<u>370,885</u>	<u>362,363</u>
	<u>\$ 2,168,691</u>	<u>\$ 1,411,766</u>	<u>\$ 1,469,918</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Cost of inventories sold	\$ 4,625,918	\$ 3,017,215	\$ 12,260,533	\$ 9,742,328
Inventory write-downs	<u>1,932</u>	<u>5,066</u>	<u>14,118</u>	<u>11,983</u>
	<u>\$ 4,627,850</u>	<u>\$ 3,022,281</u>	<u>\$ 12,274,651</u>	<u>\$ 9,754,311</u>

## 10. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2024	December 31, 2023	September 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 RMB450 million. 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
<b>Cost</b>									
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	-	8,209	16,921	1,127	4,997	-	38,556	-	69,810
Disposals	-	(15,363)	(3,838)	(237)	(1,362)	(5,052)	(15,215)	-	(41,067)
Reclassified (Note 1)	-	51,112	34,822	293	97	-	648	(51,112)	35,860
Effect of foreign currency exchange differences	-	58,262	29,572	690	3,496	1,300	13,805	-	107,125
Balance at September 30, 2024	<u>\$ 1,307,921</u>	<u>\$ 2,674,285</u>	<u>\$ 983,799</u>	<u>\$ 19,918</u>	<u>\$ 102,639</u>	<u>\$ 29,149</u>	<u>\$ 443,166</u>	<u>\$ -</u>	<u>\$ 5,560,877</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2024	\$ -	\$ 216,254	\$ 442,037	\$ 9,092	\$ 55,962	\$ 23,156	\$ 223,041	\$ -	\$ 969,542
Depreciation expenses	-	54,168	64,525	1,739	8,274	4,611	45,192	-	178,509
Disposals	-	(15,363)	(3,307)	(213)	(796)	(5,052)	(13,636)	-	(38,367)
Effect of foreign currency exchange differences	-	5,020	13,512	345	1,962	900	7,373	-	29,112
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 260,079</u>	<u>\$ 516,767</u>	<u>\$ 10,963</u>	<u>\$ 65,402</u>	<u>\$ 23,615</u>	<u>\$ 261,970</u>	<u>\$ -</u>	<u>\$ 1,138,796</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 September 30, 2024	<u>\$ 1,307,921</u>	<u>\$ 2,414,206</u>	<u>\$ 467,032</u>	<u>\$ 8,955</u>	<u>\$ 37,237</u>	<u>\$ 5,534</u>	<u>\$ 181,196</u>	<u>\$ -</u>	<u>\$ 4,422,081</u>
<b>Cost</b>									
Balance at January 1, 2023	\$ 1,307,921	\$ 2,645,808	\$ 767,539	\$ 17,110	\$ 89,480	\$ 40,103	\$ 372,299	\$ 62,825	\$ 5,303,085
Additions	-	149	18,512	1,772	7,429	-	37,986	2,288	68,136
Disposals	-	(57,474)	(3,197)	(1,708)	(912)	(6,870)	(11,734)	-	(81,895)
Reclassified (Note 2)	-	11,842	145,528	-	2,182	-	9,096	(14,024)	154,624
Effect of foreign currency exchange differences	-	27,019	13,499	313	1,637	690	6,996	24	50,178
Balance at September 30, 2023	<u>\$ 1,307,921</u>	<u>\$ 2,627,344</u>	<u>\$ 941,881</u>	<u>\$ 17,487</u>	<u>\$ 99,816</u>	<u>\$ 33,923</u>	<u>\$ 414,643</u>	<u>\$ 51,113</u>	<u>\$ 5,494,128</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2023	\$ -	\$ 198,837	\$ 376,811	\$ 8,830	\$ 47,942	\$ 19,370	\$ 176,985	\$ -	\$ 828,775
Depreciation expenses	-	62,753	61,363	1,466	8,347	8,788	44,666	-	187,383
Disposals	-	(57,474)	(2,397)	(1,525)	(541)	(6,870)	(8,865)	-	(77,672)
Effect of foreign currency exchange differences	-	1,956	6,220	146	871	467	3,511	-	13,171
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 206,072</u>	<u>\$ 441,997</u>	<u>\$ 8,917</u>	<u>\$ 56,619</u>	<u>\$ 21,755</u>	<u>\$ 216,297</u>	<u>\$ -</u>	<u>\$ 951,657</u>
Carrying amounts at September 30, 2023	<u>\$ 1,307,921</u>	<u>\$ 2,421,272</u>	<u>\$ 499,884</u>	<u>\$ 8,570</u>	<u>\$ 43,197</u>	<u>\$ 12,168</u>	<u>\$ 198,346</u>	<u>\$ 51,113</u>	<u>\$ 4,542,471</u>

Note 1: Reclassified from prepayments for equipment to property, plant and equipment \$35,860 thousand.

Note 2: Reclassified from prepayments for equipment to property, plant and equipment \$154,624 thousand.

For the nine months ended September 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 the 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

	September 30, 2024	December 31, 2023	September 30, 2023	
<u>Carrying amount</u>				
Land	\$ 148,170	\$ 144,780	\$ 150,991	
Buildings	174,197	222,148	254,288	
Transportation equipment	<u>840</u>	<u>1,422</u>	<u>1,615</u>	
	<u>\$ 323,207</u>	<u>\$ 368,350</u>	<u>\$ 406,894</u>	
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
Additions to right-of-use assets			<u>\$ 21,649</u>	<u>\$ 9,073</u>
Depreciation charge for right-of-use assets				
Land	\$ 887	\$ 870	\$ 2,651	\$ 2,589
Buildings	23,411	23,283	70,017	69,245
Transportation equipment	<u>194</u>	<u>194</u>	<u>582</u>	<u>582</u>
	<u>\$ 24,492</u>	<u>\$ 24,347</u>	<u>\$ 73,250</u>	<u>\$ 72,416</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2024 and 2023.

### b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Current	<u>\$ 86,156</u>	<u>\$ 97,187</u>	<u>\$ 99,754</u>
Non-current	<u>\$ 98,045</u>	<u>\$ 142,259</u>	<u>\$ 170,453</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 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 leasing land for use in operations with a lease term of 50 years. The Group does not have bargain purchase options to acquire the leased land at the end of the lease term.

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

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 4,868	\$ 2,391	\$ 10,423	\$ 8,766
Expenses relating to low-value asset leases	\$ 325	\$ 293	\$ 907	\$ 984
Total cash outflow for leases			\$ (97,116)	\$ (93,163)

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

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2024	\$ 58,691
Additions	5,741
Disposals	(9,646)
Effect of foreign currency exchange differences	<u>938</u>
Balance at September 30, 2024	<u>\$ 55,724</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 39,882
Amortization expenses	10,410
Disposals	(9,646)
Effect of foreign currency exchange differences	<u>707</u>
Balance at September 30, 2024	<u>\$ 41,353</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 18,809</u>
Carrying amount at September 30, 2024	<u>\$ 14,371</u>

(Continued)

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of amortization by function				
Operating costs	\$ 156	\$ 430	\$ 751	\$ 1,277
Selling and marketing expenses	164	269	631	858
General and administrative expenses	1,124	1,390	4,025	4,480
Research and development expenses	<u>1,346</u>	<u>2,334</u>	<u>5,003</u>	<u>6,523</u>
	<u>\$ 2,790</u>	<u>\$ 4,423</u>	<u>\$ 10,410</u>	<u>\$ 13,138</u>

#### 14. OTHER ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Prepayment for purchases	\$ 2,255	\$ 12,594	\$ 12,156
Overpaid sales tax	244,584	158,808	137,182
Other prepayments	<u>25,936</u>	<u>22,405</u>	<u>19,473</u>
	<u>\$ 272,775</u>	<u>\$ 193,807</u>	<u>\$ 168,811</u>
<u>Non-current</u>			
Refundable deposits	\$ 39,970	\$ 30,739	\$ 32,629
Prepayments for equipment	<u>10,186</u>	<u>36,030</u>	<u>33,490</u>
	<u>\$ 50,156</u>	<u>\$ 66,769</u>	<u>\$ 66,119</u>

#### 15. BORROWINGS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings (Note 29)</u>			
Bank loans	\$ 733,950	\$ 831,810	\$ 880,740
Less: Current portion	<u>(97,860)</u>	<u>(97,860)</u>	<u>(97,860)</u>
	<u>\$ 636,090</u>	<u>\$ 733,950</u>	<u>\$ 782,880</u>

The weighted average effective interest rate on bank loans listed above was 1.9674%, 1.8134% and 1.8134% as at September 30, 2024, December 31, 2023 and September 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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes payable</u>			
Operating	<u>\$ 40</u>	<u>\$ 44</u>	<u>\$ 76</u>
<u>Trade payables</u>			
Operating	<u>\$ 5,667,014</u>	<u>\$ 3,682,983</u>	<u>\$ 3,637,773</u>

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

## 17. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 439,171	\$ 459,819	\$ 441,578
Payables for compensation of employees	327,734	315,447	257,947
Payables for commission	61,855	59,458	70,789
Payables for sales tax	54,272	63,411	55,078
Payables for insurance	50,243	38,077	47,818
Payables for purchases of equipment (include building)	27,722	28,606	43,536
Payables for remuneration of directors and supervisors	10,800	14,400	10,800
Payables for freight	13,554	13,863	14,832
Others	<u>130,053</u>	<u>88,860</u>	<u>120,032</u>
	<u>\$ 1,115,404</u>	<u>\$ 1,081,941</u>	<u>\$ 1,062,410</u>
Other liabilities			
Receipts under custody	<u>\$ 8,318</u>	<u>\$ 2,030</u>	<u>\$ 6,601</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	<u>\$ 12,385</u>	<u>\$ 1,967</u>	<u>\$ 2,293</u>

## 18. RETIREMENT BENEFIT PLANS

### Defined Contribution Plans

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

## 19. EQUITY

### a. Share capital

#### Ordinary shares

	September 30, 2024	December 31, 2023	September 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>87,720</u>	<u>87,730</u>	<u>87,734</u>
Shares issued	<u>\$ 877,206</u>	<u>\$ 877,306</u>	<u>\$ 877,346</u>

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

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

On May 9 and August 8, 2024, the board of directors resolved to withdraw restricted shares. The Company withdraw \$100 thousand, 10 thousand shares, with a par value of \$10, on June 20 and August 30, 2024 as the effective date of reduction, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on July 17 and October 8, 2024, respectively.

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

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>(28)</u>	<u>(280)</u>
Balance at September 30, 2023	<u>87,734</u>	<u>\$ 877,346</u>
Balance at January 1, 2024	87,730	\$ 877,306
Retirement of recognized employee restricted shares (Note 24)	<u>(10)</u>	<u>(100)</u>
Balance at September 30, 2024	<u>87,720</u>	<u>\$ 877,206</u>

b. Capital surplus

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
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	1,016,197	854,001	854,001
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>486,588</u>	<u>665,184</u>	<u>671,744</u>
	<u>\$ 1,580,612</u>	<u>\$ 1,772,473</u>	<u>\$ 1,779,033</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:

	<b>Premium from Ordinary Shares</b>	<b>Premium from Employee Restricted Shares</b>	<b>Employee Restricted Shares</b>
Balance at January 1, 2024	\$ 253,288	\$ 854,001	\$ 665,184
Vested employee restricted shares	-	162,196	(162,196)
Retired employee restricted shares (Note 1)	-	-	(16,400)
Distributed cash dividends	<u>(175,461)</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2024	<u>\$ 77,827</u>	<u>\$ 1,016,197</u>	<u>\$ 486,588</u>
Balance at January 1, 2023	\$ 253,288	\$ 686,065	\$ 885,600
Vested employee restricted shares	-	167,936	(167,936)
Retired employee restricted shares (Note 2)	<u>-</u>	<u>-</u>	<u>(45,920)</u>
Balance at September 30, 2023	<u>\$ 253,288</u>	<u>\$ 854,001</u>	<u>\$ 671,744</u>

Note 1: Reversal of compensation cost of the restricted shares amounting to \$16,500 thousand, net of retired share capital of \$100 thousand.

Note 2: Reversal of compensation cost of the restricted shares amounting to \$46,200 thousand, net of retired share capital of \$280 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 case where that the bonus per share is less than NT\$0.3, the board of directors may cancel the bonus distribution by submitting such cancellation for resolution at the shareholders' meeting.

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

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

The appropriations of earnings for 2023 and 2022 were resolved in the shareholders' meetings on June 14, 2024 and June 9, 2023, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	<u>\$ 362,256</u>	<u>\$ 443,289</u>
Recognition of special reserve (reversed)	<u>\$ 149,421</u>	<u>\$ (93,082)</u>
Cash dividends	<u>\$ 3,114,435</u>	<u>\$ 3,817,672</u>
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

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 200,346	\$ 293,428
Recognition of the debits to other equity items (reversed)	<u>149,421</u>	<u>(93,082)</u>
Balance at September 30	<u>\$ 349,767</u>	<u>\$ 200,346</u>

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (349,767)	\$ (200,346)
Recognized for the period		
Exchange differences on translating foreign operations	429,421	196,222
Income tax related to exchange differences arising on translating to the presentation currency	<u>(85,885)</u>	<u>(39,244)</u>
Other comprehensive income from the period	<u>343,536</u>	<u>156,978</u>
Balance at September 30	\$ <u>(6,231)</u>	\$ <u>(43,368)</u>

Unearned employee benefits

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (339,420)	\$ (750,637)
Share-based payment expenses recognized	170,019	297,963
Adjustment for retired restricted employee cash dividends (Note)	<u>16,500</u>	<u>46,200</u>
Balance at September 30	\$ <u>(152,901)</u>	\$ <u>(406,474)</u>

Note: Deducted from compensation cost of restricted shares.

**20. REVENUE**

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 6,700,733</u>	<u>\$ 4,463,462</u>	<u>\$ 17,806,541</u>	<u>\$ 14,357,157</u>
	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>January 1, 2023</b>
Contract balances				
Notes receivable (Note 8)	<u>\$ 40,444</u>	<u>\$ 57,517</u>	<u>\$ 46,984</u>	<u>\$ 84,647</u>
Trade receivables (Notes 8 and 28)	<u>\$ 3,206,905</u>	<u>\$ 2,891,351</u>	<u>\$ 2,760,730</u>	<u>\$ 3,031,869</u>
Contract liabilities - current				
Sale of goods	<u>\$ 453,006</u>	<u>\$ 347,813</u>	<u>\$ 321,349</u>	<u>\$ 433,449</u>

## 21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

### a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	\$ <u>49,401</u>	\$ <u>15,746</u>	\$ <u>153,795</u>	\$ <u>100,319</u>

### b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Government grants	\$ 532	\$ 26,442	\$ 4,053	\$ 48,630
Others	<u>41</u>	<u>1,972</u>	<u>4,550</u>	<u>4,617</u>
	\$ <u>573</u>	\$ <u>28,414</u>	\$ <u>8,603</u>	\$ <u>53,247</u>

### c. Other gains and (losses)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	\$ (691)	\$ (340)	\$ (885)	\$ 149
Loss on disposal of property, plant and equipment	(324)	(62)	(528)	(2,056)
Net foreign exchange (losses) gains	(103,155)	(210,233)	(332,082)	54,833
Lease modification gains	-	-	167	-
Others (losses) gains	<u>(301)</u>	<u>(160)</u>	<u>(1,660)</u>	<u>(708)</u>
	\$ <u>(104,471)</u>	\$ <u>(210,795)</u>	\$ <u>(334,988)</u>	\$ <u>52,218</u>

### d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 3,861	\$ 4,025	\$ 11,408	\$ 11,851
Interest on lease liabilities	2,302	3,399	7,855	11,028
Other interest expense	<u>13,169</u>	<u>7,193</u>	<u>31,593</u>	<u>24,483</u>
	\$ <u>19,332</u>	\$ <u>14,617</u>	\$ <u>50,856</u>	\$ <u>47,362</u>

e. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function				
Operating costs	\$ 59,374	\$ 58,197	\$ 174,775	\$ 171,790
Operating expenses	<u>25,553</u>	<u>28,167</u>	<u>76,984</u>	<u>88,009</u>
	<u>\$ 84,927</u>	<u>\$ 86,364</u>	<u>\$ 251,759</u>	<u>\$ 259,799</u>
An analysis of amortization by function				
Operating costs	\$ 156	\$ 430	\$ 751	\$ 1,277
Operating expenses	<u>2,634</u>	<u>3,993</u>	<u>9,659</u>	<u>11,861</u>
	<u>\$ 2,790</u>	<u>\$ 4,423</u>	<u>\$ 10,410</u>	<u>\$ 13,138</u>

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Salary expenses	\$ 491,859	\$ 480,856	\$ 1,725,446	\$ 1,562,849
Other employee benefits				
Labor and health insurance	13,039	10,571	37,504	31,576
Other employee benefits	27,513	25,149	78,087	71,156
Equity-settled share-based payments (Note 24)	50,387	87,749	170,444 (Note)	297,963
Post-employment benefits				
Defined contribution plans	<u>38,526</u>	<u>30,901</u>	<u>106,120</u>	<u>84,413</u>
Total employee benefits expense	<u>\$ 621,324</u>	<u>\$ 635,226</u>	<u>\$ 2,117,601</u>	<u>\$ 2,047,957</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 314,895	\$ 359,543	\$ 1,180,757	\$ 1,123,727
Operating expenses	<u>306,429</u>	<u>275,683</u>	<u>936,844</u>	<u>924,230</u>
	<u>\$ 621,324</u>	<u>\$ 635,226</u>	<u>\$ 2,117,601</u>	<u>\$ 2,047,957</u>

Note: Share-based payment expense recognized of \$170,019 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of \$425 thousand are included in the nine months ended September 30, 2024.

g. Compensation of employees and remuneration of directors

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

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	4.75%	3.88%
Remuneration of directors	0.28%	0.34%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	<u>\$ 60,000</u>	<u>\$ 30,000</u>	<u>\$ 180,000</u>	<u>\$ 122,500</u>
Remuneration of directors	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ 10,800</u>	<u>\$ 10,800</u>

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

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 180,000	\$ 210,000
Remuneration of directors	14,400	14,400

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

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

h. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ 323,785	\$ 11,017	\$ 739,772	\$ 754,792
Foreign exchange losses	<u>(426,940)</u>	<u>(221,250)</u>	<u>(1,071,854)</u>	<u>(699,959)</u>
Net (losses) gains	<u>\$ (103,155)</u>	<u>\$ (210,233)</u>	<u>\$ (332,082)</u>	<u>\$ 54,833</u>

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ (261,226)	\$ (255,165)	\$ (734,906)	\$ (734,475)
Adjustments for prior year	<u>(25)</u>	<u>(601)</u>	<u>74,227</u>	<u>72,827</u>
	(261,251)	(255,766)	(660,679)	(661,648)
Deferred tax				
In respect of the current period	<u>(18,862)</u>	<u>63,657</u>	<u>19,576</u>	<u>1,770</u>
Income tax expense recognized in profit or loss	<u>\$ (280,113)</u>	<u>\$ (192,109)</u>	<u>\$ (641,103)</u>	<u>\$ (659,878)</u>

The applicable tax rate used by the entity in ROC for the nine months ended September 30, 2024 and 2023 was 20%. Except for Voltronic Power Technology (Shen Zhen) Corp. in the nine months ended September 30, 2024 and 2023 and Zhongshan Voltronic Power Electronics Limited in the nine months ended September 30, 2024, which used the tax rate of 15% due to owning the high-tech enterprise certificate. Voltronic Power Technology (Vietnam) Company Limited is entitled to income tax incentives based on the Law on Foreign Investment in Vietnam and is entitled to income tax exemption for six years beginning from the first profit-earning year - full exemption in the first two years and half exemption in the next four years (10% tax rate), in the nine months ended September 30, 2024 and 2023.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	<u>\$ 18,637</u>	<u>\$ (80,907)</u>	<u>\$ (85,885)</u>	<u>\$ (39,244)</u>

c. Income tax assessments

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

## 23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share				
Basic earnings per share	<u>\$ 14.08</u>	<u>\$ 7.22</u>	<u>\$ 36.96</u>	<u>\$ 30.92</u>
Diluted earnings per share				
Diluted earnings per share	<u>\$ 14.01</u>	<u>\$ 7.19</u>	<u>\$ 36.77</u>	<u>\$ 30.78</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net profit for the year	<u>\$ 1,229,737</u>	<u>\$ 629,643</u>	<u>\$ 3,227,655</u>	<u>\$ 2,697,586</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	87,350	87,248	87,333	87,231
Effect of potentially dilutive ordinary shares				
Employees' compensation or bonuses issued to employees	89	77	113	102
Restricted employee share options	<u>327</u>	<u>293</u>	<u>340</u>	<u>321</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	<u>87,766</u>	<u>87,618</u>	<u>87,786</u>	<u>87,654</u>

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

## 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 was September 8, 2022, which was the date determined by the board of directors on August 25, 2022. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

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

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

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

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

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

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

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

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

The aforementioned newly issued restricted employee shares were assessed to have a fair value of \$1,650 per share, based on the market approach. The unearned employee benefits of \$891,000 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of \$50,387 thousand, \$87,749 thousand, \$170,444 thousand and \$297,963 thousand were recognized, respectively, within the vesting period both for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023.

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

	<b>Number of Options (In Thousands of Units)</b>	
	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	406	540
Vested	(99)	(102)
Forfeited (Note)	<u>(10)</u>	<u>(28)</u>
Balance at September 30	<u>297</u>	<u>410</u>

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

## 25. CASH FLOWS INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023:

As of September 30, 2024, December 31, 2023 and September 30, 2023, the unsettled payments for purchases of property, plant and equipment were \$27,722 thousand, \$28,606 thousand and \$43,536 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2024

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>			<b>Closing Balance</b>
			<b>New Leases</b>	<b>Change of Variable Payments</b>	<b>Exchange Rate Impact</b>	
Long-term borrowings (including current portion of long-term borrowings)	\$ 831,810	\$ (97,860)	\$ -	\$ -	\$ -	\$ 733,950
Guarantee deposits	1,967	10,353	-	-	65	12,385
Lease liabilities	<u>239,446</u>	<u>(77,931)</u>	<u>21,649</u>	<u>(7,930)</u>	<u>8,967</u>	<u>184,201</u>
	<u>\$ 1,073,223</u>	<u>\$ (165,438)</u>	<u>\$ 21,649</u>	<u>\$ (7,930)</u>	<u>\$ 9,032</u>	<u>\$ 930,536</u>

For the nine months ended September 30, 2023

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

## 26. CAPITAL MANAGEMENT

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

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

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

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

## 27. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ -	\$ -	\$ 52,613	\$ 52,613
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Factored trade receivables to bank without resources	\$ -	\$ -	\$ 64,736	\$ 64,736

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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

September 30, 2023

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

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

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

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Fund Beneficiary Certificate</b>	<b>Debt Instruments</b>
Balance at January 1, 2024	\$ 42,362	\$ 85,148
Purchases	11,136	-
Recognized in profit or loss (including other gains and losses)	(885)	-
Sales	_____ -	(20,412)
Balance at September 30, 2024	<u>\$ 52,613</u>	<u>\$ 64,736</u>
Balance at January 1, 2023	\$ -	\$ 146,260
Purchases	44,545	-
Recognized in profit or loss (including other gains and losses)	149	-
Sales	_____ -	(26,863)
Balance at September 30, 2023	<u>\$ 44,694</u>	<u>\$ 119,397</u>

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

<b>Categories of Financial Instruments</b>	<b>Valuation Techniques and Input Values</b>
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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 52,613	\$ 42,362	\$ 44,694
Financial assets at amortized cost (1)	9,867,186	7,982,303	7,159,275
Financial assets at FVTOCI			
Investments in debt instruments			
Factored trade receivables to bank without resources	64,736	85,148	119,397
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	6,654,876	4,711,776	4,779,597

- 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 is mainly exposed to the fluctuations in the USD and the RMB.

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

	<b>USD Impact</b>	
	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2024</b>	<b>2023</b>
Profit or loss	\$ 75,532	\$ 49,488

  

	<b>RMB Impact</b>	
	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2024</b>	<b>2023</b>
Profit or loss	\$ (114,625)	\$ (84,828)

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 increased in RMB payables to related parties.

b) Interest rate risk

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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Fair value interest rate risk			
Financial assets	\$ 5,798,799	\$ 3,541,099	\$ 1,894,797
Financial liabilities	184,201	239,446	270,207
Cash flow interest rate risk			
Financial assets	805,546	1,502,603	2,507,015
Financial liabilities	733,950	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 is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$537 thousand and \$12,197 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits and bank borrowings.

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

2) Credit risk

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

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

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

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

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

#### September 30, 2024

	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,965,091	\$ 1,943,450	\$ 12,385	\$ -
Lease liabilities	24,692	68,182	101,947	-
Variable interest rate liabilities	<u>4,866</u>	<u>108,014</u>	<u>426,976</u>	<u>251,868</u>
	<u>\$ 3,994,649</u>	<u>\$ 2,119,646</u>	<u>\$ 541,308</u>	<u>\$ 251,868</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Variable interest rate liabilities	<u>\$ 112,880</u>	<u>\$ 426,976</u>	<u>\$ 251,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2023

	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,385,170	\$ 1,492,829	\$ 1,967	\$ -
Lease liabilities	23,835	82,644	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:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Variable interest rate liabilities	<u>\$ 112,093</u>	<u>\$ 430,483</u>	<u>\$ 353,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2023

	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 2,473,469 24,731	\$ 1,423,095 85,929	\$ 2,293 179,843	\$ - -
Variable interest rate liabilities	<u>51,456</u>	<u>59,923</u>	<u>482,369</u>	<u>354,930</u>
	<u>\$ 2,549,656</u>	<u>\$ 1,568,947</u>	<u>\$ 664,505</u>	<u>\$ 354,930</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Variable interest rate liabilities	<u>\$ 111,379</u>	<u>\$ 482,369</u>	<u>\$ 354,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<b>Unsecured bank loan facilities</b>			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>3,816,500</u>	<u>4,607,050</u>	<u>4,622,700</u>
	<u>\$ 3,816,500</u>	<u>\$ 4,607,050</u>	<u>\$ 4,622,700</u>
<b>Secured bank overdraft facilities</b>			
Amount used	\$ 733,950	\$ 831,810	\$ 880,740
Amount unused	<u>-</u>	<u>97,860</u>	<u>48,930</u>
	<u>\$ 733,950</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:

September 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.	\$ 589,836	\$ -	\$ -	\$ 589,836	5.97-7.77
BNP Paribas S.A.	<u>116,374</u>	<u>-</u>	<u>-</u>	<u>116,374</u>	5.71-6.50
	<u>\$ 706,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 706,210</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>	

September 30, 2023

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Mega International Commercial Bank Co., Ltd.	\$ 322,384	\$ -	\$ -	\$ 322,384	5.38-7.71
BNP Paribas S.A.	<u>66,620</u>	<u>-</u>	<u>-</u>	<u>66,620</u>	6.55-6.73
	<u>\$ 389,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,004</u>	

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

## 28. TRANSACTIONS WITH RELATED PARTIES

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

### a. Related party name and category

Related Name	Related Party Category
RPS SpA	Essential related party (whose managing director is the key management personnel of the Group)
RIELLO UPS (ASIA) Co., Ltd.	Essential related party (whose managing director is the key management personnel of the Group)
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 September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Sales	Essential related parties	\$ 280,755	\$ 182,994	\$ 611,958	\$ 499,725
	Key management personnel	<u>31,579</u>	<u>54,048</u>	<u>116,439</u>	<u>295,635</u>
		<u>\$ 312,334</u>	<u>\$ 237,042</u>	<u>\$ 728,397</u>	<u>\$ 795,360</u>

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

### c. Purchases of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Essential related parties	<u>\$ 16,117</u>	<u>\$ 7,556</u>	<u>\$ 53,616</u>	<u>\$ 29,883</u>

The purchase prices of the goods purchased from the related parties in the table above are not comparable, as these same goods were not purchased from other suppliers in the nine months ended September 30, 2024 and 2023. Payment terms of goods purchased from related parties are 150 days following the end of each month, and 30-90 days for general suppliers.

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

<b>Line Item</b>	<b>Related Party Category</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Trade receivables	Essential related parties	\$ 57,244	\$ 70,936	\$ 83,772
from related parties	Key management personnel	<u>80,013</u>	<u>89,583</u>	<u>78,550</u>
		<u>\$ 137,257</u>	<u>\$ 160,519</u>	<u>\$ 162,322</u>

The outstanding trade receivables from related parties were unsecured. For the nine months ended September 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)

<b>Line Item</b>	<b>Related Party Category</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Trade payables to related parties	Essential related parties	<u>\$ 8,303</u>	<u>\$ 4,185</u>	<u>\$ 9,526</u>

The outstanding trade payables to related parties are unsecured.

f. Remuneration of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 62,914	\$ 66,617	\$ 106,646	\$ 113,899
Post-employee benefits	144	131	414	393
Share-based payments	<u>8,818</u>	<u>14,591</u>	<u>27,933</u>	<u>46,501</u>
	<u>\$ 71,876</u>	<u>\$ 81,339</u>	<u>\$ 134,993</u>	<u>\$ 160,793</u>

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

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Land	\$ 587,160	\$ 587,160	\$ 587,160
Buildings	<u>749,696</u>	<u>761,472</u>	<u>765,397</u>
	<u>\$ 1,336,856</u>	<u>\$ 1,348,632</u>	<u>\$ 1,352,557</u>

### 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Unrecognized commitments are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment	<u>\$ 110</u>	<u>\$ 6,270</u>	<u>\$ 6,036</u>
Acquisition of service	<u>\$ 593</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:

September 30, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 234,790	31.6500 (USD:NTD)	\$ 7,431,119
USD	22,695	7.0074 (USD:RMB)	718,292
USD	20,119	24,483 (USD:VND)	636,737
RMB	782	4.5167 (RMB:NTD)	3,530
RMB	2,643,214	0.1427 (RMB:USD)	<u>11,937,957</u>
			<u>\$ 20,727,635</u>
<u>Financial liabilities</u>			
Monetary items			
USD	20,181	31.6500 (USD:NTD)	\$ 638,734
USD	9,903	7.0074 (USD:RMB)	313,441
USD	8,870	24,483 (USD:VND)	280,743
RMB	2,643,240	4.5167 (RMB:NTD)	11,938,722
RMB	2,538,553	0.1427 (RMB:USD)	<u>11,465,259</u>
			<u>\$ 24,636,899</u>

December 31, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<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>

Financial liabilities

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>

September 30, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 156,431	32.2700 (USD:NTD)	\$ 5,048,022
USD	13,326	7.1798 (USD:RMB)	430,022
USD	8,649	24,305 (USD:VND)	279,087
RMB	10,425	4.4946 (RMB:NTD)	46,857
RMB	1,941,906	0.1393 (RMB:USD)	<u>8,729,279</u>
			<u>\$ 14,533,267</u>

Financial liabilities

Monetary items			
USD	12,363	32.2700 (USD:NTD)	\$ 398,953
USD	7,188	7.1798 (USD:RMB)	231,982
USD	5,497	24,305 (USD:VND)	177,381
RMB	1,941,906	4.4946 (RMB:NTD)	8,728,092
RMB	1,897,764	0.1393 (RMB:USD)	<u>8,530,849</u>
			<u>\$ 18,067,257</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:

Foreign Currency	For the Three Months Ended September 30			
	2024		2023	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ (95,994)	1.00 (NTD:NTD)	\$ (212,500)
USD	32.1417 (USD:NTD)	8,489	31.8500 (USD:NTD)	1,566
RMB	4.5367 (RMB:NTD)	(8,175)	4.446 (RMB:NTD)	(4,096)
VND	0.0013 (VND:NTD)	<u>(7,475)</u>	0.0013 (VND:NTD)	<u>4,797</u>
		<u>\$ (103,155)</u>		<u>\$ (210,233)</u>

Foreign Currency	For the Nine Months Ended September 30			
	2024		2023	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ (340,600)	1.00 (NTD:NTD)	\$ 43,897
USD	32.0756 (USD:NTD)	9,898	31.0172 (USD:NTD)	(3,542)
RMB	4.5177 (RMB:NTD)	(11,368)	4.4095 (RMB:NTD)	1,756
VND	0.0013 (VND:NTD)	<u>9,988</u>	0.0013 (VND:NTD)	<u>12,722</u>
		<u>\$ (332,082)</u>		<u>\$ 54,833</u>

### 32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 5
- b. Information on investees: Table 6
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

### **33. SEGMENT INFORMATION**

#### **Financial Information**

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

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 90,334 (RMB 20,000)	\$ - (RMB -)	\$ - (RMB -)	3.65	2	\$ -	Operating capital financing funds	\$ -	-	\$ -	\$ 5,299,602	\$ 5,299,602
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	225,835 (RMB 50,000)	- (RMB -)	- (RMB -)	3.55	2	-	Operating capital financing funds	-	-	-	5,299,602	5,299,602
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	383,920 (RMB 85,000)	- (RMB -)	- (RMB -)	3.55	2	-	Operating capital financing funds	-	-	-	5,299,602	5,299,602
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	248,418 (RMB 55,000)	- (RMB -)	- (RMB -)	3.65	2	-	Operating capital financing funds	-	-	-	5,299,602	5,299,602
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	429,087 (RMB 95,000)	429,087 (RMB 95,000)	- (RMB -)	3.45	2	-	Operating capital financing funds	-	-	-	5,299,602	5,299,602
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	180,668 (RMB 40,000)	180,668 (RMB 40,000)	- (RMB -)	3.45	2	-	Operating capital financing funds	-	-	-	5,299,602	5,299,602
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	677,505 (RMB 150,000)	677,505 (RMB 150,000)	225,835 (RMB 50,000)	3.35	2	-	Operating capital financing funds	-	-	-	5,164,476	5,164,476
2	Voltronic Power Technology (Shen Zhen) Corp.	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	677,505 (RMB 150,000)	677,505 (RMB 150,000)	225,835 (RMB 50,000)	3.35	2	-	Operating capital financing funds	-	-	-	5,164,476	5,164,476

Note 1: Number column as follows:

- "0" for the issuer.
- Investees are numbered from "1".

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

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

Note 4: a. The total amount of capital loans shall not exceed 40% of the net value of Voltronic Power Technology.  
b. Financing limit for each borrower for the business relationship, the financing amount on each individual loan shall not exceed 30% of total business transaction amount or 10% of net assets value was in accordance with currently audited or reviewed financial statements by accountant; the lower value is final. The business transaction amount referred to the one with higher purchase or sales amount in the current year starting from one month before application date, for the necessary of short-term financing, the financing amount on each individual loan should not exceed 10% of net asset value in accordance with currently audited or reviewed financial statements by accountant but the restriction shall not apply to inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares.

Note 5: The foreign-currency amounts of the highest balance for the period and ending balance were converted by exchange rate RMB1 into NT\$4.5167 as of September 30, 2024.

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

**VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL**

**SEPTEMBER 30, 2024**

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company (Note)	Financial Statement Account	September 30, 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	-	\$ 52,613	1.11	\$ 52,613	-

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

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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)	\$ (601,154)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	\$ 50,742	2	-
	FSP Technology Inc.	Key management personnel	(Sales)	(116,439)	(1)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	80,013	3	-
	Potentia Technology Inc. Limited	Subsidiary	Purchase	12,277,923	96	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	(12,144,496)	(97)	Note 3
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	352,594	3	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(244,656)	(2)	"
	Zhongshan Voltronic Power Electronics Limited	Subsidiary	Purchase	170,850	1	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(121,073)	(1)	"
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(12,277,923)	(84)	Net 360 days from the end of the month of when invoice is issued	Note 2	Note 2	12,144,496	95	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(679,777)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	96,651	1	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,474,806	31	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	(5,506,371)	(42)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(739,034)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	169,362	1	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	7,742,128	53	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	(6,203,502)	(48)	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(671,962)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	280,264	2	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	1,034,955	7	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(632,025)	(5)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(240,135)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	48,374	1	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(352,594)	(7)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	244,656	4	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,474,806)	(90)	Net 360 days from the end of the month of when invoice is issued	No identical item	30-90 days	5,506,371	95	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	679,777	20	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(96,651)	(5)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	753,256	22	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(289,204)	(14)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	122,759	4	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(94,975)	(5)	"
Zhongshan Voltronic Power Electronics Limited	Voltronic Power Technology	Parent company	(Sales)	(170,850)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	121,073	2	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(7,742,128)	(93)	Net 360 days from the end of the month of when invoice is issued	Note 2	Note 2	6,203,052	93	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	739,034	11	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(169,362)	(6)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	914,424	14	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(456,554)	(16)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(359,041)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	298,710	5	"
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(753,256)	(39)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	289,204	35	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(914,424)	(48)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	456,554	55	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(248,366)	(13)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	82,622	10	"

(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	
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	\$ (1,034,955)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	\$ 632,025	100	Note 3
	Potentia Technology Inc. Limited	The same parent company	Purchase	671,962	95	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(280,264)	(93)	"
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(122,759)	(5)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	94,975	19	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	240,135	17	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(48,374)	(4)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	359,041	26	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(298,710)	(28)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	248,366	18	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(82,622)	(8)	"

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

Note 2: There is no sales to unrelated parties.

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

(Concluded)

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 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	\$ 12,144,496	1.54	\$ -	-	\$ 1,307,295	\$ -	Note 3
	Zhongshan Voltronic Power Electronics Limited	The same parent company	169,362	6.69	-	-	101,193	-	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	280,264	3.61	-	-	71,013	-	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	244,656	2.38	-	-	39,213	-	"
	Potentia Technology Inc. Limited	The same parent company	5,506,371	1.18	-	-	799,030	-	"
Zhongshan Voltronic Power Electronics Limited	Voltronic Power Technology	Parent company	121,073	2.35	-	-	21,789	-	"
	Potentia Technology Inc. Limited	The same parent company	6,203,052	1.97	-	-	590,651	-	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	298,710	1.80	-	-	47,259	-	"
Zhongshan Voltronic Precision Inc.	Zhongshan Voltronic Power Electronics Limited	The same parent company	456,554	2.79	-	-	117,691	-	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	289,204	5.76	-	-	143,943	-	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	632,025	2.69	-	-	107,515	-	"
<u>Other receivables</u>									
Voltronic Power Technology (Shen Zhen) Corp.	Zhongshan Voltronic Power Electronics Limited	The same parent company	228,396 (Note 4)	-	-	-	249	-	"

Note 1: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$; the exchange rate was US\$1=NT\$31.65 and RMB1=NT\$4.5167 as of September 30, 2024.

Note 2: As of October 31, 2024.

Note 3: The amount was eliminated upon consolidation.

Note 4: Including interest receivables \$249 thousand and receivables for equipment \$2,312 thousand.

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 12,277,923	Net 360 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	12,144,496	Net 360 days from the end of the month of when invoice is issued	70
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	679,777	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	96,651	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	240,135	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	48,374	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	739,034	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	169,362	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	671,962	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	280,264	Net 270 days from the end of the month of when invoice is issued	2
2	Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	2	Sales	352,594	Net 270 days from the end of the month of when invoice is issued	2
		Voltronic Power Technology	2	Trade receivables from related parties	244,656	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	4,474,806	Net 360 days from the end of the month of when invoice is issued	25
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	5,506,371	Net 360 days from the end of the month of when invoice is issued	32
		Zhongshan Voltronic Power Electronics Limited	3	Other receivables from related parties	226,084	The loan period is one year and will be returned in installments according to the financial situation during the period	1
3	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	3	Investments accounted for using equity method	2,000,909	Capital increase	12

(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	\$ 7,742,128	Net 360 days from the end of the month of when invoice is issued	43
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	6,203,052	Net 360 days from the end of the month of when invoice is issued	36
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	359,041	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	298,710	Net 270 days from the end of the month of when invoice is issued	2
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	753,256	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	289,204	Net 270 days from the end of the month of when invoice is issued	2
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	248,366	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	82,622	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	914,424	Net 270 days from the end of the month of when invoice is issued	5
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	456,554	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	1,034,955	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	632,025	Net 270 days from the end of the month of when invoice is issued	4

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

- a. "0" for the parent company.
- b. Subsidiaries are numbered from "1".

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

- a. "1" represents transactions from parent company to subsidiaries.
- b. "2" represents transactions from subsidiaries to parent company.
- c. "3" represents transactions between subsidiaries.

Note 3: The amounts of asset account and liability account are calculated as a percentage of the consolidated total assets. The amounts of income account are calculated as a percentage of the consolidated total sales.

Note 4: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$ as of September 30, 2024; the amount of income accounts are converted by average exchange rate into New Taiwan dollar (NT\$) as of the first, second and third quarter.

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

(Concluded)

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				September 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	\$ 12,309,176	\$ 1,620,159	\$ 1,613,171	Notes 1, 2 and 3
	Voltronic Power Technology (Vietnam) Company Limited	Bac Ninh Province, Vietnam	Design, manufacture and sale of UPS	30,945 (US\$ 1,000)	30,945 (US\$ 1,000)	-	100	541,739	198,453	198,453	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	16,219	402	402	Notes 1 and 2
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	47,212	23,446	23,446	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	12,273,909	1,596,715	1,596,715	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 \$8,924 thousand and the addition of realized disposition of property, plant and equipment benefit of \$776 thousand in the sidestream transaction.

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

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

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 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 September 30, 2024 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outflow	Inflow						
Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	\$ 64,630 (US\$ 2,000)	b.	\$ 64,630 (US\$ 2,000)	\$ -	\$ -	\$ 64,630 (US\$ 2,000)	\$ 242,937	100	\$ 242,937	\$ 5,164,476	\$ -
Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	30,027 (US\$ 1,000)	b.	30,027 (US\$ 1,000)	-	-	30,027 (US\$ 1,000)	921,429	100	921,429	5,299,602	-
Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	2,794,537 (US\$ 25,000) (RMB 450,000)	b.	793,628 (US\$ 25,000)	-	-	793,628 (US\$ 25,000)	432,349	100	432,349	6,694,894	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS and inverters related components	250,401 (RMB 56,000)	c.	-	-	-	-	86,725	100	86,725	446,133	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of September 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)	\$ 5,285,725

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

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

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

The Company recognized its reinvested companies of Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary of Voltronic International H.K. Corp. Limited, and through its subsidiary of Zhongshan Voltronic Power Electronics Limited recognized the investment gains of its reinvested company of Zhongshan Voltronic Precision Inc. from January 1, 2024 to September 30, 2024 and the carrying amounts on September 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 NINE MONTHS ENDED SEPTEMBER 30, 2024**  
**(In Thousands of New Taiwan Dollars)**

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

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Gain
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	\$ 4,615,732	36	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	\$ (4,679,249)	(37)	\$ 8,924
Zhongshan Voltronic Power Electronics Limited	Purchase	7,148,239	56	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(7,624,436)	(61)	-

2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

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

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

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

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