

FSP Technology Inc.
Parent Company Only Financial
Statements and Independent Auditors'
Report

Fiscal years of 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have audited the Parent Company Only Financial Statements of FSP Technology Inc. (the "Company"), which comprise the Parent Company Only Balance Sheets as of December 31, 2025 and 2024, and the Parent Company Only Statements of Comprehensive Income, the Parent Company Only Statements of Changes in Equity, the Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2025 and 2024.

In our opinion, based on our audit results and the audit reports prepared by other independent auditors (please refer to Other Matters section), the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and cash flows for the periods from January 1 to December 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinions

Our accountant conducted the audit work in accordance with the Certified Public Accountants' Rules for the Attestation of Financial Statements and Audit Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled other ethical responsibilities in accordance with the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV (XV) for the accounting policy of revenue recognition and Note VI (XX) for the related disclosure of revenue.

Description of key audit matter:

Sales revenue of the Company is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Company. Furthermore, the timing of revenue recognition may vary depending on the transaction conditions with customers, which poses a risk of income not being recorded in the appropriate period near the balance sheet date. Hence, it is crucial to determine the recognition of revenue and the timing of transferring control over goods close to the balance sheet date in order to accurately present the financial statements. The accountant acknowledges that revenue is a crucial aspect to consider during the audit of the financial statements for the current fiscal year.

Audit procedure to address the matter:

We performed the following audit procedure in respect of the above key audit matter:

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Tested samples of sales transactions occurring before and after the balance sheet date to assess whether the timing of revenue recognition was appropriate, and determined whether there were any significant sales returns or allowances subsequent to the period end.

Other Matters

Under the equity method of investment adopted by FSP Technology Inc., our accountants have not audited the financial reports of certain invested companies. Instead, these reports have been audited by other accountants. Hence, the accountant's assessment of the financial statements of the mentioned entity suggests that certain figures mentioned in the financial statements of the invested companies rely on audit reports from other accountants. As of December 31, 2024, the carrying amount of such long-term equity investments accounted for 4.15% of total assets. For the period from January 1 to December 31, 2024, the share of profit or loss of subsidiaries, associates, and joint ventures accounted for under the equity method represented 12.70% of net income before tax.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters and adopting the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's governance body, including the Audit Committee, is responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a significant level of assurance. However, the audit work conducted in compliance with auditing standards cannot ensure the identification of significant errors in the individual financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

The auditor exercised professional judgment and professional skepticism in accordance with auditing standards. We also perform the following tasks:

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

5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the disclosures, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies under the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the Company's Parent Company Only Financial Statements for the year ended December 31, 2025. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chang, Chun-I and Chiang, Chia-Chi.

KPMG Taiwan

Taipei, Taiwan (Republic of China)

March 6, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' 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' report consolidated financial statements shall prevail.

FSP Technology Inc.
Parent Company Only Balance Sheets
December 31, 2025 and 2024

Unit: NT\$ thousands

		2025.12.31		2024.12.31				2025.12.31		2024.12.31	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (Note VI(I))	\$ 1,825,073	11	2,333,218	12	2150	Notes payable	\$ 11,604	-	14,297	-
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	503,812	3	529,517	3	2170	Accounts payable	2,766,726	17	2,545,649	13
1136	Financial assets at amortized cost - current (Note VI(IV))	50,000	-	-	-	2180	Accounts payable - related parties (Note VII)	325,212	2	327,639	2
1150	Notes receivable, net (Notes VI(V) and (XX))	13,159	-	2,272	-	2200	Other payables (Notes VI(XVI) and (XXI))	794,676	5	771,915	4
1170	Accounts receivable, net (Notes VI(V) and (XX))	1,930,416	12	1,701,503	9	2220	Other payables - related parties (Note VII)	50,770	-	57,112	-
1180	Accounts receivable - related parties, net (Notes VI(V), (XX) and VII)	964,101	6	872,157	4	2230	Current income tax liabilities	24,097	-	13,717	-
1200	Other receivables (Notes VI (III) and (VI))	137,260	1	117,602	1	2250	Provisions - current (Note VI(XV))	93,316	-	138,268	1
1210	Other receivables - related parties (Notes VI(VI) and VII)	29,387	-	53,958	-	2280	Lease liabilities - current (Note VI(XIV))	4,658	-	5,239	-
130x	Inventories (Note VI(VII))	1,644,621	10	1,414,579	7	2300	Other current liabilities (Notes VI(XIII), (XX), and VII)	118,367	1	145,583	1
1410	Prepayments	38,393	-	35,991	-	2320	Current portion of long-term liabilities (Notes VI(IX), (XIII), and VIII)	1,223	-	47,565	-
1470	Other current assets (Note VIII)	10,950	-	49,251	-		Total current liabilities	4,190,649	25	4,066,984	21
	Total current assets	7,147,172	43	7,110,048	36	25xx	Non-current liabilities:				
15xx	Non-current assets:					2540	Long-term borrowings (Notes VI(IX), (XIII), and VIII)	-	-	1,223	-
1510	Financial assets at fair value through profit or loss - non-current (Note VI(II))	109,739	1	31,860	-	2570	Deferred income tax liabilities (Note VI (XVII))	11,033	-	13,450	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(III))	4,866,893	29	7,851,407	41	2580	Lease liabilities - non-current (Note VI(XIV))	38,636	-	41,561	-
1550	Investment under equity method (Note VI(VIII))	3,395,344	20	3,341,326	17	2670	Other non-current liabilities - others (Notes VI(XIII) and VII)	335	-	2,769	-
1600	Property, plant, and equipment (Notes VI(IX), (XI), (XII), (XIII), VIII and IX)	986,475	6	990,251	5		Total non-current liabilities	50,004	-	59,003	-
1755	Right-of-use assets (Notes VI(X) and (XIV))	40,066	-	43,700	-	2xxx	Total liabilities	4,240,653	25	4,125,987	21
1780	Intangible assets (Notes VI(IX) and (XI))	135,823	1	124,035	1	31xx	Equity (Notes VI(III), (VIII), (XVI), (XVII), and (XVIII)):				
1840	Deferred income tax assets (Note VI(XVII))	53,764	-	54,872	-	3100	Capital stock	1,872,620	11	1,872,620	10
1900	Other non-current assets (Notes VIII and IX)	4,989	-	4,862	-	3200	Capital surplus	862,067	5	861,396	4
1975	Net defined benefit assets - non-current (Note VI(XVI))	26,454	-	19,439	-	3300	Retained earnings:				
	Total non-current assets	9,619,547	57	12,461,752	64	3310	Legal reserve	1,507,697	9	1,411,213	7
						3350	Unappropriated earnings	4,382,849	26	4,382,326	23
							Total retained earnings	5,890,546	35	5,793,539	30
						34xx	Other equity:				
						3410	Exchange differences on translation of financial statements of foreign operations	(79,464)	-	(47,247)	-
						3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	3,980,297	24	6,965,505	35
							Total other equity	3,900,833	24	6,918,258	35
						3xxx	Total equity	12,526,066	75	15,445,813	79
1xxx	Total assets	\$ 16,766,719	100	19,571,800	100	2-3xxx	Total liabilities and equity	\$ 16,766,719	100	19,571,800	100

(Please see accompanying notes to the Parent Company Only Financial Statements)
Managerial Officer: Cheng, Ya-Jen

Chairman: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes VI(XX) and VII)	\$ 10,839,314	100	9,083,672	100
5000	Operating costs (Notes VI(VII), (IX), (X), (XI), (XV), (XVI), VII, and XII)	9,093,877	84	7,546,377	83
5910	Add: unrealized gain (loss) on sales	(4,724)	-	9,272	-
5900	Gross profit	<u>1,740,713</u>	<u>16</u>	<u>1,546,567</u>	<u>17</u>
6000	Operating expenses (Notes VI(V), (IX), (X), (XI), (XIV), (XVI), (XXI), VII, and XII):				
6100	Selling and marketing expenses	545,798	5	446,275	5
6200	General and administrative expenses	463,408	4	432,348	5
6300	Research and development expenses	509,218	5	497,742	5
6450	Expected credit loss	19,427	-	4,479	-
	Total operating expenses	<u>1,537,851</u>	<u>14</u>	<u>1,380,844</u>	<u>15</u>
6900	Net operating income	<u>202,862</u>	<u>2</u>	<u>165,723</u>	<u>2</u>
7000	Non-operating income and expenses (Notes VI(II), (III), (VIII), (IX), (XIII), (XIV), (XXII), and VII)				
7100	Interest income	28,568	-	38,673	-
7010	Other income	233,503	2	220,384	3
7020	Other gains and losses	16,820	-	115,009	1
7050	Finance costs	(3,607)	-	(2,380)	-
7070	Share of profits (losses) of subsidiaries, associates and joint ventures under equity method	(76,699)	(1)	(69,237)	(1)
	Total non-operating income and expenses	<u>198,585</u>	<u>1</u>	<u>302,449</u>	<u>3</u>
7900	Income before income tax from continuing operations	<u>401,447</u>	<u>3</u>	<u>468,172</u>	<u>5</u>
7950	Less: income tax expense (Note VI(XVII))	<u>53,378</u>	<u>-</u>	<u>63,613</u>	<u>1</u>
8200	Net income	<u>348,069</u>	<u>3</u>	<u>404,559</u>	<u>4</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss (Notes VI(XVI), (XVII), and (XVIII))				
8311	Gains (losses) on re-measurements of defined benefit plans	7,188	-	11,302	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(2,724,932)	(25)	1,255,930	14
8330	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	44,698	-	28,808	-
8349	Less: income tax related to items that will not be reclassified subsequently	1,438	-	2,261	-
	Total items that will not be reclassified to profit or loss	<u>(2,674,484)</u>	<u>(25)</u>	<u>1,293,779</u>	<u>14</u>
8360	Items that may be reclassified subsequently to profit or loss (Notes VI(VIII) and (XVIII))				
8361	Exchange differences on translation of financial statements of foreign operations	(21,314)	-	10,105	-
8380	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	(10,903)	-	68,983	1
8399	Less: income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>(32,217)</u>	<u>-</u>	<u>79,088</u>	<u>1</u>
8300	Other comprehensive income	<u>(2,706,701)</u>	<u>(25)</u>	<u>1,372,867</u>	<u>15</u>
8500	Total comprehensive income	<u><u>\$ (2,358,632)</u></u>	<u><u>(22)</u></u>	<u><u>1,777,426</u></u>	<u><u>19</u></u>
	Earnings per share (unit: NT\$) (Note VI(XIX))				
9750	Basic earnings per share	<u>\$ 1.86</u>		<u>2.16</u>	
9850	Diluted earnings per share	<u>\$ 1.85</u>		<u>2.15</u>	

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

	Capital stock - common shares	Capital surplus	Retained earnings			Other equity items		Total	Total equity
			Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
Balance as of January 1, 2024	\$ 1,872,620	861,207	1,301,707	4,126,229	5,427,936	(126,335)	6,232,008	6,105,673	14,267,436
Appropriation and distribution of earnings:									
Legal reserve	-	-	109,506	(109,506)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(599,238)	(599,238)	-	-	-	(599,238)
Net income	-	-	-	404,559	404,559	-	-	-	404,559
Other comprehensive income	-	-	-	9,041	9,041	79,088	1,284,738	1,363,826	1,372,867
Total comprehensive income	-	-	-	413,600	413,600	79,088	1,284,738	1,363,826	1,777,426
Proceeds received from the disposal of employee stock ownership trust shares	-	189	-	-	-	-	-	-	189
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	551,241	551,241	-	(551,241)	(551,241)	-
Balance as of December 31, 2024	1,872,620	861,396	1,411,213	4,382,326	5,793,539	(47,247)	6,965,505	6,918,258	15,445,813
Appropriation and distribution of earnings:									
Legal reserve	-	-	96,484	(96,484)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)
Net income	-	-	-	348,069	348,069	-	-	-	348,069
Other comprehensive income	-	-	-	5,750	5,750	(32,217)	(2,680,234)	(2,712,451)	(2,706,701)
Total comprehensive income	-	-	-	353,819	353,819	(32,217)	(2,680,234)	(2,712,451)	(2,358,632)
Proceeds received from the disposal of employee stock ownership trust shares	-	671	-	-	-	-	-	-	671
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	304,974	304,974	-	(304,974)	(304,974)	-
Balance as of December 31, 2025	\$ 1,872,620	862,067	1,507,697	4,382,849	5,890,546	(79,464)	3,980,297	3,900,833	12,526,066

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Income before income tax	\$ 401,447	468,172
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expense	87,136	81,134
Amortization expense	15,032	5,322
Expected credit loss	19,427	4,479
Interest expense	3,607	2,380
Interest income	(28,568)	(38,673)
Dividend income	(217,358)	(175,553)
Share of profits (losses) of subsidiaries, associates and joint ventures under equity method	76,699	69,237
Loss on disposal of property, plant, and equipment	65	112
Expenses transfer from property, plant, and equipment	-	176
Unrealized sales gains (losses)	4,724	(9,272)
Unrealized foreign exchange losses (gains)	25,597	(15,524)
Total adjustments for profit or loss	(13,639)	(76,182)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(54,101)	(142,443)
Notes receivable	(10,887)	(915)
Accounts receivable	(195,436)	(170,972)
Accounts receivable - related parties	(91,944)	(170,901)
Other receivables	(5,755)	31,214
Other receivables - related parties	24,571	188
Inventories	(230,042)	138,336
Prepayments	(2,402)	3,040
Other current assets	5,516	(5,670)
Net defined benefit assets	173	(7,356)
Total changes in operating assets	(560,307)	(325,479)
Changes in operating liabilities:		
Notes payable	(2,693)	2,847
Accounts payable	150,219	168,537
Accounts payable - related parties	(4,211)	13,430
Other payables	19,515	(62,725)
Other payables - related parties	(5,759)	16,122
Provisions for liabilities	(44,952)	7,957
Other current liabilities	(32,773)	(38,396)
Other non-current liabilities	(176)	(564)
Total changes in operating liabilities	79,170	107,208
Total changes in operating assets and liabilities	(481,137)	(218,271)
Total adjustments	(494,776)	(294,453)
Cash inflows (outflows) generated from operations	(93,329)	173,719
Interest received	27,766	40,904
Interest paid	(3,607)	(2,380)
Income tax paid	(45,745)	(102,390)
Net cash inflows (outflows) from operating activities	(114,915)	109,853
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(153,592)	(228,730)
Disposal of financial assets at fair value through other comprehensive income	399,743	631,169
Acquisition of financial assets at amortized cost	(50,000)	-
Acquisition of investments accounted for using the equity method	(158,840)	(355,739)
Acquisition of property, plant, and equipment	(77,683)	(85,029)
Disposal of property, plant, and equipment	10	893
Increase in refundable deposits	(127)	(128)
Acquisition of intangible assets	(24,170)	(11,465)
Dividends received	253,510	224,120
Decrease (increase) in restricted time deposits	32,000	(32,785)
Net cash flows from investing activities	220,851	142,306
Cash flows from financing activities:		
Repayments of long-term loans	(47,565)	(75,616)
Increase in deposited margin	-	5
Repayment of the principal of lease liabilities	(5,401)	(5,122)
Cash dividends paid	(561,786)	(599,238)
Proceeds received from the disposal of employee stock ownership trust shares	671	189
Net cash flows used in financing activities	(614,081)	(679,782)
Decrease in cash and cash equivalents for the period	(508,145)	(427,623)
Cash and cash equivalents at the beginning of the year	2,333,218	2,760,841
Cash and cash equivalents at the end of the year	<u>\$ 1,825,073</u>	<u>2,333,218</u>

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen

Managerial Officer: Cheng, Ya-Jen

Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc.
Notes to Parent Company Only Financial Statements
Fiscal years of 2025 and 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company History

FSP Technology Inc. (the “Company”) was incorporated on April 15, 1993, and registered under the Ministry of Economic Affairs, R.O.C. The Company is listed on the Taiwan Stock Exchange since October 16, 2002. The Company is primarily engaged in the manufacturing, processing and trading of power supplies and various electronic components.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Parent Company Only Financial Statements were authorized for issue by the Board of Directors on March 6, 2026.

III. Application of New and Amended Standards and Interpretations

(I) Impact of newly issued and amended standards and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The Company has adopted the International Financial Reporting Standards (IFRS) accounting standards, which have been approved by the Financial Supervisory Commission (referred to as the FSC), along with their revised guidelines and interpretations. These revisions have been in effect since January 1, 2025, and have not had a significant impact on the Parent Company Only Financial Statements.

- IAS 21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments," regarding the application guidance of Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(II) Impact of IFRS endorsed by the FSC but not yet adopted by the Company

The Company assesses that the adoption of the following new amendments effective from January 1, 2026 will not have a significant impact on the Parent Company Only Financial Statements.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7, "Amendments to the Classification and Measurement of Financial Instruments," regarding the application guidance of Section 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7, "Contracts Referencing Nature-dependent Electricity"

(III) IFRSs issued by the International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the IASB, but not yet endorsed by the FSC:

New or Amended Standards	Content of Amendment	Effective Date per International Accounting Standards Board
IFRS 18 "Presentation and Disclosure of Financial Statements"	The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies. • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called 'operating profit' and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with IFRS Accounting Standards. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 in the fiscal year 2028. If the Company wishes to apply the standard early, it may do so upon obtaining approval from the FSC.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

The Company is evaluating the impact of the initial adoption of the above-mentioned standards or interpretations on its financial position and operating performance. The results will be disclosed when the Company completes the evaluation.

The Company expects that the following new and amended standards, which have not been endorsed by the FSC, will not have a significant impact on the Parent Company Only Financial Statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Ventures"
- IFRS 19 "Subsidiaries Not Subject to Public Accountability: Disclosures" and Amendments to IFRS 19
- Amendments to International Accounting Standards 21 "The Effects of Changes in Foreign Exchange Rates – Hyperinflationary Currencies"

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Parent Company Only Financial Statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the Parent Company Only Financial Statements.

(I) Compliance declaration

The Company's accompanying Parent Company Only Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Preparation basis

1. Measurement basis

The Parent Company Only Financial Statements have been prepared on a historical cost basis except for the following items:

- (1) Financial assets measured at fair value through profit or loss;
- (2) Financial assets measured at fair value through other comprehensive income;
- (3) Net defined benefit assets are measured based on the fair value of the retirement fund assets plus unrecognized prior service costs and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of defined benefit obligations, and adjusted for the effect of the ceiling described in Note IV(XVII).

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

2. Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The Parent Company Only Financial Statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency based on the exchange rates at the date when the fair value is determined, whereas non-monetary items denominated in foreign currencies measured at historical costs are translated using the exchange rates at the dates of the transactions. The resulting exchange differences are generally recognized in profit or loss, except for the equity instruments designated to be measured at fair value through other comprehensive income, whose exchange differences are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the period and the resulting exchange differences are recognized in other comprehensive income.

When disposing of foreign operating entities that result in loss of control, joint control, or significant influence, the accumulated translation differences related to those entities are reclassified in their entirety to profit or loss. When disposing of investments that include affiliated enterprises or joint ventures with foreign operating organizations, the accumulated exchange differences related to these investments should be reclassified proportionally in the income statement.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(IV) Classification criteria for current and non-current assets and liabilities

The Company classifies an asset as a current asset if it meets any of the following conditions. All other assets that do not meet these criteria are classified as non-current assets:

1. The asset is expected to be realized or intended to be sold or consumed within the entity's normal operating cycle.
2. The asset is held primarily for trading purposes.
3. The asset is expected to be realized within twelve months after the reporting period.
4. The asset is cash or a cash equivalent (as defined in IAS 7), unless its use for settling liabilities is restricted for at least twelve months after the reporting period.

The Company classifies a liability as a current liability if it meets any of the following conditions. All other liabilities that do not meet these criteria are classified as non-current liabilities:

1. The liability is expected to be settled within the entity's normal operating cycle.
2. The liability is held primarily for trading purposes.
3. The liability is due to be settled within twelve months after the reporting period.
4. The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period's end.

(V) Cash and cash equivalents

Cash consists of cash on hand, checking account deposits and saving account deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the criteria and are held for the purpose of fulfilling short-term cash commitment rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

(VI) Financial instruments

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets (excluding accounts receivable without a significant financing component) and financial liabilities that are not measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs that are directly attributable to the

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

acquisition or issue of these financial assets or financial liabilities. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

The Company applies trade date accounting to all regular way purchases or sales of financial assets that are classified in the same way.

The financial assets were initially classified as follows: financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. When the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the next reporting period.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost if all of the following conditions are met and the financial assets are not designated as measured at fair value through profit or loss:

- Financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, using initial recognized amount plus or minus cumulative amortization calculated by adopting the effective interest method and taking into account the adjustment of allowance for impairment loss as well. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

At initial recognition of investments in equity instruments that are not held for trading, the Company may make an irrevocable election to present subsequent changes in fair value of the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss unless the dividend clearly represents the recovery of part of the investment cost. Other net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Dividend income from equity investments is recognized on the date that the Company is eligible to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or fair value through other comprehensive income, such as financial assets held for trading and managed and evaluated for performance based on fair value, are measured at fair value through profit or loss. At initial recognition, the Company may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or at fair value through other comprehensive income, to the category measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

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

(4) Impairment of financial assets

The Company recognizes allowance for expected credit losses on financial assets measured at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables, restricted bank deposits, and refundable deposits.

The Company measures loss allowance for notes and accounts receivable at the amount equal to lifetime expected credit loss. Taking into account reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment, as well as forward-looking information, the Company measures the impairment of financial assets at amortized cost according to 12-month expected credit loss when the credit risk of the financial assets has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the impairment is measured based on lifetime expected credit loss.

Lifetime expected credit loss refers to the expected credit loss resulting from all possible default events over the expected life of the financial instrument.

12-Month expected credit loss refers to the expected credit loss resulting from default events of the financial instrument that are likely to occur within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

The maximum period considered when estimating expected credit loss is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of credit loss over the expected life of financial instruments. Credit loss is measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contracts and the cash flows that the Company expects to receive). Expected credit loss is discounted at the effective interest rate of the financial assets.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of provision or reversal of loss allowance is recognized in profit or loss.

The carrying amount of the financial assets is written off when the Company has no reasonable expectation of recovering the entire or part of the financial assets. The Company individually makes the assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects there will be no significant reversal on the write-off amount. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the financial asset in which almost all of the risks and returns associated with the ownership of the financial asset are transferred to other companies or in which the Company neither transfers nor retains nearly all of the risks and returns of ownership and it does not hold control on the financial asset.

When the Company enters into transactions of financial asset transfer, if all or almost all of the risks and returns associated with the ownership of the transferred asset is retained, the transferred asset continues to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity instruments

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

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(2) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition is also recognized in profit or loss.

(3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or canceled, or has expired. The Company also derecognizes a financial liability when its terms are amended and the cash flows of the amended liability are substantially different, in which case a new financial liability based on the amended terms is recognized at fair value.

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

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VII) Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition ready for sale. The variable manufacturing expenses are allocated based on the actual production volume. Fixed manufacturing expenses are allocated to finished goods and work in process based on the normal capacity of the production equipment. Unallocated fixed manufacturing expenses resulting from lower production capacity or idle equipment shall be recognized as cost of goods sold in the period in which they are incurred. If actual production volume is higher than the normal production capacity, the difference is recognized as a reduction of cost of goods sold. The monthly weighted-average method is adopted for the calculation of the costs.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is recognized in cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold for the period.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(VIII) Investments in associates

An associate is an entity in which the Company has significant influence, but not control over their financial and operating policies. The Company is deemed to have significant influence when it holds 20% to 50% of the voting rights of the investee company.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are recognized initially at cost. Subsequent adjustments are based on the changes in the Company's share of net assets. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated investors' interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part of interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss or retained earnings on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss or retained earnings when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss or retained earnings.

(IX) Investments in subsidiaries

When preparing the Parent Company Only Financial Statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

method. Under the equity method, profit or loss and other comprehensive income recognized in the Parent Company Only Financial Statements are in line with profit or loss and other comprehensive income attributable to owners of the Parent in the consolidated financial statements. In addition, shareholder's equity in the Parent Company Only Financial Statements is in line with the equity attributable to the shareholders of the parent in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(X) Property, plant, and equipment

1. Recognition and measurement

Property, plant, and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

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

Any gains or losses on disposal of property, plant, and equipment are recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of property, plant and equipment.

Land is not depreciated.

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

Housing and construction	1~50 years
Buildings and building improvements	5~10 years
Machinery	1~19 years
Transportation equipment	1~11 years
Other equipment	1~26 years

The Company reviews depreciation methods, useful lives and residual values on each reporting date and makes appropriate adjustments when necessary.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XI) Leases - lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset is impaired and recognizes any impairment loss that has occurred. The right-of-use asset is adjusted when the remeasurement of the lease liabilities takes place.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date. If the interest rate implied by the lease is easy to determine, it would be used as the discount rate. If the implied interest rate is not easy to determine, the Company's incremental borrowing rate is applied. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

1. Fixed payments, including in-substance fixed payments;
2. Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
3. Amounts expected to be payable under residual value guarantees; and
4. The exercise price of a purchase option or payments of penalties for exercising the option to terminate the lease, if the lessee is reasonably certain to exercise that option.

The interests of lease liabilities are subsequently calculated using the effective interest method and lease liabilities are remeasured when:

1. There is a change in future lease payments arising from the change in an index or rate;
2. There is a change in the estimate of the amount expected to be payable under a residual value guarantee;

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

3. There is a change in the assessment on the purchase option of the underlying asset;
4. There is a change in the lease term assessment resulting from a change in the estimate regarding whether the extension or termination option will be exercised;
5. There is any modification in lease subject, scope of the lease or other clauses.

When the lease liability is remeasured under the above-mentioned circumstances other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and any difference between this amount and the remeasured lease liability is recognized in the income statement.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the Balance Sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for certain short-term leases of buildings and construction, machinery and equipment, and transportation equipment leases and for leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(XII) Intangible assets

1. Recognition and measurement

Goodwill of the Company occurred in the business combination prior to the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Company elected to restate only those business combinations that occurred after January 1, 2012 (inclusive). For acquisitions made before January 1, 2012, the amount of goodwill was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009, and Accounting Standards and related interpretations (hereinafter referred to as "previously generally accepted accounting principles") issued by the Accounting Research and Development Foundation of the Republic of China.

Company's other separately acquired intangible assets with finite useful lives, including software and patents, are carried at cost less accumulated amortization and accumulated impairment losses.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

2. Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible asset when it becomes available for use.

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

Software cost	1~5 years
Patent	9 months

The Company reviews the amortization method, useful life and residual value of the intangible assets on each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Company assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories, deferred income tax assets, employee benefit related assets) may be impaired. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, assets are divided into the smallest group of identifiable assets that generates cash inflows largely independent of the cash inflows from other individual asset or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount.

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

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(XIV) Provisions for liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for maintenance is recognized when the underlying products or services are sold. The provision is estimated based on historical maintenance rates and maintenance cost per unit.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Transfer of control of the product occurs when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to the specific location, the risks of obsolescence and loss are transferred to the customer, and either the customer accepts the products according to the sales contract with the acceptance provisions being invalid or the Company has objective evidence that all criteria for acceptance have been satisfied.

(XVI) Government grant

When the Company can receive the government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Company recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received. The above deferred income is recognized as non-operating income over the estimated useful lives of the related assets on a systematic basis. If the government grant is used to compensate the Company's expenses or losses, such government grant is recognized in profit or loss over the period necessary to match it with the related expenses, for which it is intended to compensate, on a systematic basis.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XVII) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the period in which employees render services.

2. Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation result may be beneficial to the Company, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, the minimum contribution requirements are considered.

The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest). The remeasurements of the net defined benefit liability are recognized in other comprehensive income and reflected in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) is calculated based on the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the amount of changes in benefits related to the past service costs or reduced benefits or losses is recognized in profit or loss. When the settlement occurs, the Company shall recognize the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are expensed during the period in which employees render services. If the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees and the obligation can be estimated reliably, the amount of payments is recognized as a liability.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XVIII) Income tax

Income taxes comprise current taxes and deferred income taxes. Current and deferred income taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

The Company has determined that interest or penalties associated with income tax, including uncertain tax treatments, do not fall under the definition of income tax. As a result, they are subject to accounting treatment in accordance with International Accounting Standard 37.

Current income taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount reflects the best estimate of expected payments or receipts, measured at the statutory or substantively enacted tax rate at the reporting date, after considering uncertainties related to income taxes, if any.

Deferred income tax is recognized based on the temporary differences between the carrying amounts of assets and liabilities as of the reporting date and their tax bases. Deferred income taxes are not recognized for the following temporary differences:

1. Assets or liabilities that are not initially recognized as part of a business combination and do not impact accounting profit, taxable income (loss), or generate equal temporary differences for taxable and deductible purposes at the time of the transaction;
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at the tax rates expected to apply when the temporary differences reverse, based on the statutory or substantively enacted tax rates at the reporting date, and reflect uncertainties related to income taxes, if any.

Deferred income tax assets and deferred income tax liabilities are offset when the following criteria are met:

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

1. The Company has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (1) The same taxable entity; or
 - (2) Different taxable entities which intend to settle current income tax assets and income tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered or significant amounts of deferred income tax liabilities are expected to be settled.

(XIX) Earnings per share

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the Parent Company Only Financial Statements. Basic EPS of the Company is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include estimates of employee compensation.

(XX) Segment Information

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the Parent Company Only Financial Statements.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When preparing the individual financial statements, management is required to make judgments and estimates about the future (including climate-related risks and opportunities). These judgments and estimates will affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from the estimates.

Management continuously reviews estimates and underlying assumptions to ensure alignment with the Company's risk management and climate-related commitments. Changes in these estimates are recognized prospectively during the period of the change and in future periods affected by the change.

The Parent Company Only Financial Statements involve material judgment as to whether the Company has substantive control over the investee, FSP Group USA Corp. and it has a material

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

impact on the amounts recognized in the Parent Company Only Financial Statements. For detailed information, please refer to the 2025 consolidated financial report.

In the Parent Company Only Financial Statements, there is no accounting policy that involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Parent Company Only Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	<u>2025.12.31</u>	<u>2024.12.31</u>
Cash on hand	\$ 1,345	1,607
Deposits in saving accounts	469,477	1,407,117
Deposits in checking accounts	4,414	3,231
Time deposits	1,336,008	906,838
Cash equivalents involving repurchase agreements	13,829	14,425
	<u><u>\$ 1,825,073</u></u>	<u><u>2,333,218</u></u>

Please refer to Note VI(XXIII) for the disclosure of interest rate risk of the Company's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss - current and non-current

	<u>2025.12.31</u>	<u>2024.12.31</u>
Financial assets mandatorily measured at fair value through profit or loss - current:		
Non-derivative financial assets		
Beneficiary certificates	\$ 318,381	336,019
Private equity funds	185,431	121,250
Foreign unlisted stocks	-	72,248
Subtotal	<u>503,812</u>	<u>529,517</u>
Financial assets mandatorily measured at fair value through profit or loss - non-current:		
Non-derivative financial assets		
Preferred shares of foreign listed companies	18,855	31,860
Foreign unlisted stocks	60,287	-
Structured products	30,597	-
Subtotal	<u>109,739</u>	<u>31,860</u>
Total	<u><u>\$ 613,551</u></u>	<u><u>561,377</u></u>

The dividend income recognized by the Company for the financial assets measured at fair value through profit or loss, as listed above, amounted to NT\$4,230 thousand for 2025 and NT\$3,218 thousand for 2024.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Please refer to Note VI (XXII) for the amount recognized in profit or loss remeasured at fair value.

Please consult Note VI (XXIII) for information regarding market risk.

(III) Financial assets at fair value through other comprehensive income

	<u>2025.12.31</u>	<u>2024.12.31</u>
Equity instruments at fair value through other comprehensive income		
Domestic listed (OTC) stocks	\$ 4,582,723	7,582,980
Foreign listed stocks	17,712	9,028
Domestic unlisted stocks	266,458	259,399
Total	<u>\$ 4,866,893</u>	<u>7,851,407</u>

1. Investments in equity instruments at fair value through other comprehensive income

The Company holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, so these investments have been designated to be measured at fair value through other comprehensive income.

The dividend income recognized by the Company for 2025 and 2024 from equity instruments designated as at fair value through other comprehensive income amounted to NT\$213,128,000 and NT\$172,335,000, respectively.

In 2025, to align with the Company's capital utilization plan, designated financial assets measured at fair value through other comprehensive income were sold. The total fair value at the time of disposal amounted to NT\$413,174 thousand, with total disposal gains of NT\$304,974 thousand. As of December 31, 2025, the outstanding proceeds from disposal amounted to NT\$14,370 thousand, which was recognized under other receivables. In 2024, to align with the Company's capital utilization plan, designated financial assets measured at fair value through other comprehensive income were sold. The total fair value at the time of disposal amounted to NT\$623,666 thousand, with total disposal gains of NT\$551,241 thousand. As of December 31, 2024, the outstanding proceeds from disposal amounted to NT\$939 thousand, which was recognized under other receivables.

2. Please refer to Note VI(XXIII) for the information on market risk.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(IV) Financial assets at amortized cost

	<u>2025.12.31</u>	<u>2024.12.31</u>
Time deposits with original maturity exceeding three months	<u>\$ 50,000</u>	<u>-</u>
Interest rate range	<u>1.2500</u>	<u>-</u>
Maturity period	April 2026	-

The Company assesses that the asset is held to maturity to receive contractual cash flows. The asset is classified as financial assets at amortized cost because the cash flows from the financial asset are solely the payment of principal and interest on the outstanding principal amount.

The above financial assets are not pledged as collateral.

(V) Notes receivable and accounts receivable

	<u>2025.12.31</u>	<u>2024.12.31</u>
Notes receivable	\$ 13,159	2,272
Accounts receivable	1,964,793	1,716,585
Accounts receivable - related parties	964,101	872,157
Less: allowance for impairment loss	(34,377)	(15,082)
	<u>\$ 2,907,676</u>	<u>2,575,932</u>

The Company's notes receivable and accounts receivable were not discounted or provided as collaterals.

The Company applies the simplified approach to estimate expected credit loss for all notes receivable and accounts receivable, i.e. the use of lifetime expected credit loss for all receivables. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward-looking information, including macro economy and related industry information, is taken into consideration as well. Based on the Company's historical experience with credit losses, there are no significant differences in the loss patterns among different customer groups. Therefore, the provision matrix has not been further subdivided by customer group.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Analysis of expected credit loss on notes receivable and accounts receivable of the Company was as follows:

	2025.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not past due	\$ 2,387,670	0.14	3,253
Past due within 30 days	139,959	2.75	3,846
Past due 31~60 days	9,659	11.80	1,140
Past due 61~90 days	4,806	22.29	1,072
Past due 91~120 days	14,766	38.55	5,692
Past due over 121 days	18,149	100.00	18,149
	<u>\$ 2,575,009</u>		<u>33,152</u>

The carrying amount of the above notes and accounts receivable did not include the account receivable due from subsidiaries and a specific customer, amounting to NT\$360,917,000 and NT\$6,127,000, respectively. The aging analysis was as follows:

	2025.12.31
Not past due	\$ 346,857
Past due 31~60 days	4,045
Past due 61~90 days	4,642
Past due 91~120 days	6,226
Past due over 121 days	5,274
	<u>\$ 367,044</u>

All accounts receivable from a certain customer have been fully provided for, as the collection of these receivables was assessed to be uncertain. An allowance of NT\$1,225 thousand has been recognized for the above receivables; therefore, they are not included in the Company's calculation of the expected credit losses over the remaining contractual period.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

	2024.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted- average expected credit loss rate (%)	Allowance for expected credit loss
Not past due	\$ 2,220,507	0.09	2,128
Past due within 30 days	42,814	5.74	2,459
Past due 31~60 days	6,879	18.11	1,245
Past due 61~90 days	5,837	34.65	2,023
Past due over 121 days	4,605	100.00	4,605
	<u>\$ 2,280,642</u>		<u>12,460</u>

The carrying amount of the above notes and accounts receivable did not include the account receivable due from subsidiaries and a specific customer, amounting to NT\$297,264,000 and NT\$13,108,000, respectively. The aging analysis was as follows:

	2024.12.31
Not past due	\$ 288,917
Past due within 30 days	2,649
Past due 31~60 days	10,792
Past due 61~90 days	2,417
Past due over 121 days	5,597
	<u>\$ 310,372</u>

Due to poor recovery of the account receivable due from this customer, the Company has specifically recorded an allowance for loss of NT\$2,622 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

Changes in the allowance for notes receivable and accounts receivable were as follows:

	2025	2024
Beginning balance	\$ 15,082	10,603
Impairment losses recognized	19,427	4,479
Write-off	(132)	-
Ending balance	<u>\$ 34,377</u>	<u>15,082</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(VI) Other receivables

	<u>2025.12.31</u>	<u>2024.12.31</u>
Other receivables	\$ 137,260	117,602
Other receivables - related parties	29,387	53,958
Less: allowance for impairment loss	-	-
	<u>\$ 166,647</u>	<u>171,560</u>

As of December 31, 2025 and 2024, there were no overdue for all other receivables (including related parties).

(VII) Inventories

	<u>2025.12.31</u>	<u>2024.12.31</u>
Finished goods	\$ 1,011,801	773,221
Work in process	280,497	316,383
Raw materials	352,323	324,975
	<u>\$ 1,644,621</u>	<u>1,414,579</u>

For the years ended December 31, 2025 and 2024, other than the transfer of inventory to cost of sales in the normal course of business, the total expenses and losses directly recognized in cost of sales were presented as follows:

	<u>2025</u>	<u>2024</u>
Loss on inventory write-down (gain from reversal)\$	(25,150)	34,637
Unallocated manufacturing expense	67,101	45,288
Loss on inventory obsolescence	30,689	26,768
Loss on inventory	-	1
Included in operating costs	<u>\$ 72,640</u>	<u>106,694</u>

As of December 31, 2025 and 2024, the Company did not pledge any inventories as collateral.

In 2025, the reversal of previously recognized inventory write-downs and obsolescence losses was primarily due to the sale of inventories for which such write-downs had been recorded.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(VIII) Investments recognized through the equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is provided below:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiary	\$ 3,356,771	3,302,348
Associate invested through subsidiary	38,573	38,978
	<u><u>\$ 3,395,344</u></u>	<u><u>3,341,326</u></u>

1. Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2025.

2. Associate invested through subsidiary

The financial information of insignificant associates that are invested through subsidiary and the Company adopts the equity method for recognition is summarized below. The amount is included in the Parent Company Only Financial Statements.

	<u>2025.12.31</u>	<u>2024.12.31</u>
The carrying amount of investments in associates that were not individually material to the Company at the end of the period	<u><u>\$ 38,573</u></u>	<u><u>38,978</u></u>

	<u>2025</u>	<u>2024</u>
Attributable to the Company:		
Net profit for the period from continuing operations	\$ 2,741	2,257
Other comprehensive income	(2,074)	2,570
Total comprehensive income	<u><u>\$ 667</u></u>	<u><u>4,827</u></u>

3. Collateral

As of December 31, 2025 and 2024, the Company did not pledge any investments accounted for under the equity method as collateral.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(IX) Property, plant, and equipment

The changes in costs, depreciation and impairment loss of property, plant, and equipment for the years ended December 31, 2025 and 2024 were as follows:

		Land	Housing and construction	Buildings and building improvements	Machinery	Transportation equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost or deemed cost:									
Balance as of January 1, 2025	\$	264,211	905,631	4,115	332,988	4,507	269,220	1,250	1,781,922
Addition		-	8,737	-	46,605	-	18,187	7,027	80,556
Disposal and obsolescence		-	-	-	(3,751)	-	(3,495)	-	(7,246)
Reclassified to intangible assets		-	-	-	-	-	-	(2,650)	(2,650)
Balance as of December 31, 2025	<u>\$</u>	<u>264,211</u>	<u>914,368</u>	<u>4,115</u>	<u>375,842</u>	<u>4,507</u>	<u>283,912</u>	<u>5,627</u>	<u>1,852,582</u>
Balance as of January 1, 2024	\$	264,211	878,900	4,115	295,363	4,507	264,769	9,348	1,721,213
Addition		-	18,938	-	41,540	-	12,283	1,250	74,011
Disposal and obsolescence		-	(667)	-	(4,803)	-	(7,832)	-	(13,302)
Reclassification		-	8,460	-	888	-	-	(9,348)	-
Balance as of December 31, 2024	<u>\$</u>	<u>264,211</u>	<u>905,631</u>	<u>4,115</u>	<u>332,988</u>	<u>4,507</u>	<u>269,220</u>	<u>1,250</u>	<u>1,781,922</u>
Depreciation and impairment loss:									
Balance as of January 1, 2025	\$	-	327,586	3,021	220,615	4,034	236,415	-	791,671
Recognition in current period		-	39,630	360	24,688	317	16,612	-	81,607
Disposal and obsolescence		-	-	-	(3,700)	-	(3,471)	-	(7,171)
Balance as of December 31, 2025	<u>\$</u>	<u>-</u>	<u>367,216</u>	<u>3,381</u>	<u>241,603</u>	<u>4,351</u>	<u>249,556</u>	<u>-</u>	<u>866,107</u>
Balance as of January 1, 2024	\$	-	292,496	2,538	204,275	2,198	226,508	-	728,015
Recognition in current period		-	35,756	483	21,050	1,836	16,652	-	75,777
Disposal and obsolescence		-	(666)	-	(4,710)	-	(6,745)	-	(12,121)
Balance as of December 31, 2024	<u>\$</u>	<u>-</u>	<u>327,586</u>	<u>3,021</u>	<u>220,615</u>	<u>4,034</u>	<u>236,415</u>	<u>-</u>	<u>791,671</u>
Carrying amounts:									
Balance as of December 31, 2025	<u>\$</u>	<u>264,211</u>	<u>547,152</u>	<u>734</u>	<u>134,239</u>	<u>156</u>	<u>34,356</u>	<u>5,627</u>	<u>986,475</u>
Balance as of December 31, 2024	<u>\$</u>	<u>264,211</u>	<u>578,045</u>	<u>1,094</u>	<u>112,373</u>	<u>473</u>	<u>32,805</u>	<u>1,250</u>	<u>990,251</u>

Details of assets pledged as collateral for short-term and long-term borrowings, as well as credit facilities, as of December 31, 2025, and December 31, 2024, are provided in Note VIII.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(X) Right-of-use assets

The costs and depreciation of land, buildings, and transportation equipment leased by the company are detailed as follows:

	<u>Land</u>	<u>Housing and construction</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Costs of right-of-use assets:					
Balance as of January 1, 2025	\$ 10,146	48,400	402	5,706	64,654
Addition	-	-	286	1,609	1,895
Reduction (contract expired)	-	-	-	(1,888)	(1,888)
Balance as of December 31, 2025	<u>\$ 10,146</u>	<u>48,400</u>	<u>688</u>	<u>5,427</u>	<u>64,661</u>
Balance as of January 1, 2024	\$ 11,375	47,391	-	4,703	63,469
Addition	-	1,009	402	1,719	3,130
Reduction (contract expired)	(1,229)	-	-	(716)	(1,945)
Balance as of December 31, 2024	<u>\$ 10,146</u>	<u>48,400</u>	<u>402</u>	<u>5,706</u>	<u>64,654</u>
Depreciation of right-of-use assets:					
Balance as of January 1, 2025	\$ 3,214	14,496	13	3,231	20,954
Depreciation in current period	478	2,976	138	1,937	5,529
Reduction (contract expired)	-	-	-	(1,888)	(1,888)
Balance as of December 31, 2025	<u>\$ 3,692</u>	<u>17,472</u>	<u>151</u>	<u>3,280</u>	<u>24,595</u>
Balance as of January 1, 2024	\$ 2,730	11,547	-	2,036	16,313
Depreciation in current period	484	2,949	13	1,911	5,357
Reduction (contract expired)	-	-	-	(716)	(716)
Balance as of December 31, 2024	<u>\$ 3,214</u>	<u>14,496</u>	<u>13</u>	<u>3,231</u>	<u>20,954</u>
Carrying amounts:					
Balance as of December 31, 2025	<u>\$ 6,454</u>	<u>30,928</u>	<u>537</u>	<u>2,147</u>	<u>40,066</u>
Balance as of December 31, 2024	<u>\$ 6,932</u>	<u>33,904</u>	<u>389</u>	<u>2,475</u>	<u>43,700</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XI) Intangible assets

The Company's costs, amortization and impairment loss of intangible assets for the years ended December 31, 2025 and 2024 were as follows:

	<u>Goodwill</u>	<u>Software cost</u>	<u>Patent</u>	<u>Total</u>
Costs:				
Balance as of January 1, 2025	\$ 114,411	16,164	15,863	146,438
Addition in current period	-	19,770	4,400	24,170
Reduction in current period	-	(9,193)	-	(9,193)
Transferred to property, plant, and equipment	-	2,650	-	2,650
Balance as of December 31, 2025	<u>\$ 114,411</u>	<u>29,391</u>	<u>20,263</u>	<u>164,065</u>
Balance as of January 1, 2024	\$ 114,411	6,206	15,863	136,480
Addition in current period	-	11,465	-	11,465
Reduction in current period	-	(1,507)	-	(1,507)
Balance as of December 31, 2024	<u>\$ 114,411</u>	<u>16,164</u>	<u>15,863</u>	<u>146,438</u>
Amortization and impairment loss:				
Balance as of January 1, 2025	\$ -	6,540	15,863	22,403
Amortization for the period	-	14,054	978	15,032
Reduction in current period	-	(9,193)	-	(9,193)
Balance as of December 31, 2025	<u>\$ -</u>	<u>11,401</u>	<u>16,841</u>	<u>28,242</u>
Balance as of January 1, 2024	\$ -	2,725	15,863	18,588
Amortization for the period	-	5,322	-	5,322
Reduction in current period	-	(1,507)	-	(1,507)
Balance as of December 31, 2024	<u>\$ -</u>	<u>6,540</u>	<u>15,863</u>	<u>22,403</u>
Carrying amounts:				
Balance as of December 31, 2025	<u>\$ 114,411</u>	<u>17,990</u>	<u>3,422</u>	<u>135,823</u>
Balance as of December 31, 2024	<u>\$ 114,411</u>	<u>9,624</u>	<u>-</u>	<u>124,035</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

1. Amortization expense

The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating costs	\$ 3,278	362
Operating expenses	11,754	4,960
Total	<u>\$ 15,032</u>	<u>5,322</u>

2. Impairment test for goodwill

- (1) In accordance with International Accounting Standard No. 36, goodwill acquired through business combinations must undergo annual impairment testing. This testing involves allocating the goodwill to the cash-generating units that are expected to benefit from the synergies of the combination. Since all the goodwill generated from business combinations belongs to the Company and its subsidiary, the impairment of goodwill is assessed by comparing the recoverable amount of the Company and its subsidiary with their respective carrying amounts of net assets.
- (2) The recoverable amount of the cash-generating unit is based on its value in use. Value in use is determined by discounting the future cash flows arising from the continuing use of the unit. The calculation of the value in use (including goodwill) is based on the following key assumptions:
 - A. The cash flow projections were based on historical figures, actual operating results and 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.
 - B. The Company estimates the pre-tax discount rate based on the weighted average cost of capital (WACC), the discount rates as of December 31, 2025 and 2024 were 8.24% and 9.47% respectively.
- (3) According to the asset impairment test conducted in 2025 and 2024, no impairment losses were recognized as the recoverable amount of cash-generating unit was higher than the carrying amount.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XII) Short-term loans

The details of the Company's short-term borrowings are provided below:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Secured bank borrowings	\$ -	-
Unused facility	\$ 1,181,168	644,500
Interest rate range	-	-

Please refer to Note VIII for the details of the Company's assets pledged as collateral for bank borrowings.

(XIII) Long-term loans

The details of the Company's long-term borrowings are provided below:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Secured bank borrowings	\$ 1,223	48,788
Less: current portion of long-term debt	(1,223)	(47,565)
Total	\$ -	1,223
Unused facility	\$ -	-
Interest rate range	1.58	1.58

1. Collateral for bank borrowings

Please refer to Note VIII for the details of the Company's assets pledged as collateral for bank borrowings.

2. Government-subsidized loan with preferential interest rate

In August 2020, the Company obtained a NT\$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The drawdown period was until December 31, 2021, and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Company was NT\$296,650 thousand as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT\$6,585 thousand which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Deferred income for 2025 and 2024 was reclassified as other income in the amounts of NT\$146,000 and NT\$564,000, respectively.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XIV) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Current	\$ 4,658	5,239
Non-current	38,636	41,561
Total	<u>\$ 43,294</u>	<u>46,800</u>

For maturity analysis, please refer to Note VI(XXIII) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	<u>\$ 859</u>	<u>956</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,051</u>	<u>1,292</u>
Expenses of short-term leases	<u>\$ 2,231</u>	<u>1,662</u>

Amount recognized in the Statements of Cash Flows was as follows:

	<u>2025</u>	<u>2024</u>
Total cash outflow in operating activities	\$ 4,141	3,910
Total cash outflow in financing activities	5,401	5,122
Total cash flows on lease	<u>\$ 9,542</u>	<u>9,032</u>

1. Lease of land, buildings, and construction

The Company leases land, buildings, and facilities for office and warehouse purposes. The lease terms for these offices and warehouses range from three to four years, with certain leases including options to extend the lease for the same duration as the original contract upon expiration.

The lease payments for some of the warehouses are based on the actual floor area used each month.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

For these lease contracts, the variable lease payments paid by the Company in 2025 were as follows:

	Variable payment	Estimated impact on lease payment for each 1% increase in the actual floor area used
Lease contracts with variable payment calculated based on the actual floor area used per month	\$ 1,051	11

2. Other leases

The Company leases machinery and transportation equipment with the lease terms ranging from two to five years.

The lease terms of some of Company's leases of buildings, construction, machinery and transportation equipment are within 1 year. These leases are considered as short-term leases or leases of low-value assets and the Company elected to apply exemption and did not recognize related right-of-use assets and lease liabilities.

(XV) Provisions for liabilities

	2025	2024
Balance as of January 1	\$ 138,268	130,311
Addition of provision during the year	57,122	57,752
Amount utilized during the year	(102,074)	(49,795)
Closing balance as of December 31	\$ 93,316	138,268

The provision of the Company is mainly for sales-related maintenance obligation. The provision is estimated based on historical maintenance rates and maintenance cost per unit of specific products.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XVI) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets was as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Present value of defined benefit obligation	\$ 97,691	109,429
Fair value of plan assets	(124,145)	(128,868)
Net defined benefit assets	<u>\$ (26,454)</u>	<u>(19,439)</u>

The Company makes contribution of defined benefit plan to the labor pension reserve account at Bank of Taiwan. Under the Labor Standards Act, pension benefit of each eligible employee is calculated based on the number of units accrued from service years and the average monthly salaries of the last 6 months prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the “Bureau of Labor Funds”). According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund”, with regard to the utilization of the Fund, minimum returns per year shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2025, the balance of the labor pension reserve account at Bank of Taiwan was NT\$122,517 thousand. For information on the labor pension fund assets, including yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

(2) Changes in present value of the defined benefit obligations

Changes in present value of the defined benefit obligations in 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligations as of January 1	\$ 109,429	130,884
Service costs and interest in the year	4,303	2,849
Remeasurement on the net defined benefit liabilities (assets)		
— Actuarial loss (gain) arising from experience adjustments	205	4,879
— Actuarial loss (gain) arising from	1	(1)

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

	<u>2025</u>	<u>2024</u>
changes in demographic assumption		
— Actuarial loss (gain) arising from changes in financial assumption	2,205	(4,154)
Benefits paid by the plan	(1,873)	(9,103)
Effect of plan curtailment	-	(82)
Planned repayment impact amount	(16,579)	(15,843)
Defined benefit obligations as of December 31	<u><u>\$ 97,691</u></u>	<u><u>109,429</u></u>

(3) Changes in fair value of plan assets

Changes in fair value for the Company's defined benefit plan assets for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets as of January 1	\$ 128,868	131,665
Interest income	2,029	1,502
Remeasurement on the net defined benefit assets - return on plan assets (excluding interests)	9,599	12,026
Amount contributed to the plan	-	5,550
Benefits paid by the plan	(1,461)	(7,207)
Payment amount for project asset amortization	(14,890)	(14,668)
Fair value of plan assets as of December 31	<u><u>\$ 124,145</u></u>	<u><u>128,868</u></u>

(4) Expenses recognized in profit or loss

Details of the Company's gains recognized in profit or loss for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Service costs for the current period	\$ 2,605	1,373
Net interest expense of net defined benefit liabilities	(331)	(26)
Impact of changes or curtailments	-	(82)
Benefits of clearing	(1,689)	(1,175)
	<u><u>\$ 585</u></u>	<u><u>90</u></u>
Operating costs	\$ 37	8
Selling and marketing expenses	104	13
General and administrative expenses	156	28
Research and development expenses	288	41
	<u><u>\$ 585</u></u>	<u><u>90</u></u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(5) Actuarial assumptions

The major assumptions of the actuarial valuation to calculate the present value of the defined benefit obligation at the end of reporting period were as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Discount rate	1.35%	1.60%
Future salary increases	2.00%	2.00%

The Company estimates to make contribution of NT\$2,178 thousand to the defined benefit plan in the year following December 31, 2025.

The weighted-average duration of the defined benefit plan is 7 years.

(6) Sensitivity analysis

The impact of a change in assumptions on the present value of the defined benefit obligation as of December 31, 2025 and 2024 is summarized below:

	Impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2025		
Discount rate (change by 0.25%)	(1,808)	1,885
Future salary adjustment rate (change by 0.25%)	1,831	(1,765)
December 31, 2024		
Discount rate (change by 0.25%)	(2,072)	2,148
Future salary adjustment rate (change by 0.25%)	2,093	(2,028)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

2. Defined contribution plans

Per Company's defined contribution plan, the Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

The retirement expenses under the defined contribution retirement plan for the Company were NT\$32,884,000 for 2025 and NT\$32,964,000 for 2024, and they have been allocated to the Labor Insurance Bureau.

3. Short-term employee benefits

For the years ended December 31, 2025 and 2024, the Company contributed NT\$13,348,000 and NT\$14,328,000 respectively to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of December 31, 2025 and 2024, the Company had accrued unused leave bonuses of NT\$29,474,000 and NT\$27,888,000, respectively, which were recorded under other payables.

(XVII) Income tax

1. Income tax expense

Details of income tax expense for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Income tax expense (benefit) for the period		
Income tax expense incurred	\$ 51,002	71,445
Adjustment for prior year	5,123	(23,007)
	<u>56,125</u>	<u>48,438</u>
Deferred income tax expenses (benefits)		
Origination and reversal of temporary differences	<u>(2,747)</u>	<u>15,175</u>
Income tax expense	<u><u>\$ 53,378</u></u>	<u><u>63,613</u></u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Details of the Company's income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Items that will not be reclassified to profit or loss:		
Gains (losses) on re-measurements of defined benefit plans	<u>\$ 1,438</u>	<u>2,261</u>

The reconciliation of income tax expenses to income before tax for the Company for 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Income before tax	<u>\$ 401,447</u>	<u>468,172</u>
Income tax using the Company's statutory tax rate	\$ 80,289	93,635
Losses from long-term equity investments recognized under the equity method	15,340	13,847
Cash dividend income	(43,133)	(35,111)
Non-deductible expenses	6,892	8,128
Gains on securities transactions	60,995	109,658
Gains on exemption from securities transaction tax	(69,853)	(110,636)
Prior period under(over)estimation	5,123	(23,007)
Basic income tax amount	6,271	9,586
Investment tax credits	(8,546)	(2,487)
Total	<u>\$ 53,378</u>	<u>63,613</u>

2. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities in 2025 and 2024 were as follows:

	<u>Allowance for inventory valuation loss</u>	<u>Unrealized foreign exchange gain or loss</u>	<u>Others</u>	<u>Total</u>
Deferred income tax assets:				
January 1, 2025	\$ 37,498	-	17,374	54,872
Credit/(Debit) income statement	(6,368)	3,998	1,262	(1,108)
December 31, 2025	<u>\$ 31,130</u>	<u>3,998</u>	<u>18,636</u>	<u>53,764</u>
January 1, 2024	\$ 30,571	15,809	18,838	65,218
Credit/(Debit) income statement	6,927	(15,809)	(1,464)	(10,346)
December 31, 2024	<u>\$ 37,498</u>	<u>-</u>	<u>17,374</u>	<u>54,872</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

	Pension provision	Unrealized foreign exchange gain or loss	Unrealized valuation gains	Total
Deferred income tax liabilities:				
January 1, 2025	\$ (6,793)	(3,738)	(2,919)	(13,450)
Debit income statement	117	3,738	-	3,855
Debit other comprehensive income	(1,438)	-	-	(1,438)
December 31, 2025	\$ (8,114)	-	(2,919)	(11,033)
January 1, 2024	\$ (3,441)	-	(2,919)	(6,360)
Debit income statement	(1,091)	(3,738)	-	(4,829)
Debit other comprehensive income	(2,261)	-	-	(2,261)
December 31, 2024	\$ (6,793)	(3,738)	(2,919)	(13,450)

3. Income tax assessment

The tax returns for the years up to 2023 filed by the Company have been approved by the tax authority.

(XVIII) Capital and other equity

1. Common stock issuance

As of December 31, 2025 and 2024, the Company's authorized common stock was NT\$3,600,000,000 with the par value of NT\$10 per share. 187,262,000 shares were issued.

2. Capital surplus

The Company's capital surplus was as follows:

	2025.12.31	2024.12.31
Paid-in capital in excess of par value	\$ 856,427	856,427
Proceeds received from the disposal of employee stock ownership trust shares	860	189
Adjustments arising from changes in percentage of ownership in subsidiaries	4,780	4,780
	\$ 862,067	861,396

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and

Issuance of Securities by Securities Issuers”, distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

3. Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting tax and accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, along with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders after the shareholders' meeting approves the distribution plan submitted by the Board of Directors.

As per the dividend policy set forth in the Company's Articles of Incorporation, the Company's dividend policy is based on the assessment of the Company's future capital budget, planning of future capital requirements, financial structure and earnings, etc. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be approved by the shareholders' meeting. In light of our company's stable growth phase and the industry consolidation trend, we are committed to continuously expanding our scale to ensure sustainable operation and stable growth. According to our dividend policy, if there are no accumulated losses in the previous period, the company will distribute dividends to shareholders amounting to at least 50% of the annual net profit after tax. Dividends can be in the form of either stock or cash, with cash dividends constituting no less than 30% of the total shareholder dividends.

(1) Legal reserve

If the Company has no accumulated deficit, it may, subject to a resolution approved by the shareholders' meeting, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

(2) Special reserve

Pursuant to the Ruling issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from other stockholders' equity shall be set aside from current and prior year earnings. If it is the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed earnings of the previous period. When the amount of the deduction of shareholders' equity is reversed subsequently, the reversed amount can be included in the distributable earnings.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(3) Earning distribution

On March 7, 2025 and March 14, 2024, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended 2024 and 2023, respectively, and the amount of dividends distributed to shareholders was as follows:

	<u>2024</u>	<u>2023</u>
Cash dividend distributed to the shareholders of common stock	<u>\$ 561,786</u>	<u>599,238</u>

On March 6, 2026, the shareholders' meeting resolved on the distribution of earnings for the year ended 2025, and the amount of dividends distributed to shareholders was as follows:

	<u>2025</u>
Cash dividend distributed to the shareholders of common stock	<u>\$ 411,976</u>

For information on the distribution of our company's earnings, please contact the Market Observation Post System.

4. Other equity items (net after tax)

	<u>Exchange differences on translation of financial statements of foreign operations</u>	<u>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</u>	<u>Total</u>
January 1, 2025	\$ (47,247)	6,965,505	6,918,258
Exchange differences on translation of financial statements of foreign operations	(21,314)	-	(21,314)
Share of other comprehensive income (losses) of associates and joint ventures under equity method	(10,903)	44,698	33,795
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(2,724,932)	(2,724,932)
Disposal of equity instruments at fair value through other comprehensive income	-	(304,974)	(304,974)
December 31, 2025	<u>\$ (79,464)</u>	<u>3,980,297</u>	<u>3,900,833</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
January 1, 2024	\$ (126,335)	6,232,008	6,105,673
Exchange differences on translation of financial statements of foreign operations	10,105	-	10,105
Share of other comprehensive income (losses) of associates and joint ventures under equity method	68,983	28,808	97,791
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,255,930	1,255,930
Disposal of equity instruments at fair value through other comprehensive income	-	(551,241)	(551,241)
December 31, 2024	<u>\$ (47,247)</u>	<u>6,965,505</u>	<u>6,918,258</u>

(XIX) Earnings per share

	2025	2024
Basic earnings per share:		
Net income attributable to the ordinary shareholders of the Company	<u>\$ 348,069</u>	<u>404,559</u>
Weight-average number of ordinary shares outstanding (unit: thousands of shares)	<u>187,262</u>	<u>187,262</u>
Basic earnings per share (unit: in New Taiwan Dollars)	<u>\$ 1.86</u>	<u>2.16</u>
Diluted earnings per share:		
Net income attributable to the ordinary shareholders of the Company	<u>\$ 348,069</u>	<u>404,559</u>
Weight-average number of ordinary shares outstanding (unit: thousands of shares)	187,262	187,262
Employee compensation (unit: thousands of shares)	636	1,146
Weight-average number of ordinary shares outstanding (unit: thousands of shares)	<u>187,898</u>	<u>188,408</u>
Diluted earnings per share (unit: in New Taiwan Dollars)	<u>\$ 1.85</u>	<u>2.15</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XX) Revenue from contracts with customers

1. Breakdown of revenue

	<u>2025</u>	<u>2024</u>
Primary geographical markets:		
Taiwan	\$ 2,225,854	1,723,367
China	2,254,748	2,113,873
U.S.A.	1,077,981	1,491,939
Germany	2,385,797	1,128,194
Other countries	2,894,934	2,626,299
	<u>\$ 10,839,314</u>	<u>9,083,672</u>
Major product/service line:		
Sales of power supply	<u>\$ 10,839,314</u>	<u>9,083,672</u>

2. Contract balance

	<u>2025.12.31</u>	<u>2024.12.31</u>	<u>2024.1.1</u>
Notes and accounts receivable (including related parties)	\$ 2,942,053	2,591,014	2,139,087
Less: allowance for impairment loss	(34,377)	(15,082)	(10,603)
Total	<u>\$ 2,907,676</u>	<u>2,575,932</u>	<u>2,128,484</u>
Contract liabilities (recognized in other current liabilities)	<u>\$ 55,087</u>	<u>72,785</u>	<u>43,468</u>

The amounts recognized as income for the contract liabilities' initial balances of January 1, 2025 and 2024 were NT\$38,753,000 and NT\$12,925,000, respectively.

The change in contractual liabilities primarily occurs due to the discrepancy between the timing of fulfilling contractual obligations and the timing of customer payments.

Please refer to Note VI(V) for notes receivable, accounts receivable and related impairment.

(XXI) Remuneration of employees and directors

On June 11, 2025, the Company's shareholders approved the amendment of the Articles of Incorporation. According to the amended Articles, no less than 6% of the annual profits shall be appropriated as employees' compensation (of which no less than 10% shall be allocated to non-managerial employees), and no more than 3% shall be appropriated as directors' compensation. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements. The previous Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The estimated amounts of employee remuneration for the 2025 and 2024 fiscal years of the Company are NT\$48,000,000 and NT\$56,000,000, respectively. The estimated amounts of director remuneration are NT\$5,600,000 and NT\$5,600,000, respectively. These estimates are based on the Company's pre-tax net profit for the respective periods, after deducting the amounts of employee and director remuneration, multiplied by the distribution percentages of employee and director remuneration as stipulated in the Company's articles of incorporation. They are reported as operating expenses for the 2025 and 2024 fiscal years. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. There was no difference between the amount of the remuneration to employees and Directors resolved by the Board of Directors and the accrual amount recognized in the Parent Company Only Financial Statements for the years ended 2025 and 2024. Information related to remuneration to employees and Directors resolved by the Board of Directors is available on the Market Observation Post System website of Taiwan Stock Exchange.

(XXII) Non-operating income and expenses

1. Interest income

	<u>2025</u>	<u>2024</u>
Bank deposits	<u>\$ 28,568</u>	<u>38,673</u>

2. Other income

	<u>2025</u>	<u>2024</u>
Dividend income	\$ 217,358	175,553
Other income		
Government grant	127	769
Income of management fee/service fee	7,461	7,679
Compensation income	-	30,000
Others	8,557	6,383
	<u>\$ 233,503</u>	<u>220,384</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

3. Other gains and losses

	<u>2025</u>	<u>2024</u>
Foreign currency exchange gain (loss), net	\$ (26,252)	109,872
Gain on financial assets measured at fair value through profit or loss	45,364	5,249
Loss on disposal of property, plant, and equipment	(65)	(112)
Others	(2,227)	-
	<u><u>\$ 16,820</u></u>	<u><u>115,009</u></u>

4. Finance costs

	<u>2025</u>	<u>2024</u>
Interest expense:		
Bank borrowings	\$ 2,748	1,424
Lease liabilities	859	956
	<u><u>\$ 3,607</u></u>	<u><u>2,380</u></u>

(XXIII) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the financial assets.

(2) Concentration of credit risk

As of December 31, 2025 and 2024, top three customers accounted for 23% and 24% of the Company's accounts receivable balance.

(3) Credit risk from receivables and debt securities

Please refer to Note VI(V) for credit risk exposure of notes receivable and accounts receivable. For the details of other receivables, please refer to Note VI(VI). Other financial assets measured at amortized cost include other receivables, restricted bank deposits, and deposits as collateral. The above-mentioned financial assets are considered low credit risk financial assets, and the loss allowance is measured using 12-month expected credit loss.

2. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the Company's operations and mitigate the impact of cash flow

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

fluctuations. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2025							
Non-derivative financial liabilities							
Long-term loans	\$ 1,223	1,225	1,225	-	-	-	-
Notes payable	11,604	11,604	11,604	-	-	-	-
Accounts payable	2,766,726	2,766,726	2,766,726	-	-	-	-
Accounts payable - related parties	325,212	325,212	325,212	-	-	-	-
Other payables	794,676	794,676	794,676	-	-	-	-
Other payables - related parties	50,770	50,770	50,770	-	-	-	-
Lease liabilities	43,294	48,303	2,798	2,619	4,095	10,898	27,893
Guarantee deposits received	335	335	335	-	-	-	-
	\$ 3,993,840	3,998,851	3,953,346	2,619	4,095	10,898	27,893
December 31, 2024							
Non-derivative financial liabilities							
Long-term loans	\$ 48,788	49,084	38,330	9,529	1,225	-	-
Notes payable	14,297	14,297	14,297	-	-	-	-
Accounts payable	2,545,649	2,545,649	2,545,649	-	-	-	-
Accounts payable - related parties	327,639	327,639	327,639	-	-	-	-
Other payables	771,915	771,915	771,915	-	-	-	-
Other payables - related parties	57,112	57,112	57,112	-	-	-	-
Lease liabilities	46,800	52,593	3,110	2,978	4,800	10,436	31,269
Guarantee deposits received	335	335	335	-	-	-	-
	\$ 3,812,535	3,818,624	3,758,387	12,507	6,025	10,436	31,269

The Company does not expect that the cash flows included in the maturity analysis will occur significantly earlier or at significantly different amounts.

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Company's financial assets and liabilities exposed to significant foreign currency exchange risk were as follows:

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

	2025.12.31			2024.12.31		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
RMB	\$ 58,817	4.496	264,441	30,511	4.478	136,628
USD	106,386	31.430	3,343,712	100,424	32.785	3,292,401
<u>Non-monetary items</u>						
USD	4,285	32.044	137,309	2,534	28.511	72,248
HKD	2,988	4.040	12,072	1,315	32.785	43,112
AUD	1,166	21.008	24,495	2,139	4.221	9,028
<u>Financial liabilities</u>						
<u>Monetary items</u>						
RMB	86,467	4.496	388,756	81,618	4.478	365,485
USD	87,647	31.430	2,754,745	76,102	32.785	2,495,004
HKD	8,399	4.038	33,915	8,093	4.220	34,169

(2) Sensitivity analysis

The Company's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at fair value through profit or loss, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. If the New Taiwan Dollar depreciates or appreciates by 5% relative to the US Dollar, Renminbi, and Hong Kong Dollar, with all other factors remaining unchanged, the after-tax net profit for 2025 and 2024 will increase or decrease by NT\$17,229,000 and NT\$21,375,000, respectively. This analysis is based on the same assumptions for both periods.

(3) Foreign exchange gain (loss) on monetary items

Due to the wide variety of foreign currencies involved in the Company's transactions, we disclose the exchange gains and losses of monetary items in an aggregated manner. For the years 2025 and 2024, the foreign currency exchange gains (losses) (including realized and unrealized gains) amounted to NT\$(26,252) thousand and NT\$109,872 thousand, respectively.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

4. Market risk

If the prices of securities with active market quotations at the reporting date had changed (using the same basis for both periods and assuming no change in other variables), the impact on the comprehensive income would have been as follows:

Security price at the reporting date	2025		2024	
	Other comprehensive income (pre-tax)	Pre-tax income	Other comprehensive income (pre-tax)	Pre-tax income
Increase by 5%	\$ 230,022	15,919	379,600	16,801
Decrease by 5%	\$ (230,022)	(15,919)	(379,600)	(16,801)

Please refer to Note VI(IV) “Measurement of the fair value of Level 3, the sensitivity analysis of the fair value using reasonably possible alternative assumptions” for details of the price changes of the Level 3 equity securities.

5. Interest rate analysis

The Company's financial assets and liabilities exposed to interest rate risk include bank deposits and bank borrowings. However, the impact of interest rate fluctuations on these financial assets and liabilities is not significant, and therefore, there is no substantial related fair value risk or cash flow risk.

6. Fair value information

(1) Category of financial instruments and their fair value

The Company's financial instruments measured at fair value on a recurring basis include the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income. Carrying amount and fair value of various financial assets and financial liabilities (including fair value level information, except for financial instruments whose carrying amount is a reasonable approximation of fair value, and lease liabilities which are not required to disclose their fair value information) were as follows:

	Carrying amount	2025.12.31			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 318,381	318,381	-	-	318,381
Private equity funds	185,431	-	-	185,431	185,431

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

	2025.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Preferred shares of foreign listed companies	18,855	-	-	18,855	18,855
Non-publicly quoted equity instruments measured at fair value	60,287	-	-	60,287	60,287
Structured products	30,597	-	30,597	-	30,597
Subtotal	613,551	318,381	30,597	264,573	613,551
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	4,582,723	4,582,723	-	-	4,582,723
Foreign listed stock	17,712	17,712	-	-	17,712
Domestic unlisted stocks	266,458	-	-	266,458	266,458
Subtotal	4,866,893	4,600,435	-	266,458	4,866,893
Financial assets at amortized cost					
Cash and cash equivalents	1,825,073	-	-	-	-
Financial assets at amortized cost - current	50,000	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,907,676	-	-	-	-
Other receivables - related parties	166,647	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	4,431	-	-	-	-
Subtotal	4,953,927	-	-	-	-
Total	\$ 10,434,371	4,918,816	30,597	531,031	5,480,444
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 1,223	-	-	-	-
Accounts payable and trade payables (including related parties)	3,103,542	-	-	-	-
Other payables (including related parties)	845,446	-	-	-	-
Lease liabilities	43,294	-	-	-	-
Guarantee deposits received	335	-	-	-	-
Total	\$ 3,993,840	-	-	-	-

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

2024.12.31					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 336,019	336,019	-	-	336,019
Private equity funds	121,250	-	-	121,250	121,250
Non-publicly quoted equity instruments measured at fair value	72,248	-	-	72,248	72,248
Structured products	31,860	-	31,860	-	31,860
Subtotal	561,377	336,019	31,860	193,498	561,377
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	7,582,980	7,582,980	-	-	7,582,980
Foreign listed stock	9,028	9,028	-	-	9,028
Non-publicly quoted equity instruments measured at fair value	259,399	-	-	259,399	259,399
Subtotal	7,851,407	7,592,008	-	259,399	7,851,407
Financial assets at amortized cost					
Cash and cash equivalents	2,333,218	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,575,932	-	-	-	-
Other receivables - related parties	171,560	-	-	-	-
Restricted bank deposits (classified in other current assets)	32,785	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	4,304	-	-	-	-
Subtotal	5,117,899	-	-	-	-
Total	<u>\$ 13,530,683</u>	<u>7,928,027</u>	<u>31,860</u>	<u>452,897</u>	<u>8,412,784</u>
Financial liabilities measured at amortized cost					
Bank borrowings	\$ 48,788	-	-	-	-
Accounts payable and trade payables (including related parties)	2,887,585	-	-	-	-
Other payables (including related parties)	829,027	-	-	-	-
Lease liabilities	46,800	-	-	-	-
Guarantee deposits received	335	-	-	-	-
Total	<u>\$ 3,812,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(2) Valuation techniques for financial instruments measured at fair value - non-derivative financial instruments

If there is an active market for a financial instrument, the fair value is based on the quoted price in the active market. The market prices announced by major exchanges are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments that are publicly quoted in the active market.

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agencies or competent authority in a timely manner and on a regular basis, and if the price fairly represents actual and frequent market transactions. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Among the financial instruments held by the Company, the listed stocks and beneficiary certificates are financial assets with standard terms and conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices. Structured products are priced based on quotations provided by financial institutions.

Except for the above-mentioned financial instruments, the fair values of the remaining financial instruments are obtained using valuation techniques or by referencing to quoted prices from counterparties. The fair value of financial instruments measured by using valuation techniques can refer to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the Balance Sheets date.

The fair value of financial instruments held by the Company that are not publicly quoted equity instruments with no active market is estimated using the market method and net asset value method. The market method is measured by reference to the recent fundraising activities of the investee or based on the earnings or equity net worth multiplier derived from the quoted market prices of comparable listed companies, adjusted for the effect of discount on the lack of marketability of the equity securities. Net assets value method is based on the assumption that the net worth of the investee is measured on a per share basis. In addition, the Company's preferred shares

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

of foreign listed companies are measured at fair value based on recent transaction prices. Therefore, they are excluded from the disclosure scope of quantitative information on significant unobservable inputs and the sensitivity analysis of fair value to reasonably possible alternative assumptions.

(3) Quantitative information of significant unobservable inputs (Level 3) relating to fair value measurement

The Company's financial assets measured at fair value and classified as Level 3 primarily include: equity investments measured at fair value through profit or loss, private fund investments, preferred shares of foreign listed companies, and equity investments measured at fair value through other comprehensive income.

The Company's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Table of quantitative information of significant unobservable inputs is provided below:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - investment in equity instrument without an active market	Comparable company valuation method	• Net worth multiples (1.92–7.80 as of December 31, 2025, and 1.92–6.50 as of December 31, 2024) • Discount for lack of marketability (29.39% as of both December 31, 2025 and December 31, 2024)	• The higher the multiple, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

- (4) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is considered reasonable. However, the fair value may change if different valuation models or inputs are used. For financial instruments classified in Level 3, changing the valuation assumptions would have the following effects on other comprehensive income:

		Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
Input			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2025						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,014	(3,014)	-	-
Private equity funds	Net assets value method	5%	9,272	(9,272)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	13,323	(13,323)
December 31, 2024						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,612	(3,612)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	12,970	(12,970)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using the valuation technique. If the fair value of a financial instrument is subject to more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXIV) Financial risk management

1. Overview

The Company is exposed to the following risks arising from financial instruments:

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

In this Note, the Company has disclosed the information on exposure to the aforementioned risks, and the Company's objectives, policies and procedures to measure and manage these risks.

2. Risk management framework

The Board of Directors is responsible for developing and overseeing the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, to monitor the risk and to manage the exposure within the risk limits. Risk management policies and systems are reviewed on a regular basis to reflect the changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

3. Credit risk

Credit risk refers to the risk of financial loss to the Company resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Company's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Company's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Company continuously evaluates the financial position of customers and purchases insurance for the accounts receivable of customers in high-risk areas or with special characteristics to reduce the Company's accounts receivable risk. The Company regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management is able to effectively manage the risk of accounts receivable.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

The Company has established the credit policy under which it is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. Purchasing limits are established for each individual customer and limits are reviewed periodically. Customers who do not meet the requirement of credit rating can only trade with the Company on a prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the counterparties of transactions and obligations of the Company are banks with good credit standing, and financial institutions, corporate and government with investment grade and above, default risk is limited and hence there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in settling its financial liabilities by delivering cash or other financial assets and fails to fulfill its related obligations. The Company manages its liquidity by ensuring that the Company has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or damaging the Company's reputation.

The Company ensures that it has sufficient cash to meet all contractual obligations. Additionally, as of December 31, 2025 and 2024, the Company had unused borrowing facilities totaling NT\$1,181,168,000 and NT\$644,500,000, respectively.

5. Market risk

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

(1) Foreign exchange risk

The Company is exposed to foreign exchange risk on sales, procurement and loans that are denominated in a currency other than the functional currencies of the Company. The Company's functional currencies mainly include New Taiwan Dollar. The currencies used in these transactions are mainly New Taiwan Dollar, Hong Kong Dollar, US Dollar and Renminbi.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

There is no significant difference or significant change in the receivables and payables of the Company, so the Company currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

(2) Interest rate risk

The Company's financial assets and liabilities exposed to interest rate risk include bank deposits and bank borrowings. However, the impact of interest rate fluctuations on these financial assets and liabilities is not significant, and therefore, there is no substantial related fair value risk or cash flow risk.

(3) Other market price risk

The Company's financial assets at fair value through profit or loss—current, financial assets at fair value through profit or loss—non-current, and financial assets at fair value through other comprehensive income—non-current consist of investments in domestic funds, private equity funds, listed (OTC) company shares, foreign listed company shares, and foreign unlisted company shares. Since these assets are measured at fair value, the Company is exposed to market price fluctuations of equity securities. To manage market risk, the Company exercises prudent selection of investment targets and controls its holdings.

(XXV) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Company's share capital, capital surplus, retained earnings, other equity. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2025 and 2024, debt-to-equity ratio was as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Total liabilities	\$ 4,240,653	4,125,987
Less: cash and cash equivalents	(1,825,073)	(2,333,218)
Net liability	<u>\$ 2,415,580</u>	<u>1,792,769</u>
Equity	<u>\$ 12,526,066</u>	<u>15,445,813</u>
Debt-to-equity ratio	<u>19.28%</u>	<u>11.61%</u>

As of December 31, 2025, there was no material change in the Company's capital management.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(XXVI) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities in 2025 and 2024 was as follows:

		Non-cash changes							
					Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	Others	
	2025.1.1	Cash flow	Addition						2025.12.31
Long-term loans	\$ 48,788	(47,565)	-	-	-	-	-	-	1,223
Lease liabilities	46,800	(5,401)	1,895	-	-	-	-	-	43,294
Total liabilities from financing activities	<u>\$ 95,588</u>	<u>(52,966)</u>	<u>1,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,517</u>

		Non-cash changes							
					Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	Others	
	2024.1.1	Cash flow	Addition						2024.12.31
Long-term loans	\$ 124,404	(75,616)	-	-	-	-	-	-	48,788
Lease liabilities	50,021	(5,122)	3,130	(1,229)	-	-	-	-	46,800
Total liabilities from financing activities	<u>\$ 174,425</u>	<u>(80,738)</u>	<u>3,130</u>	<u>(1,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,588</u>

VII. Related Party Transactions

(I) Related party name and relationship

Related parties that had transactions with the Company during the reporting periods were listed below:

<u>Related party</u>	<u>Relationship with the Company</u>
FSP Group USA Corp.	Associate of the Company
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. ("Amacrox")	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. ("Voltronic")	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
FSP International Inc. (BVI)	Subsidiary of the Company
FSP Group Inc.	Subsidiary of the Company
Amacrox Technology Co., Ltd. (BVI)	Subsidiary of the Company
Power Electronics Co., Ltd.	Subsidiary of the Company
FSP Technology Inc. (BVI)	Subsidiary of the Company
Harmony Trading (HK) Ltd.	Subsidiary of the Company
FSP Technology USA Inc.	Subsidiary of the Company

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

<u>Related party</u>	<u>Relationship with the Company</u>
FSP Turkey Dis Tic.Ltd.Sti.	Subsidiary of the Company
FSP International (HK) Ltd.	Subsidiary of the Company
Proteck Electronics (Samoa) Corp.	Subsidiary of the Company
FSP Technology Vietnam Co., Ltd. (SPV)	Subsidiary of the Company
Famous Holding Ltd.	Subsidiary of the Company
Amacrox GmbH	Subsidiary of the Company
Proteck Power North America, Inc.	Subsidiary of the Company
3Y Power Technology Inc.	Subsidiary of the Company
3Y Power Technology (TAIWAN) Inc. ("3Y Power")	Subsidiary of the Company
FSP-C R&D Center ("FSP Jiangsu")	Subsidiary of the Company
Shenzhen Huili Electronic Co., Ltd. ("Huili")	Subsidiary of the Company
Protek Electronics (China) Corp.	Subsidiary of the Company
Zhonghan Electronics (Shenzhen) Co., Ltd. ("Zhonghan")	Subsidiary of the Company
WUXI SPI Technology Co., Ltd. ("WUXI SPI")	Subsidiary of the Company
WUXI Zhonghan Technology Co., Ltd. ("WUXI Zhonghan")	Subsidiary of the Company
Hao Han Electronic Technology (Jian) Co., Ltd.	Subsidiary of the Company
Shenzhen Zhong Han Science & Tech. Co., Ltd. ("Zhong Han")	Subsidiary of the Company
WUXI 3Y Technology Co., Ltd.	Subsidiary of the Company
FSP Foundation	Substantive related party

(II) Significant related party transactions

1. Operating revenue

Significant sales amount to related parties was as follows:

	<u>2025</u>	<u>2024</u>
Subsidiary	\$ 1,203,937	870,853
Associate	90,426	74,349
Other related party	1,518,999	1,582,966
	<u><u>\$ 2,813,362</u></u>	<u><u>2,528,168</u></u>

The prices and credit terms of the Company's sales to the above related parties were not significantly different from those of its regular customers.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

2. Purchases

The amounts of goods purchased from related parties, raw materials purchased by related parties on behalf of the Company and processing of products were as follows:

	<u>2025</u>	<u>2024</u>
Subsidiary		
Huili	\$ 889,203	741,594
Others	1,506,298	1,044,840
Other related party	110,572	134,992
	<u><u>\$ 2,506,073</u></u>	<u><u>1,921,426</u></u>

The Company did not purchase similar products from other manufacturers, so there was no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers except that the payment term for some subsidiaries was 5 days after the monthly settlement.

3. Receivables from related parties

The detailed breakdown of receivables generated by the Company due to sales transactions and advances for business needs is as follows:

<u>Accounting subject</u>	<u>Related party category/name</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Accounts receivable	Subsidiary	\$ 360,917	297,265
	Associate	21,374	25,666
	Other related party		
	FSP Power Solution GmbH	272,769	308,533
	Others	309,041	240,693
		<u>964,101</u>	<u>872,157</u>
Other receivables	Subsidiary		
	Famous Holding Ltd.	-	29,245
	Others	10,125	8,602
	Associate	2,015	565
	Other related party	17,247	15,546
		<u>29,387</u>	<u>53,958</u>
		<u><u>\$ 993,488</u></u>	<u><u>926,115</u></u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

As of December 31, 2025, and December 31, 2024, no allowance for doubtful accounts had been recognized for the aforementioned accounts receivable and other receivables.

4. Payables to related parties

Accounts payable and prepayment arising from purchases of goods and raw materials and processing of products:

<u>Accounting subject</u>	<u>Related party category/name</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Accounts payable	Subsidiary	\$ 275,995	264,013
	Other related party	49,217	63,626
		<u>325,212</u>	<u>327,639</u>
Other payables	Subsidiary	15,086	10,931
	Other related party	3,209	6,372
		<u>18,295</u>	<u>17,303</u>
		<u>\$ 343,507</u>	<u>344,942</u>

5. Service from related party

The Company entered into a billing management service contract with 3Y Power, a subsidiary of the Company, to provide management guidance on the establishment of related departments, application systems and professional information services to 3Y Power at an annual cost of US\$240,000. The Company also provides machinery and equipment services to 3Y Power.

The breakdown of the above income from the provision of management and equipment services to 3Y Power is as follows (recorded under Non-operating Income and Expenses – Other Income):

	<u>2025</u>	<u>2024</u>
Income from management service	\$ 7,461	7,679
Income from machinery and equipment service	<u>625</u>	<u>614</u>
	<u>\$ 8,086</u>	<u>8,293</u>

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

The details of technical service fees, labor costs and commissions paid by the Company to the related parties are as follows (recorded under Operating Costs and Operating Expenses):

	<u>2025</u>	<u>2024</u>
Subsidiary		
FSP Jiangsu	\$ 49,577	50,424
FSP Technology USA Inc.	9,458	10,464
Others	1,636	2,312
Associate		
FSP Group USA Corp.	10,534	10,787
Other related party		
FSP North America	23,792	15,025
Others	21,254	14,299
	<u><u>\$ 116,251</u></u>	<u><u>103,311</u></u>

The Company recognized the following payables to related parties and advance receipts (recorded as other current liabilities and other non-current liabilities) as a result of the above transactions:

<u>Accounting subject</u>	<u>Related party category/name</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Other payables	Subsidiary	\$ 15,677	24,330
	Associate	934	1,258
	Other related party	15,864	14,221
		<u>32,475</u>	<u>39,809</u>
Other current liabilities	Subsidiary		
	3Y Power	171	620
Other non-current liabilities	Subsidiary		
	3Y Power	-	176
		<u><u>\$ 32,646</u></u>	<u><u>40,605</u></u>

6. Endorsement and guarantee

The Company provided joint guarantees for borrowings by its subsidiary – SPV to financial institutions with property as collateral, amounting to NT\$32,000 thousand as of December 31, 2024. There were no such items as of December 31, 2025.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

7. Donation expenses

The amounts of donations made by the Company to related parties are as follows:

	<u>2025</u>	<u>2024</u>
Other related party	<u>\$ 10,500</u>	<u>-</u>

(III) Compensation for key management personnel

Compensation for key management personnel

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 41,129	53,618
Post-employment benefits	346	634
	<u>\$ 41,475</u>	<u>54,252</u>

VIII. Pledged Assets

The carrying amount of pledged assets for custom duty performance guarantee, and borrowings was as follows:

<u>Assets</u>	<u>Pledged to secure</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	\$ 100	100
Restricted time deposits (recognized in other current assets)	Subsidiaries' short-term loan facilities	-	32,785
Land	Long-term and short-term loan facilities	161,077	161,077
Housing and construction	Long-term and short-term loan facilities	154,462	162,458
Total		<u>\$ 315,639</u>	<u>356,420</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (I) As of December 31, 2025 and 2024, the Company had banking guarantees for customs duties and commodity taxes of NT\$60,000 thousand and NT\$200,000 thousand, respectively, of which NT\$30,000 thousand and NT\$60,000 thousand had been utilized.
- (II) The Company purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Company in

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US\$2,268,402.22, should be borne jointly by the Company, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court.

The litigation between the Company and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the Company has not yet received a notice of hearing from the US Court.

The Company was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products involved in such disputes, the Company has switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the Company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the Company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the Company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the Company's financial statements. The Company recognized the aforementioned expenses in as expenses for the year in which they occurred based on fiscal conservatism.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

- (III) As of December 31, 2025, and December 31, 2024, the Company had signed property, plant, and equipment procurement contracts amounting to NT\$7,821 thousand and NT\$2,500 thousand, respectively. The amounts paid under these contracts were NT\$4,747 thousand and NT\$1,250 thousand, respectively, and were recorded under construction in progress and other non-current assets within property, plant, and equipment.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

A summary of employee benefits, depreciation, and amortization by function is provided below:

By function By nature	2025			2024		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefits expense						
Salary expense	61,966	731,156	793,122	51,937	702,765	754,702
Labor and health insurance expenses	6,117	62,880	68,997	4,812	61,216	66,028
Pension expense	2,089	31,380	33,469	2,011	31,043	33,054
Remuneration to directors	-	8,552	8,552	-	15,728	15,728
Other employee benefit expense	3,791	31,057	34,848	1,703	27,894	29,597
Depreciation expense	9,133	78,003	87,136	9,540	71,594	81,134
Amortization expense	3,278	11,754	15,032	362	4,960	5,322

Information regarding the number of employee and employee benefit expenses as of December 31, 2025 and 2024 was as follows:

	2025	2024
Number of employees	802	762
Directors not in concurrent employment	8	8
Average employee benefits expense	\$ 1,172	1,172
Average employee salary expense	\$ 999	1,001
Average adjustment of employee salary	(0.20)%	
Supervisor's remuneration	\$ -	-

The Company's compensation policy, including Directors, Supervisors, managers and employees, is as follows:

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

(I) Remuneration to directors

According to the Article 20 of the Company's Articles of Incorporation, if there is any profit in the year, no more than 3% shall be allocated as the director's remuneration. The payment standard of transportation fee is in accordance with the regulations on the payment of remuneration for directors and functional members, and the transportation fee is NT\$5 thousand per person each time. If director is also an employee, remuneration shall be paid in accordance with the provision of (3).

(II) Remuneration of independent directors

The Company's independent directors do not participate in the distribution of directors' remuneration under Article 20 of the Company's Articles of Incorporation. However, the Company is required to pay each independent director a fixed quarterly compensation regardless of profit or loss. If an independent director resigns during the quarter, his or her remuneration shall be calculated proportionally based on the period of services in the quarter.

(III) Remuneration of managerial officers

The remuneration of the Company's managers is based on the Company's "Manager Salary and Remuneration Management Regulations", taking into account the salary level of the position in the market, the scope of roles and responsibilities of the position in the Company and the contribution to the Company's business goals. The remuneration of the managers is reviewed by the Remuneration Committee and implemented after the approval by the Board of Directors. When determining reasonable remuneration, the Company considers its overall operating performance, future business risks, development trends of the industry, individual performance achievement and contribution to the Company's financial results. Manager's performance and reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors, who will also revise the remuneration policy if deemed appropriate according to the actual operating conditions and relevant laws and regulations.

(IV) Remuneration of employees

Employee salaries are determined in accordance with the Company's "Salary Management Guidelines" and with reference to average salary in the market and organizational structure. Employee salaries are adjusted in a timely manner according to market salary trends and government regulations. Employee compensation is determined in accordance with Article 20 of the Company's Articles of Incorporation. If the Company reports a profit for the year, no less than 6% shall be allocated as employee compensation (of which at least 10% shall be allocated to rank-and-file employees), linked to the Company's operating performance. However, if the

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Company has accumulated losses, an amount sufficient to cover such losses shall be retained in advance. Remuneration of employees can be paid in stock or cash, and the distribution of stock or cash to employees may include subsidiary's employees who meet certain criteria. The Board of Directors is authorized to determine the method of distribution. To retain talented employees, the Company has created an employee stock ownership trust and makes fixed monthly contributions to the Company's incentive fund as rewards for employees.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

The relevant information regarding significant transactions that the company should disclose again according to the financial reporting standards for issuers of securities for the fiscal year 2025 was as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Significant marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Securities holding company	Type and name of securities	Relationship with issuer of securities	Ledger account	Year-end				Remark
				Shares/Units	Carrying amount	Percentage of shareholding (%)	Fair value	
The Company	Stock: Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,998,300	60,287	9.17	60,287	
The Company	Preferred stock: HARRIS TECHNOLOGY	—	"	44,870,678	18,855	10.91	18,855	
The Company	Beneficiary certificates: Fuh Hwa Guardian Fund	—	"	3,504,199	76,196	-	76,196	
"	Fuh Hwa Ruei Hua Fund	—	"	1,961,169	24,908	-	24,908	
"	The maturity of the Fu Hua three to eight-year floating rate notes and bonds (in New Taiwan Dollars)	—	"	2,500,000	27,873	-	27,873	
"	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund	—	"	400,000	22,140	-	22,140	
"	Taiwan Technology High Dividend Fund A	—	"	6,000,000	71,040	-	71,040	
"	Asia-Pacific Technology (in USD)	—	"	52,994	44,055	-	44,055	
"	0056 Yuanta High Dividend	—	"	300,000	11,019	-	11,019	
"	00991A Fuh Hwa Taiwan Future 50 Active ETF	—	"	1,000,000	10,470	-	10,470	
"	00919 Capital Taiwan High Dividend	—	"	300,000	6,720	-	6,720	
The Company	Beneficiary certificates: 00939 Unified Taiwan High Interest	—	Financial assets at fair value through profit or loss	1,000,000	14,700	-	14,700	
"	00940 Yuanta Taiwan High-yield Value	—	"	1,000,000	9,260	-	9,260	
					318,381		318,381	
The Company	Private equity fund: Heshunhsing Intelligent Mobile LP	—	"	77,954,545	92,262	1.11	92,262	
"	Hong Chi Sustainable Climate Limited Partnership	—	"	36,000,000	54,291	5.74	54,291	
"	Mesh Cooperative Ventures Fund	—	"	30,000,000	28,875	2.49	28,875	
"	FSP Yu-Hang Innovation & Sustainability Limited Partnership	—	"	10,000,000	10,003	99.98	10,003	

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Securities holding company	Type and name of securities	Relationship with issuer of securities	Ledger account	Year-end				Remark
				Shares/Units	Carrying amount	Percentage of shareholding (%)	Fair value	
The Company	Structured products: X220401	—	"	10,000	185,431		185,431	
					30,597	-	30,597	
3Y Power	Beneficiary certificates: Fuh Hwa Taiwan Technology High Dividend Fund	—	"	2,000,000	23,680	-	23,680	
"	00991A Fuh Hwa Taiwan Future 50 Active ETF	—	"	500,000	5,225	-	5,225	
3Y Power	Structured products: XP240807	—	"	5,000	28,905		28,905	
					14,478	-	14,278	
Shenzhen Zhong Han	Beneficiary certificates: 601988 Bank of China	—	"	50,000	12,881	-	12,881	
Shenzhen Zhong Han	Structured deposits: Ping An Bank Structured Deposits for Corporate Clients	—	"	-	179,840	-	179,840	
WUXI Zhonghan	SPD Bank Structured Deposits for Corporate Clients	—	"	-	202,320	-	202,320	
					382,160		382,160	
					1,051,975		1,051,775	
The Company	Stock: Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	2,896,822	2,812,814	3.30	2,812,814	
"	JESS-LINK Products Co., Ltd.	—	"	10,010,000	1,391,390	8.20	1,391,390	
"	WT Microelectronics Co., Ltd. (Preferred stock)	—	"	1,000,000	51,400	0.74	51,400	
"	WT Microelectronics Co., Ltd.	—	"	250,000	34,250	0.02	34,250	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	—	"	9,000	13,950	-	13,950	
"	Coretronic Corporation	—	"	225,000	19,350	0.06	19,350	
"	Eastern Union Interactive Corp.	—	"	980,000	183,750	3.94	183,750	
"	HARRIS TECHNOLOGY	—	"	29,829,678	5,640	9.07	5,640	
"	Champ-ray Industrial Co., Ltd.	—	"	235,000	18,871	0.78	18,871	
"	Channel Well Technology Co., Ltd.	—	"	45,000	3,141	0.02	3,141	
"	Delta Electronics Inc.	—	"	3,000	2,889	-	2,889	
"	Quanta Computer Inc.	—	"	100,000	27,200	-	27,200	
"	Hon Hai Precision Industry Co., Ltd.	—	"	25,000	5,763	-	5,763	
"	Formosa International Hotels Corporation	—	"	95,000	17,955	0.07	17,955	
"	TOT BIOPHARM International Co., Ltd.	—	"	1,195,200	12,072	0.15	12,072	
"	Taiwan Truewin Technology Co., Ltd.	—	"	2,226,704	119,873	3.44	119,873	
"	Stockfeel Media Technology Co., Ltd.	—	"	1,602,121	80,106	5.04	80,106	
"	Liwatt X Inc.	—	"	1,000,000	6,479	14.29	6,479	
"	LINCO Technology Co., Ltd.	—	"	550,000	60,000	0.66	60,000	
FSP Jiangsu	Stock: Powerland Technology Inc.	—	Financial assets at fair value through other comprehensive income	-	4,866,893		4,866,893	
					100,000	3.39	100,000	
3Y Power	Voltronic Power Technology Corp.	Other related party	"	1,000	971	-	971	
					4,967,864		4,967,864	

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

4. Total purchases from and sales to related parties which exceed NT\$100,000 thousand or 20% of the paid-in capital:

Company purchases (sales) of goods	Related party	Relationship	Transaction situation				Unusual transaction terms and reasons		Notes and accounts receivable (payable)		Remark
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(357,551)	(3.30)	Note 1			120,510	4.14	
The Company	Fortron/ Source (EUROPA) GmbH	Substantive related party of the Company	(Sales)	(476,692)	(4.40)	Note 1			144,214	4.96	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(564,627)	(5.21)	Note 1			272,769	9.38	
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	(Sales)	(276,578)	(2.55)	Note 1			106,555	3.66	
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(288,988)	(2.67)	Note 1			72,196	2.48	
The Company	Zhonghan Tech.	100% owned investment via indirect shareholding	(Sales)	(237,983)	(2.20)	Note 1			-	-	
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	889,203	12.31	Note 4		Note 4	(85,440) (Note 3)	(2.75)	
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	389,496	5.39	Note 4		Note 4	(41,259) (Note 3)	(1.33)	
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	285,886	3.96	Note 4		Note 4	(23,807) (Note 3)	(0.77)	
The Company	Voltronic	The Company is the Director of this company	Purchases	110,572	1.53	Note 5			(49,217)	(1.59)	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases (Note 2)	285,986	3.96	Note 1			(92,311) (Note 3)	(2.97)	
3Y Power	3Y Power Technolohg Inc.	100% owned investment via direct shareholding	(Sales)	(147,316)	(7.93)	Note 1			17,348	4.72	
3Y Power	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(114,833)	(6.18)	Note 1			22,907	6.24	
3Y Power	Zhonghan Tech.	Affiliate	(Sales)	(435,181)	(23.42)	Note 1			-	-	
3Y Power	Huili	Affiliate	Purchases (Note 2)	259,640	21.13	Note 4		Note 4	-	-	
The Company	FSP Technology Vietnam Co., Ltd.	100% owned investment via indirect shareholding	Purchases	417,738	5.78	Note 4		Note 4	(43,056)	(1.39)	

Note 1: The Company's trading terms for this related party are not significantly different from those of other customers.

Note 2: Including purchases of products, purchases of raw materials and processing.

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

- Note 3: Including accounts payable arising from purchases of products and raw materials and processing fee.
- Note 4: The transaction price is not available for regular customers for comparison, and the credit term is 5 days after the monthly settlement.
- Note 5: The Company does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

5. Receivables from related parties which exceed NT\$100,000 thousand or 20% of the paid-in capital:

Company with accounts receivable	Related party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	120,510	2.94	-		67,856	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	272,769	1.94	-		108,535	-
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	144,214	4.37	-		52,774	-
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	106,555	2.19	-		44,512	-
The Company	FSP Technology Vietnam Co., Ltd.	100% owned investment via indirect shareholding	118,368	3.02	-		-	-

Note: As of February 28, 2026.

(II) Information on Invested Companies:

Investment information in 2025 is as follows:

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Year-end holdings			Profit (loss) of investee for the period (Note)	Investment gain (loss) recognized for the period (Note)	Remark
				End of the current period	At the end of last year	Shares	Shareholding (%)	Carrying amount (Note)			
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,501,391	1,468,081	33,202,500	100.00	2,169,857	(144,599)	(144,555)	Subsidiary
"	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	312	(11)	(11)	Subsidiary
"	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	79,040	1,875	1,875	Subsidiary
"	BY Power	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	834,764	96,469	62,930	Subsidiary
"	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	1,918	(107)	(107)	Subsidiary
"	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	21,342	9,529	9,529	Subsidiary
"	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	21,652	1,247	1,140	Subsidiary
"	FSP Technology Vietnam Co., Ltd.	Vietnam	Manufacturing and trading of power supply	347,540	222,010	-	100.00	266,459	(9,910)	(7,500)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	136,904	(25,784)	-	Sub-subsidiary
"	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	142,364	(12,111)	-	Sub-subsidiary

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Year-end holdings			Profit (loss) of investee for the period (Note)	Investment gain (loss) recognized for the period (Note)	Remark
				End of the current period	At the end of last year	Shares	Shareholding (%)	Carrying amount (Note)			
"	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,282,697	(61,988)	-	Sub-subsidiary
"	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	17,489	(4,285)	-	Sub-subsidiary
"	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	22,557	(12,194)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,177	(33)	-	Sub-subsidiary
"	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	38,573	6,091	2,741	Associate
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	241,336	(3,968)	-	Sub-subsidiary
"	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	150,000	100.00	6,248	1,187	-	Sub-subsidiary

Note: The investment gains or losses recognized by the company and the carrying amounts of the investments at period-end are measured using the equity method, based on the financial statements of the investee audited by the certified public accountants of the Taiwanese parent company.

(III) Information on investment in Mainland China:

1. Information on the name of investee company in Mainland China and their main businesses and products

Investee company	Main business activities	Paid-in capital	Method of investments (Note 1)	Accumulated amount of investments remitted from Taiwan at beginning of period	Amount of investments remitted or repatriated for the period		Accumulated amount of investments remitted from Taiwan at end of period	Profit (loss) of investee for the period	Percentage of ownership of direct or indirect investment	Recognition of investment gains and losses for the current period (Note 3)	The year-end carrying value of investments (Note 3)	Accumulated investment income repatriated at end of period
					Remitted	Repatriated						
Huili Zhonghan	Processing of power supply	410,260	(II), 1	403,203	33,310	-	436,513	(29,484)	100.00	(29,484)	460,826	197,299
	Processing of power supply	231,949	(II), 1	104,342	-	-	104,342	(12,069)	100.00	(12,069)	140,452	75,044
WUXI SPI	Processing of power supply	747,640	(II), 1	508,326	-	-	508,326	13,816	100.00	13,816	108,147	-
WUXI Zhonghan	Manufacturing and trading of power supply	430,658	(II), 1	380,595	-	-	380,595	(89,755)	100.00	(89,755)	787,130	-
Zhonghan Tech.	Manufacturing and trading of power supply	134,880	(II), 1	20,196	-	-	20,196	(71,136)	100.00	(71,136)	685,930	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009	(II), 1	13,380	-	-	13,380	(25,784)	100.00	(25,784)	138,590	-
Protek Dongguan	Processing of power supply	40,770	(II), 1	38,038	-	-	38,038	(4,277)	100.00	(4,277)	17,281	-
Hao Han	Transformer processing	169,400	(II), 1	-	-	-	-	(12,194)	100.00	(12,194)	22,557	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,267	(II), 2	-	-	-	-	1,187	65.87	782	6,248	-

Note 1: Method of investment can be divided into the following 3 categories:

- (I) Direct investment in Mainland China.
- (II) Indirect investment in Mainland China through a holding company established in other countries
 1. Through FSP International Inc. to invest in Mainland China.
 2. Through 3Y Power to invest in Mainland China.

(III) Others.

Note 2: This includes the amount of capital contributed by a foreign subsidiary from its earnings or dividends from an investee company in China.

Note 3: Note: The investment gains or losses recognized by the company and the carrying amounts of the investments at period-end were measured using the equity method, based on the financial statements of the investee audited by the certified public accountants of the Taiwanese parent company.

2. The limit of investment in Mainland China:

Accumulated investment in Mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in Mainland China approved by Investment Commission, MOEA
1,468,916(Note 2)	2,002,592(Note 2)	7,515,640
(HK\$ 12,500 thousand and US\$ 43,640 thousand)	(HK\$ 12,500 thousand and US\$ 62,110 thousand)	(Note 1)

Note 1: 60% of net worth.

Note 2: The relevant amounts of investment in the Mainland China region mentioned above, except for the cumulative amount of investment from Taiwan to the Mainland China region at the end of this period, are based on the historical exchange rate. The recognition of investment gains and losses for this period is based on the weighted average exchange rate, with the exchange rate of USD to TWD at 1: 31.1797, the

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

exchange rate of RMB to TWD at 1: 4.3334, and the exchange rate of HKD to TWD at 1: 3.9998. The paid-in capital, the approved amount by the Ministry of Economic Affairs Investment Commission, and the end-of-period investment book value are calculated based on the exchange rate on December 31, 2025, with the exchange rate of USD to TWD at 1: 31.4300, the exchange rate of RMB to TWD at 1: 4.4960, and the exchange rate of HKD to TWD at 1: 4.0380.

3. Significant transactions with the investee company in Mainland China:

For the direct or indirect significant transactions between the Company and its investee companies in Mainland China in 2025, please refer to the description of "Information on Significant Transactions".

XIV. Segment Information

Please refer to the consolidated financial statements for the year ended December 31, 2025.

FSP Technology Inc.
Details of Cash and Cash Equivalents
December 31, 2025

Unit: NT\$ thousands
Foreign currencies

Item	Summary	Amount
Cash	Patty cash	\$ 100
	Cash in foreign currencies:	
	Japanese Yen (JPY 147,000 @ 0.2008)	29
	Euro (EUR 3,300.00 @ 36.900)	122
	US Dollar (USD 34,000.00 @ 31.430)	1,069
	Renminbi (CNY 5,600.00 @ 4.496)	25
	Subtotal	<u>1,345</u>
Bank deposits	Time deposits:	
	NTD	600,990
	US Dollar (USD 12,250,000.00 @ 31.430)	735,018
	Deposits in checking accounts	4,414
	Demand deposits:	
	NTD	256,602
	Euro (EUR 72,873.86 @ 36.900)	2,689
	Australian Dollar (AUD 907.66 @ 21.010)	19
	US Dollar (USD 4,835,487.04 @ 31.430)	151,979
	Hong Kong Dollar (HKD 228,201.45 @ 4.038)	922
	Japanese Yen (JPY 9,068,082 @ 0.2008)	1,821
	Renminbi (CNY 12,320,995.93 @ 4.496)	55,445
	British Pound (GBP 0.57 @ 42.330)	-
	Subtotal	<u>1,809,899</u>
Cash equivalents	Attached repurchase bonds (USD 440,000.00 @ 31.430)	<u>13,829</u>
		<u><u>\$ 1,825,073</u></u>

FSP Technology Inc.
Statement of Notes Receivable
December 31, 2025

Unit: NT\$ thousands

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Non-related party:			
Li Guang Technology International Corp.	Business	\$ 12,704	
Others (the amount of individual item in others does not exceed 5% of the account balance)	"	455	
		\$ 13,159	

Breakdown of Accounts Receivable

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Related party:			
FSP Power Solution GmbH	Business	272,769	
Others (the amount of individual item in others does not exceed 5% of the account balance)	"	691,332	
Subtotal		964,101	
Non-related party:			
Listan GmbH	Business	265,974	
Others (the amount of individual item in others does not exceed 5% of the account balance)	"	1,698,819	
Subtotal		1,964,793	
Less: allowance for impairment loss		(34,377)	
Subtotal		1,930,416	
		\$ 2,894,517	

FSP Technology Inc.
Statement of Inventories
December 31, 2025

Unit: NT\$ thousands

Item	Amount		Remark
	Cost	Net Realizable Value	
Finished goods	\$ 1,103,873	1,267,938	Market value refers to the estimated net realizable value
Work in process	310,497	280,497	"
Raw materials	392,593	362,846	"
Total	1,806,963	<u>1,911,281</u>	
Lee: allowance for inventory valuation loss	162,342		
	<u>\$ 1,644,621</u>		

FSP Technology Inc.
Changes in Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current
January 1 to December 31, 2025

Unit: NT\$ thousands

Name	Beginning of period		Increase for the period		Reduction in current period		Year-end		Provision of guarantees or pledge situations	Remark
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Voltronic Power Technology Corp.	3,105,822	\$ 5,776,829	-	-	209,000	2,964,015	2,896,822	2,812,814	None	
JESS-LINK Products Co., Ltd.	10,000,000	1,465,000	10,000	1,373	-	74,983	10,010,000	1,391,390	None	
WT Microelectronics Co., Ltd. (Preferred stock)	1,000,000	49,800	-	1,600	-	-	1,000,000	51,400	None	
Taiwan Semiconductor Manufacturing Co., Ltd.	10,000	10,750	-	4,535	1,000	1,335	9,000	13,950	None	
Coretronic Corporation	380,000	35,568	-	-	155,000	16,218	225,000	19,350	None	
TOT BIOPHARM International Co., Ltd.	1,195,200	9,028	-	3,044	-	-	1,195,200	12,072	None	
Eastern Union Interactive Corp.	838,000	124,409	152,000	61,021	10,000	1,680	980,000	183,750	None	
Taiwan Truewin Technology Co., Ltd.	2,226,704	147,399	-	-	-	27,526	2,226,704	119,873	None	
Stockfeel Media Technology Co., Ltd.	962,121	42,000	640,000	38,106	-	-	1,602,121	80,106	None	
Champ-ray Industrial Co., Ltd.	200,000	18,748	35,000	3,255	-	3,132	235,000	18,871	None	
Liwatt X Inc.	1,000,000	10,000	-	-	-	3,521	1,000,000	6,479	None	
Chenbro Micom Co., Ltd.	74,000	19,721	66,000	16,248	140,000	35,969	-	-	None	
Formosa International Hotels Corporation	50,000	9,550	60,000	11,541	15,000	3,136	95,000	17,955	None	
LINCO Technology Co., Ltd.	500,000	60,000	50,000	-	-	-	550,000	60,000	None	
WT Microelectronics Co., Ltd.	400,000	44,000	-	-	150,000	9,750	250,000	34,250	None	
Channel Well Technology Co., Ltd.	100,000	7,080	45,000	3,207	100,000	7,146	45,000	3,141	None	
Delta Electronics Inc.	10,000	4,305	5,000	1,900	12,000	3,316	3,000	2,889	None	
Quanta Computer Inc.	60,000	17,220	105,000	25,250	65,000	15,270	100,000	27,200	None	
Beyond Innovation Technology Co., Ltd.	1,000,000	-	-	-	-	-	1,000,000	-	None	
Hon Hai Precision Industry Co., Ltd.	-	-	50,000	8,900	25,000	3,137	25,000	5,763	None	
Chroma ATE Inc.	-	-	15,000	7,493	15,000	7,493	-	-	None	
HARRIS TECHNOLOGY	-	-	29,829,678	5,640	-	-	29,829,678	5,640	None	
		<u>\$ 7,851,407</u>		<u>193,113</u>		<u>3,177,627</u>		<u>4,866,893</u>		

FSP Technology Inc.
Statement of Changes in Investments Accounted for Using the Equity Method
January 1 to December 31, 2025

Unit: NT\$ thousands

Name	Beginning balance		Increase for the period		Reduction in current period		Ending balance			Market price or net worth		Provision of guarantees or pledge situations	Remark
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding	Amount	Unit price	Total		
FSP International Inc. (BVI)	32,202,500	\$ 2,240,296	1,000,000	79,290	-	149,729	33,202,500	100.00%	2,169,857	65.72	2,182,079	None	
FSP Group Inc.	50,000	323	-	-	-	11	50,000	100.00%	312	6.24	312	None	
Amacrox Technology Co., Ltd. (BVI)	1,109,355	79,355	-	1,875	-	2,190	1,109,355	100.00%	79,040	78.68	87,283	None	
3Y Power	16,309,484	812,076	-	63,174	-	40,486	16,309,484	65.87%	834,764	50.79	828,329	None	
Harmony Trading (HK) Ltd.	10,000	2,025	-	-	-	107	10,000	100.00%	1,918	191.80	1,918	None	
FSP Technology USA Inc.	100,000	12,242	-	9,529	-	429	100,000	100.00%	21,342	213.42	21,342	None	
FSP Turkey Dis Tic.Ltd.Sti.	6,673,000	26,391	-	2,279	-	7,018	6,673,000	91.41%	21,652	4.04	26,943	None	
FSP Technology Vietnam Co., Ltd	-	168,618	-	125,530	-	27,689	-	100.00%	266,459	註一	266,459	None	
		<u>\$ 3,341,326</u>		<u>281,677</u>		<u>227,659</u>			<u>3,395,344</u>		<u>3,414,665</u>		

Note 1: Organized as a limited company.

Note 2: Including current period investment profit/loss NT\$(76,699) thousand, newly added investments for the current period of NT\$158,840 thousand, exchange differences arising from the translation of financial statements of foreign operations of NT\$(32,217) thousand, share of other comprehensive income of subsidiaries amounting to NT\$44,698 thousand, deferred credit - net changes in unrealized sales gains/losses of NT\$(4,724) thousand, and cash dividends distributed by investee companies of NT\$(35,880) thousand.

FSP Technology Inc.
Breakdown of Notes Payable
December 31, 2025

Unit: NT\$ thousands

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Hey Bro International Corp.	Business	\$ 5,210	
TUV Rheinland Taiwan Ltd.	"	1,396	
168 Food Co., Ltd.	"	797	
Lock Instrument Co., Ltd.	"	760	
Others (the amount of individual item in others does not exceed 5% of the account balance)	"	<u>3,441</u>	
		<u>\$ 11,604</u>	

Statement of Accounts Payable

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Related party:			
Others (the amount of individual item in others does not exceed 5% of the account balance)	Business	<u>\$ 325,212</u>	
Non-related party:			
Yuen Tai Electrical Co., Ltd.	Business	284,593	
World Peace Industrial Co., Ltd.	"	158,743	
Others (the amount of individual item in others does not exceed 5% of the account balance)	"	<u>2,323,390</u>	
Subtotal		<u>2,766,726</u>	
		<u>\$ 3,091,938</u>	

FSP Technology Inc.
Statement of Other Payables
December 31, 2025

Unit: NT\$ thousands

Item	Summary	Amount
Non-related party:		
Salaries and bonuses payable	Business	\$ 390,426
Safety test fee payable	"	140,962
Advertising fees payable	"	54,632
Commission payable	"	84,749
Others (the amount of individual item in others does not exceed 5% of the account balance)	"	123,907
		\$ 794,676

Statement of Operating Revenue
January 1 to December 31, 2025

Item	Quantity	Amount	Remark
Power supplies:			
Personal computer	3,647,264 PCS	\$ 5,364,325	
Consumer application	10,934,628 PCS	4,383,497	
Industrial use	233,497 PCS	525,342	
Medical use	200,760 PCS	296,863	
Semi-finished goods	685,818 PCS	33,349	
Raw material	530,068,376 PCS	235,938	
		\$ 10,839,314	

FSP Technology Inc.
Statement of Operating Costs
January 1 to December 31, 2025

Unit: NT\$ thousands

Item	Amount	
	Subtotal	Total
Cost of self-produced goods sold		
Direct raw material	\$ 6,042,930	
Add: raw materials - beginning of the period	376,090	
Purchase	6,272,937	
Less: raw materials - end of the period	(392,593)	
Sales of raw materials	(194,963)	
Loss on inventory obsolescence	(14,599)	
Used by departments	(3,942)	
Director labor	28,309	
Manufacturing overheads	2,104,085	
Manufacturing overheads	8,175,324	
Add: work in process - beginning of the period	329,360	
Purchase	3,655	
Less: work in process - end of the period	(310,497)	
Sales of semi-finished goods	(18,412)	
Loss on inventory obsolescence	(2,535)	
Used by departments	(284)	
Cost of finished goods	8,176,611	
Add: finished goods - beginning of the period	896,621	
Finished goods purchased	947,069	
Less: finished goods - end of the period	(1,103,873)	
Loss on inventory obsolescence	(13,555)	
Used by departments	(25,073)	
Others	(2,840)	
Total cost of goods sold		8,874,960
Cost of raw material sold		194,963
Cost of semi-finished goods sold		18,412
Loss on inventory obsolescence		30,689
Reversal of allowance for inventory write-downs		(25,150)
Others		3
Total operating costs	\$	<u><u>9,093,877</u></u>

FSP Technology Inc.
Statement of Selling and Marketing Expenses
January 1 to December 31, 2025

Unit: NT\$ thousands

Item	Summary	Amount	Remark
Salary expense		\$ 140,677	
Commission expense		137,201	
Shipping expense		90,783	
Insurance expense		35,811	
Labor costs		33,117	
Others (the amount of individual item in others does not exceed 5% of the account balance)		108,209	
		<u><u>\$ 545,798</u></u>	

Statement of General and Administrative Expenses

Item	Summary	Amount	Remark
Salary expense		\$ 250,340	
Depreciation		36,533	
Labor costs		29,184	
Miscellaneous expense		24,825	
Others (the amount of individual item in others does not exceed 5% of the account balance)		122,526	
		<u><u>\$ 463,408</u></u>	

FSP Technology Inc.
Breakdown of R&D Expense
January 1 to December 31, 2025

Unit: NT\$ thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Salary expense		\$ 348,691	
Insurance expense		33,261	
Depreciation		29,957	
Others (the amount of individual item in others does not exceed 5% of the account balance)		<u>97,309</u>	
		<u>\$ 509,218</u>	

For the table of changes in property, plant, and equipment, please refer to Note VI (IX).

For the table of changes in right-of-use assets, please refer to Note VI(X).

For the table of changes in intangible assets, please refer to Note VI (XI).

For the table of lease liabilities, please refer to Note VI (XIV).

For the table of provisions, please refer to Note VI (XV).

For the table of interest income, please refer to Note VI (XXII).

For the table of other income, please refer to Note VI (XXII).

For the table of other gains and losses, please refer to Note VI (XXII).

For the table of financial costs, please refer to Note VI (XXII).