

Fortune Electric Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2024 and 2023**

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands)

	June 30, 2024		December 31, 2023	June 30, 2023
ASSETS	NT\$	US\$ (Note)	NT\$	NT\$
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,556,378	\$ 109,596	\$ 1,737,486	\$ 693,019
Financial assets at amortized cost - current	142,526	4,392	219,106	221,713
Contract assets	2,276,297	70,148	2,037,295	1,657,994
Notes receivable	101,653	3,132	95,968	34,376
Trade receivables, net	2,182,697	67,263	2,372,784	1,474,110
Trade receivables from related parties	375	12	-	-
Current tax assets	22,267	686	22,286	22,081
Inventories, net	7,204,424	222,016	5,441,259	5,217,318
Prepayments	554,494	17,088	453,494	414,139
Other current assets	<u>262,426</u>	<u>8,087</u>	<u>187,100</u>	<u>197,627</u>
Total current assets	<u>16,303,537</u>	<u>502,420</u>	<u>12,566,778</u>	<u>9,932,377</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	303,911	9,366	288,752	327,614
Financial assets at amortized cost - non-current	23,249	716	18,241	18,241
Investments accounted for using equity method	2,334	72	2,328	3,536
Property, plant and equipment	2,110,252	65,031	2,080,565	2,038,412
Right-of-use assets	211,052	6,504	142,867	125,444
Intangible assets	65,646	2,023	66,429	52,632
Deferred tax assets	16,586	511	30,498	20,878
Net defined benefit assets - non-current	24,440	753	-	2,146
Other non-current assets	<u>83,210</u>	<u>2,564</u>	<u>50,310</u>	<u>23,928</u>
Total non-current assets	<u>2,840,680</u>	<u>87,540</u>	<u>2,679,990</u>	<u>2,612,831</u>
TOTAL	<u>\$ 19,144,217</u>	<u>\$ 589,960</u>	<u>\$ 15,246,768</u>	<u>\$ 12,545,208</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 213,157	\$ 6,569	\$ 20,000	\$ 274,447
Short-term bills payable	149,836	4,617	219,747	399,182
Contract liabilities	4,437,351	136,744	2,855,544	2,036,336
Notes and trade payables	3,781,059	116,520	3,342,361	2,390,052
Trade payables to related parties	335	10	623	-
Other payable	2,809,441	86,578	1,160,643	1,077,538
Current tax liabilities	398,934	12,294	515,783	167,216
Provisions	18,446	568	18,522	12,858
Lease liabilities - current	39,338	1,212	19,622	16,454
Long-term borrowings due within one year	400,000	12,327	150,000	650,000
Other current liabilities	<u>107,920</u>	<u>3,326</u>	<u>474,586</u>	<u>137,431</u>
Total current liabilities	<u>12,355,817</u>	<u>380,765</u>	<u>8,777,431</u>	<u>7,161,514</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	430,000	13,251	100,000	800,000
Deferred tax liabilities	85,146	2,623	84,734	78,603
Lease liabilities - non-current	172,842	5,326	123,534	111,690
Net defined benefit liabilities	-	-	5,105	-
Guarantee deposit received	<u>23,204</u>	<u>715</u>	<u>23,371</u>	<u>25,825</u>
Total non-current liabilities	<u>711,192</u>	<u>21,915</u>	<u>336,744</u>	<u>1,016,118</u>
Total liabilities	<u>13,067,009</u>	<u>402,680</u>	<u>9,114,175</u>	<u>8,177,632</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Share capital	<u>2,610,585</u>	<u>80,449</u>	<u>2,610,585</u>	<u>2,610,585</u>
Stock dividend to be distributed	<u>261,059</u>	<u>8,045</u>	<u>-</u>	<u>-</u>
Capital surplus	<u>86,956</u>	<u>2,680</u>	<u>86,956</u>	<u>86,908</u>
Retained earnings				
Legal reserve	816,345	25,157	559,914	559,914
Special reserve	88,625	2,731	59,483	59,483
Unappropriated earnings	<u>2,177,379</u>	<u>67,100</u>	<u>2,798,183</u>	<u>983,293</u>
Total retained earnings	<u>3,082,349</u>	<u>94,988</u>	<u>3,417,580</u>	<u>1,602,690</u>
Other equity				
Exchange differences on translating foreign operations	(38,130)	(1,175)	(50,385)	(47,568)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>(23,081)</u>	<u>(711)</u>	<u>(38,240)</u>	<u>621</u>
Total other equity	<u>(61,211)</u>	<u>(1,886)</u>	<u>(88,625)</u>	<u>(46,947)</u>
Total equity attributable to owners of the Corporation	5,979,738	184,276	6,026,496	4,253,236
NON-CONTROLLING INTERESTS	<u>97,470</u>	<u>3,004</u>	<u>106,097</u>	<u>114,340</u>
Total equity	<u>6,077,208</u>	<u>187,280</u>	<u>6,132,593</u>	<u>4,367,576</u>
TOTAL	<u>\$ 19,144,217</u>	<u>\$ 589,960</u>	<u>\$ 15,246,768</u>	<u>\$ 12,545,208</u>

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT\$32.45 to US\$1.00 at June 30, 2024, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(With Deloitte & Touche review report dated August 9, 2024)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands, Except Earnings Per Share)

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2024		2023	2024		2023
	NT\$	US\$ (Note)	NT\$	NT\$	US\$ (Note)	NT\$
OPERATING REVENUE						
Sales	\$ 4,279,041	\$ 131,866	\$ 2,928,233	\$ 7,167,689	\$ 220,884	\$ 4,436,508
Construction revenue	<u>366,801</u>	<u>11,303</u>	<u>174,487</u>	<u>515,654</u>	<u>15,890</u>	<u>206,756</u>
Total operating revenue	<u>4,645,842</u>	<u>143,169</u>	<u>3,102,720</u>	<u>7,683,343</u>	<u>236,774</u>	<u>4,643,264</u>
OPERATING COSTS						
Cost of goods sold	2,648,012	81,603	2,033,554	4,513,704	139,097	3,117,895
Construction cost	<u>316,496</u>	<u>9,753</u>	<u>152,447</u>	<u>446,453</u>	<u>13,758</u>	<u>176,863</u>
Total operating costs	<u>2,964,508</u>	<u>91,356</u>	<u>2,186,001</u>	<u>4,960,157</u>	<u>152,855</u>	<u>3,294,758</u>
GROSS PROFIT	<u>1,681,334</u>	<u>51,813</u>	<u>916,719</u>	<u>2,723,186</u>	<u>83,919</u>	<u>1,348,506</u>
OPERATING EXPENSES						
Selling and marketing expenses	293,849	9,056	204,583	513,336	15,819	330,619
General and administrative expenses	164,015	5,054	83,905	296,607	9,140	142,960
Research and development expenses	70,476	2,172	38,934	140,366	4,326	75,814
Reversal of expected credit loss (gain)	<u>3,375</u>	<u>104</u>	<u>(2,211)</u>	<u>2,200</u>	<u>68</u>	<u>(14,586)</u>
Total operating expenses	<u>531,715</u>	<u>16,386</u>	<u>325,211</u>	<u>952,509</u>	<u>29,353</u>	<u>534,807</u>
PROFIT FROM OPERATIONS	<u>1,149,619</u>	<u>35,427</u>	<u>591,508</u>	<u>1,770,677</u>	<u>54,566</u>	<u>813,699</u>
NON-OPERATING INCOME AND EXPENSES						
Interest income	19,260	594	7,785	32,795	1,011	12,260
Rental income	25,515	786	25,515	51,029	1,573	51,029
Export tax rebate income	21,303	656	8,764	33,675	1,038	13,448
Other income	2,196	68	1,890	6,794	209	2,766
Gain on foreign currency exchange	36,965	1,139	24,933	114,524	3,529	20,186
Other gains and losses	(236)	(7)	(215)	(399)	(12)	1,911
Finance costs	<u>(10,592)</u>	<u>(326)</u>	<u>(13,777)</u>	<u>(15,858)</u>	<u>(489)</u>	<u>(29,957)</u>
Total non-operating income and expenses	<u>94,411</u>	<u>2,910</u>	<u>54,895</u>	<u>222,560</u>	<u>6,859</u>	<u>71,643</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,244,030	38,337	646,403	1,993,237	61,425	885,342
INCOME TAX EXPENSE	<u>354,413</u>	<u>10,922</u>	<u>107,067</u>	<u>509,685</u>	<u>15,707</u>	<u>143,152</u>
NET PROFIT FOR THE PERIOD	<u>889,617</u>	<u>27,415</u>	<u>539,336</u>	<u>1,483,552</u>	<u>45,718</u>	<u>742,190</u>
OTHER COMPREHENSIVE INCOME AND LOSS						
Items that may be not be reclassified subsequently to profit or loss:						
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6,766	208	11,233	15,159	467	15,227
Exchange differences on translating foreign operations	<u>3,199</u>	<u>99</u>	<u>519</u>	<u>12,255</u>	<u>378</u>	<u>(2,691)</u>
Total other comprehensive income and loss	<u>9,965</u>	<u>307</u>	<u>11,752</u>	<u>27,414</u>	<u>845</u>	<u>12,536</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 899,582</u>	<u>\$ 27,722</u>	<u>\$ 551,088</u>	<u>\$ 1,510,966</u>	<u>\$ 46,563</u>	<u>\$ 754,726</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands, Except Earnings Per Share)

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2024		2023	2024		2023
	NT\$	US\$ (Note)	NT\$	NT\$	US\$ (Note)	NT\$
NET PROFIT ATTRIBUTABLE TO:						
Owners of the Company	\$ 894,281	\$ 27,559	\$ 543,748	\$ 1,492,179	\$ 45,984	\$ 749,422
Non-controlling interests	<u>(4,664)</u>	<u>(144)</u>	<u>(4,412)</u>	<u>(8,627)</u>	<u>(266)</u>	<u>(7,232)</u>
	<u>\$ 889,617</u>	<u>\$ 27,415</u>	<u>\$ 539,336</u>	<u>\$ 1,483,552</u>	<u>\$ 45,718</u>	<u>\$ 742,190</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Company	\$ 904,246	\$ 27,866	\$ 555,500	\$ 1,519,593	\$ 46,829	\$ 761,958
Non-controlling interests	<u>(4,664)</u>	<u>(144)</u>	<u>(4,412)</u>	<u>(8,627)</u>	<u>(266)</u>	<u>(7,232)</u>
	<u>\$ 899,582</u>	<u>\$ 27,722</u>	<u>\$ 551,088</u>	<u>\$ 1,510,966</u>	<u>\$ 46,563</u>	<u>\$ 754,726</u>
EARNINGS PER SHARE						
Basic	<u>\$3.11</u>	<u>\$0.10</u>	<u>\$1.89</u>	<u>\$5.20</u>	<u>\$0.16</u>	<u>\$2.61</u>
Diluted	<u>\$3.11</u>	<u>\$0.10</u>	<u>\$1.89</u>	<u>\$5.19</u>	<u>\$0.16</u>	<u>\$2.61</u>

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(With Deloitte & Touche review report dated August 9, 2024)

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)

	Equity Attributable to Owners of the Company							Other Equity		Total	Total	Non-controlling Interests	Total Equity
	Share Capital	Stock Dividend to Be Distributed	Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
				Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2023	\$ 2,610,585	\$ -	\$ 86,685	\$ 473,469	\$ 37,578	\$ 994,867	\$ 1,505,914	\$ (44,877)	\$ (14,606)	\$ (59,483)	\$ 4,143,701	\$ 121,572	\$ 4,265,273
Appropriation of 2022 earnings													
Legal reserve	-	-	-	86,445	-	(86,445)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	21,905	(21,905)	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$2.5 per share	-	-	-	-	-	(652,646)	(652,646)	-	-	-	(652,646)	-	(652,646)
	-	-	-	86,445	21,905	(760,996)	(652,646)	-	-	-	(652,646)	-	(652,646)
Unclaimed cash dividends from shareholders	-	-	223	-	-	-	-	-	-	-	223	-	223
Net income (loss) for the six months ended June 30, 2023	-	-	-	-	-	749,422	749,422	-	-	-	749,422	(7,232)	742,190
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	(2,691)	15,227	12,536	12,536	-	12,536
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	749,422	749,422	(2,691)	15,227	12,536	761,958	(7,232)	754,726
BALANCE AT JUNE 30, 2023	\$ 2,610,585	\$ -	\$ 86,908	\$ 559,914	\$ 59,483	\$ 983,293	\$ 1,602,690	\$ (47,568)	\$ 621	\$ (46,947)	\$ 4,253,236	\$ 114,340	\$ 4,367,576
BALANCE AT JANUARY 1, 2024	\$ 2,610,585	\$ -	\$ 86,956	\$ 559,914	\$ 59,483	\$ 2,798,183	\$ 3,417,580	\$ (50,385)	\$ (38,240)	\$ (88,625)	\$ 6,026,496	\$ 106,097	\$ 6,132,593
Appropriation of 2023 earnings													
Legal reserve	-	-	-	256,431	-	(256,431)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	29,142	(29,142)	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$6 per share	-	-	-	-	-	(1,566,351)	(1,566,351)	-	-	-	(1,566,351)	-	(1,566,351)
Ordinary share dividends distributed by the Company - NT\$1 per share	-	261,059	-	-	-	(261,059)	(261,059)	-	-	-	-	-	-
	-	261,059	-	256,431	29,142	(2,112,983)	(1,827,410)	-	-	-	(1,566,351)	-	(1,566,351)
Net income (loss) for the six months ended June 30, 2024	-	-	-	-	-	1,492,179	1,492,179	-	-	-	1,492,179	(8,627)	1,483,552
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	-	-	12,255	15,159	27,414	27,414	-	27,414
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	1,492,179	1,492,179	12,255	15,159	27,414	1,519,593	(8,627)	1,510,966
BALANCE AT JUNE 30, 2024	\$ 2,610,585	\$ 261,059	\$ 86,956	\$ 816,345	\$ 88,625	\$ 2,177,379	\$ 3,082,349	\$ (38,130)	\$ (23,081)	\$ (61,211)	\$ 5,979,738	\$ 97,470	\$ 6,077,208
BALANCE AT JUNE 30, 2024 (IN U.S. DOLLARS)	\$ 80,449	\$ 8,045	\$ 2,680	\$ 25,157	\$ 2,731	\$ 67,100	\$ 94,988	\$ (1,175)	\$ (711)	\$ (1,886)	\$ 184,276	\$ 3,004	\$ 187,280

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

(With Deloitte & Touche review report dated August 9, 2024)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

	For the Six Months Ended June 30		
	2024		2023
	NT\$	US\$ (Note)	NT\$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Income before income tax from continuing operations	\$ 1,993,237	\$ 61,425	\$ 885,342
Adjustments for:			
Depreciation expenses	90,804	2,798	69,581
Amortization expenses	14,891	459	13,355
(Reversal) expected credit loss recognized on trade receivables	2,200	68	(14,586)
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	(1,047)
Finance costs	15,858	489	29,957
Interest income	(32,795)	(1,011)	(12,260)
Share of gain of associates	(174)	(5)	(468)
Loss on disposal of property, plant and equipment	134	4	121
Gain on remeasurement of lease arrangements	(45)	(1)	-
Reversal of write-downs of inventories	(376)	(12)	(39,694)
Unrealized net (gain) loss on foreign currency exchange	(1,150)	(36)	1,438
(Reversal) recognition of provisions	(76)	(2)	1,362
Changes in operating assets and liabilities			
Contract assets	(239,002)	(7,365)	(200,234)
Notes receivable	(5,685)	(175)	61,379
Trade receivables	202,950	6,254	586,999
Trade receivables to related parties	(375)	(12)	-
Inventories	(1,779,337)	(54,833)	(1,018,553)
Prepayments	(98,821)	(3,045)	(107,491)
Other current assets	(75,502)	(2,327)	(66,784)
Contract liabilities	1,580,644	48,710	463,573
Notes and trades payable	429,836	13,246	238,241
Trade payables to related parties	(288)	(9)	(53)
Other payables	74,880	2,308	(106,265)
Other current liabilities	(366,666)	(11,299)	33,611
Net defined benefit liabilities	(29,545)	(911)	(44,758)
Cash generated from operations	1,775,597	54,718	772,766
Interest received	32,971	1,016	11,517
Interest paid	(14,965)	(461)	(31,730)
Income tax paid	(612,092)	(18,863)	(1,025)
Net cash generated from operating activities	<u>1,181,511</u>	<u>36,410</u>	<u>751,528</u>

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

	For the Six Months Ended June 30		
	2024		2023
	NT\$	US\$ (Note)	NT\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets at amortized cost	\$ 71,572	\$ 2,206	\$ 9,782
Proceeds from sale of financial assets at fair value through profit or loss	-	-	768
Payments for property, plant and equipment	(72,067)	(2,221)	(38,642)
Proceeds from disposal of property, plant and equipment	572	18	-
Acquisition of investments accounted for using the equity method	-	-	(1,000)
Increase in refundable deposits	(11,398)	(351)	-
Decrease in refundable deposits	-	-	15,591
Payments for intangible assets	(13,407)	(413)	(9,459)
(Increase) decrease in prepayments for equipment	<u>(31,873)</u>	<u>(983)</u>	<u>3,081</u>
Net cash used in investing activities	<u>(56,601)</u>	<u>(1,744)</u>	<u>(19,879)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	193,760	5,971	-
Repayment of short-term borrowings	-	-	(622,304)
Proceeds from short-term bills payable	-	-	49,618
Repayments of short-term bills payable	(69,911)	(2,154)	-
Proceeds from long-term borrowings	780,000	24,037	650,000
Repayments of long-term borrowings	(200,000)	(6,163)	(711,800)
Proceeds from guarantee deposits received	-	-	88
Refund of guarantee deposits received	(167)	(5)	-
Repayment of the principal portion of lease liabilities	(21,987)	(678)	(9,272)
Unclaimed cash dividends	<u>-</u>	<u>-</u>	<u>223</u>
Net cash generated (used in) from financing activities	<u>681,695</u>	<u>21,008</u>	<u>(643,447)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES			
	<u>12,287</u>	<u>379</u>	<u>9,187</u>

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

	For the Six Months Ended June 30		
	2024		2023
	NT\$	US\$ (Note)	NT\$
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,818,892	\$ 56,053	\$ 97,389
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,737,486</u>	<u>53,543</u>	<u>595,630</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,556,378</u>	<u>\$ 109,596</u>	<u>\$ 693,019</u>

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT\$32.45 to US\$1.00 at June 30, 2024, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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(With Deloitte & Touche review report dated August 9, 2024)

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of U.S. Dollars)

1. GENERAL INFORMATION

Fortune Electric Co., Ltd. (the “Company”) was incorporated in the Republic of China (“ROC”) in August 1969. The Company mainly manufactures, processes and trades transformers, distribution panels, low voltage switch and substation equipment.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since April 1997.

For greater comparability and consistency of financial reporting, the Chinese edition of the consolidated financial statements are presented in New Taiwan dollars since the Company’s stocks are listed on the TWSE.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 9, 2024.

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

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Trade business, investment holding, agents business	100.00	100.00	100.00	1)
	Fortune Electric America Inc.	Agents business	100.00	100.00	100.00	1)
	Fortune Electric Extra High Voltage Co., Ltd.	Transformers manufacturing, machining and trading	100.00	100.00	100.00	1) and 2)
	Fortune Electric Energy Co., Ltd.	Power generation, transmission and power distribution equipment manufacturing	100.00	100.00	100.00	1)
	Fortune Electric Australia Pty, Ltd	Manufacture of power generation transmission and distribution machinery	100.00	100.00	100.00	1)
	Fortune Electric Value Company Limited	Electric vehicle charging operation services, planning and construction of various charging stations, research and development and sales of electric vehicle charging related equipment/systems/technology	64.25	64.25	64.25	1)
Power Energy International Ltd.	Wuhan Fortune Co., Ltd.	Import and export commodities and technologies	100.00	100.00	100.00	1)

1) A non-material subsidiary whose financial reports have not been review.

2) On June 5, 2024, Fortune Electric Extra High Voltage Co., Ltd. transferred the capital surplus of NT\$300,000 thousand to share capital by the director acting on behalf of the shareholders at the shareholders' meeting.

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.