

Fortune Electric Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023**

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	September 30, 2024		December 31, 2023	September 30, 2023
	NT\$	US\$ (Note)	NT\$	NT\$
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,296,134	\$ 72,548	\$ 1,737,486	\$ 1,113,575
Financial assets at amortized cost - current	114,034	3,603	219,106	237,183
Contract assets	2,657,288	83,959	2,037,295	2,153,087
Notes receivable	157,508	4,977	95,968	109,371
Trade receivables, net	2,774,476	87,661	2,372,784	1,184,326
Current tax assets	5	-	22,286	22,081
Inventories, net	7,918,623	250,193	5,441,259	5,697,973
Prepayments	450,284	14,227	453,494	541,884
Other current assets	<u>284,124</u>	<u>8,977</u>	<u>187,100</u>	<u>220,256</u>
Total current assets	<u>16,652,476</u>	<u>526,145</u>	<u>12,566,778</u>	<u>11,279,736</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	303,911	9,602	288,752	286,878
Financial assets at amortized cost - non-current	23,249	735	18,241	18,241
Investments accounted for the using equity method	2,742	87	2,328	3,253
Property, plant and equipment	2,164,904	68,401	2,080,565	2,058,953
Right-of-use assets	247,960	7,834	142,867	139,148
Intangible assets	64,352	2,033	66,429	60,279
Deferred tax assets	21,015	664	30,498	19,990
Net defined benefit assets - non-current	29,267	925	-	6,587
Other non-current assets	<u>85,116</u>	<u>2,689</u>	<u>50,310</u>	<u>24,474</u>
Total non-current assets	<u>2,942,516</u>	<u>92,970</u>	<u>2,679,990</u>	<u>2,617,803</u>
TOTAL	<u>\$ 19,594,992</u>	<u>\$ 619,115</u>	<u>\$ 15,246,768</u>	<u>\$ 13,897,539</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 297,278	\$ 9,393	\$ 20,000	\$ 407,836
Short-term bills payable	-	-	219,747	299,599
Contract liabilities	4,802,787	151,747	2,855,544	2,593,780
Notes and trade payables	3,678,241	116,216	3,342,361	2,947,933
Trade payables to related parties	198	6	623	335
Other payables	1,474,721	46,595	1,160,643	670,316
Current tax liabilities	389,678	12,312	515,783	321,759
Provisions	18,166	574	18,522	12,799
Lease liabilities - current	52,375	1,655	19,622	21,602
Long-term borrowings due within one year	400,000	12,638	150,000	150,000
Other current liabilities	<u>133,159</u>	<u>4,207</u>	<u>474,586</u>	<u>197,152</u>
Total current liabilities	<u>11,246,603</u>	<u>355,343</u>	<u>8,777,431</u>	<u>7,623,111</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	740,000	23,381	100,000	1,000,000
Deferred tax liabilities	87,482	2,764	84,734	83,860
Lease liabilities - non-current	197,707	6,247	123,534	120,386
Net defined benefit liabilities	-	-	5,105	-
Guarantee deposits received	<u>23,350</u>	<u>737</u>	<u>23,371</u>	<u>26,060</u>
Total non-current liabilities	<u>1,048,539</u>	<u>33,129</u>	<u>336,744</u>	<u>1,230,306</u>
Total liabilities	<u>12,295,142</u>	<u>388,472</u>	<u>9,114,175</u>	<u>8,853,417</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	<u>2,871,644</u>	<u>90,731</u>	<u>2,610,585</u>	<u>2,610,585</u>
Capital surplus	<u>86,953</u>	<u>2,747</u>	<u>86,956</u>	<u>86,973</u>
Retained earnings				
Legal reserve	816,345	25,793	559,914	559,914
Special reserve	88,625	2,800	59,483	59,483
Unappropriated earnings	<u>3,407,051</u>	<u>107,648</u>	<u>2,798,183</u>	<u>1,696,280</u>
Total retained earnings	<u>4,312,021</u>	<u>136,241</u>	<u>3,417,580</u>	<u>2,315,677</u>
Other equity				
Exchange differences on translating foreign operations	(42,362)	(1,338)	(50,385)	(40,289)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>(23,081)</u>	<u>(729)</u>	<u>(38,240)</u>	<u>(40,114)</u>
Total other equity	<u>(65,443)</u>	<u>(2,067)</u>	<u>(88,625)</u>	<u>(80,403)</u>
Total equity attributable to owners of the Company	7,205,175	227,652	6,026,496	4,932,832
NON-CONTROLLING INTERESTS	<u>94,675</u>	<u>2,991</u>	<u>106,097</u>	<u>111,290</u>
Total equity	<u>7,299,850</u>	<u>230,643</u>	<u>6,132,593</u>	<u>5,044,122</u>
TOTAL	<u>\$ 19,594,992</u>	<u>\$ 619,115</u>	<u>\$ 15,246,768</u>	<u>\$ 13,897,539</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\$31.65 to US\$1.00 at September 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 November 8, 2024)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2024		2023	2024		2023
	NT\$	US\$ (Note)	NT\$	NT\$	US\$ (Note)	NT\$
OPERATING REVENUE						
Sales	\$ 4,941,258	\$ 156,122	\$ 3,344,846	\$ 12,108,947	\$ 382,589	\$ 7,781,354
Construction revenue	<u>415,619</u>	<u>13,132</u>	<u>299,621</u>	<u>931,273</u>	<u>29,424</u>	<u>506,377</u>
Total operating revenue	<u>5,356,877</u>	<u>169,254</u>	<u>3,644,467</u>	<u>13,040,220</u>	<u>412,013</u>	<u>8,287,731</u>
OPERATING COSTS						
Cost of goods sold	2,948,155	93,149	2,168,451	7,461,859	235,762	5,286,346
Construction cost	<u>355,764</u>	<u>11,241</u>	<u>277,743</u>	<u>802,217</u>	<u>25,346</u>	<u>454,606</u>
Total operating costs	<u>3,303,919</u>	<u>104,390</u>	<u>2,446,194</u>	<u>8,264,076</u>	<u>261,108</u>	<u>5,740,952</u>
GROSS PROFIT	<u>2,052,958</u>	<u>64,864</u>	<u>1,198,273</u>	<u>4,776,144</u>	<u>150,905</u>	<u>2,546,779</u>
OPERATING EXPENSES						
Selling and marketing expenses	367,586	11,614	214,902	880,922	27,833	545,521
General and administrative expenses	179,937	5,685	149,668	476,544	15,057	292,628
Research and development expenses	89,173	2,818	56,567	229,539	7,252	132,381
Expected credit loss (gain)	<u>15</u>	<u>-</u>	<u>541</u>	<u>2,215</u>	<u>70</u>	<u>(14,045)</u>
Total operating expenses	<u>636,711</u>	<u>20,117</u>	<u>421,678</u>	<u>1,589,220</u>	<u>50,212</u>	<u>956,485</u>
PROFIT FROM OPERATIONS	<u>1,416,247</u>	<u>44,747</u>	<u>776,595</u>	<u>3,186,924</u>	<u>100,693</u>	<u>1,590,294</u>
NON-OPERATING INCOME AND EXPENSES						
Interest income	20,073	634	7,618	52,868	1,670	19,878
Rental income	8,108	256	25,513	59,137	1,868	76,542
Export tax rebate income	16,739	529	15,210	50,414	1,593	28,658
Other income	128,569	4,062	10,103	135,363	4,277	12,869
Other gains and losses	(1,792)	(56)	(610)	(2,191)	(69)	1,301
Finance costs	(11,534)	(364)	(12,296)	(27,392)	(865)	(42,253)
(Loss) gain on foreign currency exchange	<u>(30,256)</u>	<u>(956)</u>	<u>53,109</u>	<u>84,268</u>	<u>2,662</u>	<u>73,295</u>
Total non-operating income and expenses	<u>129,907</u>	<u>4,105</u>	<u>98,647</u>	<u>352,467</u>	<u>11,136</u>	<u>170,290</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,546,154	48,852	875,242	3,539,391	111,829	1,760,584
INCOME TAX EXPENSE	<u>319,277</u>	<u>10,088</u>	<u>165,305</u>	<u>828,962</u>	<u>26,192</u>	<u>308,457</u>
NET PROFIT FOR THE PERIOD	<u>1,226,877</u>	<u>38,764</u>	<u>709,937</u>	<u>2,710,429</u>	<u>85,637</u>	<u>1,452,127</u>
OTHER COMPREHENSIVE INCOME AND LOSS						
Items that may be not be reclassified subsequently to profit or loss:						
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive (loss) income	-	-	(40,735)	15,159	479	(25,508)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	<u>(4,232)</u>	<u>(134)</u>	<u>7,279</u>	<u>8,023</u>	<u>254</u>	<u>4,588</u>
Total other comprehensive (loss) income	<u>(4,232)</u>	<u>(134)</u>	<u>(33,456)</u>	<u>23,182</u>	<u>733</u>	<u>(20,920)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,222,645</u>	<u>\$ 38,630</u>	<u>\$ 676,481</u>	<u>\$ 2,733,611</u>	<u>\$ 86,370</u>	<u>\$ 1,431,207</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2024		2023	2024		2023
	NT\$	US\$ (Note)	NT\$	NT\$	US\$ (Note)	NT\$
NET PROFIT ATTRIBUTABLE TO:						
Owners of the Company	\$ 1,229,672	\$ 38,852	\$ 712,987	\$ 2,721,851	\$ 85,998	\$ 1,462,409
Non-controlling interests	<u>(2,795)</u>	<u>(88)</u>	<u>(3,050)</u>	<u>(11,422)</u>	<u>(361)</u>	<u>(10,282)</u>
	<u>\$ 1,226,877</u>	<u>\$ 38,764</u>	<u>\$ 709,937</u>	<u>\$ 2,710,429</u>	<u>\$ 85,637</u>	<u>\$ 1,452,127</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Company	\$ 1,225,440	\$ 38,718	\$ 679,531	\$ 2,745,033	\$ 86,731	\$ 1,441,489
Non-controlling interests	<u>(2,795)</u>	<u>(88)</u>	<u>(3,050)</u>	<u>(11,422)</u>	<u>(361)</u>	<u>(10,282)</u>
	<u>\$ 1,222,645</u>	<u>\$ 38,630</u>	<u>\$ 676,481</u>	<u>\$ 2,733,611</u>	<u>\$ 86,370</u>	<u>\$ 1,431,207</u>
EARNINGS PER SHARE						
Basic	<u>\$4.28</u>	<u>\$0.14</u>	<u>\$2.48</u>	<u>\$9.48</u>	<u>\$0.30</u>	<u>\$5.09</u>
Diluted	<u>\$4.28</u>	<u>\$0.14</u>	<u>\$2.48</u>	<u>\$9.47</u>	<u>\$0.30</u>	<u>\$5.08</u>

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(With Deloitte & Touche review report dated November 8, 2024)

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)

	Equity Attributable to Owners of the Company											
	Equity Attributable to Owners of the Company						Other Equity			Controlling Interests	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
			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 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	-	288	-	-	-	-	-	-	-	288	-	288
Net income for the nine months ended September 30, 2023	-	-	-	-	1,462,409	1,462,409	-	-	-	1,462,409	(10,282)	1,452,127
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	4,588	(25,508)	(20,920)	(20,920)	-	(20,920)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	1,462,409	1,462,409	4,588	(25,508)	(20,920)	1,441,489	(10,282)	1,431,207
BALANCE AT SEPTEMBER 30, 2023	\$ 2,610,585	\$ 86,973	\$ 559,914	\$ 59,483	\$ 1,696,280	\$ 2,315,677	\$ (40,289)	\$ (40,114)	\$ (80,403)	\$ 4,932,832	\$ 111,290	\$ 5,044,122
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)
Unclaimed cash dividend from shareholders	-	(3)	-	-	-	-	-	-	-	(3)	-	(3)
Net income (loss) for the nine months ended September 30, 2024	-	-	-	-	2,721,851	2,721,851	-	-	-	2,721,851	(11,422)	2,710,429
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	8,023	15,159	23,182	23,182	-	23,182
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	2,721,851	2,721,851	8,023	15,159	23,182	2,745,033	(11,422)	2,733,611
BALANCE AT SEPTEMBER 30, 2024	\$ 2,871,644	\$ 86,953	\$ 816,345	\$ 88,625	\$ 3,407,051	\$ 4,312,021	\$ (42,362)	\$ (23,081)	\$ (65,443)	\$ 7,205,175	\$ 94,675	\$ 7,299,850
BALANCE AT SEPTEMBER 30, 2024 (IN U.S. DOLLARS)	\$ 90,731	\$ 2,747	\$ 25,793	\$ 2,800	\$ 107,648	\$ 136,241	\$ (1,338)	\$ (729)	\$ (2,067)	\$ 227,652	\$ 2,991	\$ 230,643

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(With Deloitte & Touche review report dated November 8, 2024)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

	For the Nine Months Ended September 30		
	2024		2023
	NT\$	US\$ (Note)	NT\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	\$ 3,539,391	\$ 111,829	\$ 1,760,584
Adjustments for:			
Depreciation expenses	140,243	4,431	106,081
Amortization expenses	22,419	708	20,134
Expected credit loss recognized (reversed) on trade receivables	2,215	70	(14,045)
Net gain on financial instruments at fair value through profit or loss	-	-	(1,047)
Finance costs	27,392	865	42,253
Interest income	(52,868)	(1,670)	(19,878)
Share of profit of associates	(338)	(11)	(175)
Loss on disposal of property, plant and equipment	1,914	60	360
Gain on remeasurement of lease arrangements	(45)	(1)	-
Reversal of write-down of inventories	(7,190)	(227)	(39,695)
Unrealized net loss on foreign currency exchange	20,976	663	1,438
(Reversal) recognition of provisions	(356)	(11)	1,303
Changes in operating assets and liabilities			
Contract assets	(619,993)	(19,589)	(695,327)
Notes receivable	(61,540)	(1,944)	(13,744)
Trade receivables	(421,994)	(13,333)	881,735
Inventories	(2,495,965)	(78,861)	(1,509,630)
Prepayments	5,053	160	(235,211)
Other current assets	(97,059)	(3,067)	(68,567)
Contract liabilities	1,946,133	61,489	1,021,158
Notes and accounts payable	334,675	10,574	792,715
Trade payables to related parties	(425)	(13)	282
Other payables	314,326	9,931	139,490
Other current liabilities	(341,427)	(10,788)	105,798
Net defined benefit liabilities	(34,372)	(1,086)	(49,199)
Cash generated from operations	2,221,165	70,179	2,226,813
Interest received	52,903	1,671	18,828
Interest paid	(26,945)	(851)	(44,367)
Income tax paid	(920,628)	(29,088)	(5,645)
Net cash generated from operating activities	<u>1,326,495</u>	<u>41,911</u>	<u>2,195,629</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

	For the Nine Months Ended September 30		
	2024		2023
	NT\$	US\$ (Note)	NT\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at amortized cost	\$ -	\$ -	\$ (5,688)
Proceeds from sale of financial assets at amortized cost	100,064	3,162	-
Acquisition of investments accounted for using the equity method	-	-	(1,000)
Payments for property, plant and equipment	(130,438)	(4,121)	(78,223)
Proceeds from disposal of property, plant and equipment	581	18	-
Proceeds from sale of financial assets at fair value through profit or loss	-	-	768
Increase in refundable deposits	(14,293)	(452)	(5,550)
Payments for intangible assets	(19,641)	(620)	(23,885)
(Increase) decrease in prepayments for equipment	<u>(55,849)</u>	<u>(1,765)</u>	<u>1,007</u>
Net cash used in investing activities	<u>(119,576)</u>	<u>(3,778)</u>	<u>(112,571)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	277,453	8,766	-
Repayments of short-term borrowings	-	-	(488,915)
Repayments of short-term bills payable	(219,747)	(6,943)	(49,965)
Proceeds from long-term borrowings	1,140,000	36,019	800,000
Repayments of long-term borrowings	(250,000)	(7,899)	(1,161,800)
Proceeds from guarantee deposits received	-	-	323
Refund of guarantee deposits received	(21)	(1)	-
Repayments of the principal portion of lease liabilities	(34,288)	(1,083)	(14,376)
Unclaimed cash dividends	(3)	-	288
Dividends paid to owners of the Company by cash	<u>(1,566,351)</u>	<u>(49,489)</u>	<u>(652,646)</u>
Net cash used in financing activities	<u>(652,957)</u>	<u>(20,630)</u>	<u>(1,567,091)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,686</u>	<u>148</u>	<u>1,978</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

	For the Nine Months Ended September 30		
	2024		2023
	NT\$	US\$ (Note)	NT\$
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 558,648	\$ 17,651	\$ 517,945
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,737,486</u>	<u>54,897</u>	<u>595,630</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,296,134</u>	<u>\$ 72,548</u>	<u>\$ 1,113,575</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\$31.65 to US\$1.00 at September 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 November 8, 2024)

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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 November 8, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively the “Group”).

- 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
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 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 set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets 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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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.

Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2024	December 31, 2023	September 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, power distribution equipment manufacturing and renewable energy power sales business	100.00	100.00	100.00	1) and 3)
	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.
- 3) On June 15, 2024, Fortune Electric Energy Co., Ltd. increased its share capital by NT\$28,000 thousand through a cash contribution, as approved 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, 2023.

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.