

Fortune Electric Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2025 and 2024**

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands)

| | June 30, 2025 | | December 31, 2024 | June 30, 2024 |
|--|----------------------|-------------------|----------------------|----------------------|
| | NT\$ | US\$ (Note) | NT\$ | NT\$ |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 4,158,890 | \$ 141,942 | \$ 2,480,917 | \$ 3,556,378 |
| Financial assets at amortized cost - current | 214,031 | 7,305 | 65,769 | 142,526 |
| Contract assets | 2,667,918 | 91,055 | 3,178,876 | 2,276,297 |
| Notes receivable | 251,210 | 8,574 | 222,675 | 101,653 |
| Trade receivables, net | 3,488,927 | 119,076 | 3,587,098 | 2,182,697 |
| Trade receivables from related parties | - | - | - | 375 |
| Current tax assets | 24 | 1 | 19 | 22,267 |
| Inventories, net | 8,667,825 | 295,830 | 7,597,647 | 7,204,424 |
| Prepayments | 713,769 | 24,361 | 715,181 | 554,494 |
| Other current assets | <u>189,296</u> | <u>6,460</u> | <u>289,373</u> | <u>262,426</u> |
| Total current assets | <u>20,351,890</u> | <u>694,604</u> | <u>18,137,555</u> | <u>16,303,537</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current | 34,906 | 1,191 | 15,260 | - |
| Financial assets at fair value through other comprehensive income - non-current | 428,220 | 14,615 | 244,302 | 303,911 |
| Financial assets at amortized cost - non-current | 31,843 | 1,087 | 23,535 | 23,249 |
| Investments accounted for using equity method | 2,080 | 71 | 2,230 | 2,334 |
| Property, plant and equipment | 2,687,291 | 91,716 | 2,283,435 | 2,110,252 |
| Right-of-use assets | 559,014 | 19,079 | 536,879 | 211,052 |
| Intangible assets | 59,007 | 2,014 | 67,014 | 65,646 |
| Deferred tax assets | 127,023 | 4,335 | 78,346 | 16,586 |
| Prepaid investments | - | - | 198,585 | - |
| Net defined benefit assets - non-current | 71,756 | 2,449 | 51,267 | 24,440 |
| Other non-current assets | <u>301,840</u> | <u>10,302</u> | <u>230,989</u> | <u>83,210</u> |
| Total non-current assets | <u>4,302,980</u> | <u>146,859</u> | <u>3,731,842</u> | <u>2,840,680</u> |
| TOTAL | <u>\$ 24,654,870</u> | <u>\$ 841,463</u> | <u>\$ 21,869,397</u> | <u>\$ 19,144,217</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings | \$ 212,500 | \$ 7,253 | \$ 35,000 | \$ 213,157 |
| Short-term bills payable | - | - | - | 149,836 |
| Contract liabilities - current | 4,723,386 | 161,208 | 3,697,176 | 2,838,433 |
| Notes and trade payables | 3,827,206 | 130,621 | 4,349,785 | 3,781,059 |
| Trade payables to related parties | 119 | 4 | 24 | 335 |
| Other payable | 4,508,659 | 153,879 | 2,069,745 | 2,809,441 |
| Current tax liabilities | 538,897 | 18,392 | 772,048 | 398,934 |
| Provisions | 31,241 | 1,066 | 36,395 | 18,446 |
| Lease liabilities - current | 103,871 | 3,545 | 83,868 | 39,338 |
| Long-term borrowings due within one year | - | - | - | 400,000 |
| Other current liabilities | <u>95,803</u> | <u>3,270</u> | <u>99,545</u> | <u>107,920</u> |
| Total current liabilities | <u>14,041,682</u> | <u>479,238</u> | <u>11,143,586</u> | <u>10,756,899</u> |
| NON-CURRENT LIABILITIES | | | | |
| Contract liabilities - non-current | 2,185,503 | 74,591 | 1,304,499 | 1,598,918 |
| Long-term borrowings | - | - | - | 430,000 |
| Deferred tax liabilities | 114,373 | 3,903 | 107,070 | 85,146 |
| Lease liabilities - non-current | 469,199 | 16,014 | 457,999 | 172,842 |
| Deferred revenue - non-current | 36,597 | 1,249 | 58,129 | - |
| Guarantee deposit received | <u>25,543</u> | <u>872</u> | <u>24,251</u> | <u>23,204</u> |
| Total non-current liabilities | <u>2,831,215</u> | <u>96,629</u> | <u>1,951,948</u> | <u>2,310,110</u> |
| Total liabilities | <u>16,872,897</u> | <u>575,867</u> | <u>13,095,534</u> | <u>13,067,009</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION | | | | |
| Share capital | <u>2,871,644</u> | <u>98,008</u> | <u>2,871,644</u> | <u>2,610,585</u> |
| Stock dividend to be distributed | <u>287,164</u> | <u>9,801</u> | <u>-</u> | <u>261,059</u> |
| Capital surplus | <u>87,021</u> | <u>2,970</u> | <u>87,022</u> | <u>86,956</u> |
| Retained earnings | | | | |
| Legal reserve | 1,246,315 | 42,536 | 816,345 | 816,345 |
| Special reserve | 165,746 | 5,657 | 88,625 | 88,625 |
| Unappropriated earnings | <u>3,257,078</u> | <u>111,163</u> | <u>4,984,900</u> | <u>2,177,379</u> |
| Total retained earnings | <u>4,669,139</u> | <u>159,356</u> | <u>5,889,870</u> | <u>3,082,349</u> |
| Other equity | | | | |
| Exchange differences on translating foreign operations | (68,819) | (2,349) | (35,805) | (38,130) |
| Unrealized gain or loss on financial assets at fair value through other comprehensive income | <u>(171,313)</u> | <u>(5,847)</u> | <u>(129,941)</u> | <u>(23,081)</u> |
| Total other equity | <u>(240,132)</u> | <u>(8,196)</u> | <u>(165,746)</u> | <u>(61,211)</u> |
| Total equity attributable to owners of the Corporation | 7,674,836 | 261,939 | 8,682,790 | 5,979,738 |
| NON-CONTROLLING INTERESTS | <u>107,137</u> | <u>3,657</u> | <u>91,073</u> | <u>97,470</u> |
| Total equity | <u>7,781,973</u> | <u>265,596</u> | <u>8,773,863</u> | <u>6,077,208</u> |
| TOTAL | <u>\$ 24,654,870</u> | <u>\$ 841,463</u> | <u>\$ 21,869,397</u> | <u>\$ 19,144,217</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\$29.3 to US\$1.00 at June 30, 2025, 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 8, 2025)

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 | | |
|--|------------------------------------|------------------|-------------------|----------------------------------|------------------|---------------------|
| | 2025 | | 2024 | 2025 | | 2024 |
| | NT\$ | US\$ (Note) | NT\$ | NT\$ | US\$ (Note) | NT\$ |
| OPERATING REVENUE | | | | | | |
| Sales | \$ 5,654,823 | \$ 192,997 | \$ 4,279,041 | \$ 9,876,771 | \$ 337,091 | \$ 7,167,689 |
| Construction revenue | <u>418,565</u> | <u>14,286</u> | <u>366,801</u> | <u>617,878</u> | <u>21,088</u> | <u>515,654</u> |
| Total operating revenue | <u>6,073,388</u> | <u>207,283</u> | <u>4,645,842</u> | <u>10,494,649</u> | <u>358,179</u> | <u>7,683,343</u> |
| OPERATING COSTS | | | | | | |
| Cost of goods sold | 3,278,700 | 111,901 | 2,648,012 | 5,834,127 | 199,117 | 4,513,704 |
| Construction cost | <u>342,803</u> | <u>11,700</u> | <u>316,496</u> | <u>623,664</u> | <u>21,285</u> | <u>446,453</u> |
| Total operating costs | <u>3,621,503</u> | <u>123,601</u> | <u>2,964,508</u> | <u>6,457,791</u> | <u>220,402</u> | <u>4,960,157</u> |
| GROSS PROFIT | <u>2,451,885</u> | <u>83,682</u> | <u>1,681,334</u> | <u>4,036,858</u> | <u>137,777</u> | <u>2,723,186</u> |
| OPERATING EXPENSES | | | | | | |
| Selling and marketing expenses | 692,763 | 23,644 | 293,849 | 1,059,430 | 36,158 | 513,336 |
| General and administrative expenses | 173,422 | 5,919 | 164,015 | 336,868 | 11,497 | 296,607 |
| Research and development expenses | 83,942 | 2,865 | 70,476 | 171,441 | 5,851 | 140,366 |
| Reversal of expected credit loss | <u>479</u> | <u>16</u> | <u>3,375</u> | <u>479</u> | <u>16</u> | <u>2,200</u> |
| Total operating expenses | <u>950,606</u> | <u>32,444</u> | <u>531,715</u> | <u>1,568,218</u> | <u>53,522</u> | <u>952,509</u> |
| PROFIT FROM OPERATIONS | <u>1,501,279</u> | <u>51,238</u> | <u>1,149,619</u> | <u>2,468,640</u> | <u>84,255</u> | <u>1,770,677</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | | | |
| Interest income | 33,941 | 1,158 | 19,260 | 58,613 | 2,000 | 32,795 |
| Rental income | 17,056 | 582 | 25,515 | 42,570 | 1,453 | 51,029 |
| Export tax rebate income | 12,314 | 421 | 21,303 | 28,042 | 957 | 33,675 |
| Other income | 13,167 | 450 | 2,196 | 22,024 | 751 | 6,794 |
| (Loss) gain on foreign currency exchange | (393,235) | (13,421) | 36,965 | (350,301) | (11,956) | 114,524 |
| Other gains and losses | (1,457) | (50) | (236) | (1,978) | (68) | (399) |
| Finance costs | <u>(6,939)</u> | <u>(237)</u> | <u>(10,592)</u> | <u>(13,919)</u> | <u>(475)</u> | <u>(15,858)</u> |
| Total non-operating income and expenses | <u>(325,153)</u> | <u>(11,097)</u> | <u>94,411</u> | <u>(214,949)</u> | <u>(7,338)</u> | <u>222,560</u> |
| PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS | 1,176,126 | 40,141 | 1,244,030 | 2,253,691 | 76,917 | 1,993,237 |
| INCOME TAX EXPENSE | <u>393,984</u> | <u>13,447</u> | <u>354,413</u> | <u>619,001</u> | <u>21,126</u> | <u>509,685</u> |
| NET PROFIT FOR THE PERIOD | <u>782,142</u> | <u>26,694</u> | <u>889,617</u> | <u>1,634,690</u> | <u>55,791</u> | <u>1,483,552</u> |
| OTHER COMPREHENSIVE INCOME AND LOSS | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | |
| Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income | (40,908) | (1,396) | 6,766 | (41,372) | (1,412) | 15,159 |
| Items that will be reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences on translating foreign operations | <u>(37,041)</u> | <u>(1,264)</u> | <u>3,199</u> | <u>(33,014)</u> | <u>(1,127)</u> | <u>12,255</u> |
| Total other comprehensive income and loss | <u>(77,949)</u> | <u>(2,660)</u> | <u>9,965</u> | <u>(74,386)</u> | <u>(2,539)</u> | <u>27,414</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 704,193</u> | <u>\$ 24,034</u> | <u>\$ 899,582</u> | <u>\$ 1,560,304</u> | <u>\$ 53,252</u> | <u>\$ 1,510,966</u> |

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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 | | |
|---|------------------------------------|------------------|-------------------|----------------------------------|------------------|---------------------|
| | 2025 | | 2024 | 2025 | | 2024 |
| | NT\$ | US\$ (Note) | NT\$ | NT\$ | US\$ (Note) | NT\$ |
| NET PROFIT ATTRIBUTABLE TO: | | | | | | |
| Owners of the Company | \$ 790,462 | \$ 26,978 | \$ 894,281 | \$ 1,650,913 | \$ 56,345 | \$ 1,492,179 |
| Non-controlling interests | <u>(8,320)</u> | <u>(284)</u> | <u>(4,664)</u> | <u>(16,223)</u> | <u>(554)</u> | <u>(8,627)</u> |
| | <u>\$ 782,142</u> | <u>\$ 26,694</u> | <u>\$ 889,617</u> | <u>\$ 1,634,690</u> | <u>\$ 55,791</u> | <u>\$ 1,483,552</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | |
| Owners of the Company | \$ 712,513 | \$ 24,318 | \$ 904,246 | \$ 1,576,527 | \$ 53,806 | \$ 1,519,593 |
| Non-controlling interests | <u>(8,320)</u> | <u>(284)</u> | <u>(4,664)</u> | <u>(16,223)</u> | <u>(554)</u> | <u>(8,627)</u> |
| | <u>\$ 704,193</u> | <u>\$ 24,034</u> | <u>\$ 899,582</u> | <u>\$ 1,560,304</u> | <u>\$ 53,252</u> | <u>\$ 1,510,966</u> |
| EARNINGS PER SHARE | | | | | | |
| Basic | <u>\$2.50</u> | <u>\$0.09</u> | <u>\$2.83</u> | <u>\$5.23</u> | <u>\$0.18</u> | <u>\$4.72</u> |
| Diluted | <u>\$2.50</u> | <u>\$0.09</u> | <u>\$2.83</u> | <u>\$5.22</u> | <u>\$0.18</u> | <u>\$4.72</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\$29.3 to US\$1.0 at June 30, 2025, 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 8, 2025)

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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 | | | | | | | 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 | | | | | | | |
| | | | | | | | | | | | | | |
| 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 JANUARY 1, 2025 | \$ 2,871,644 | \$ - | \$ 87,022 | \$ 816,345 | \$ 88,625 | \$ 4,984,900 | \$ 5,889,870 | \$ (35,805) | \$ (129,941) | \$ (165,746) | \$ 8,682,790 | \$ 91,073 | \$ 8,773,863 |
| Appropriation of 2024 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 429,970 | - | (429,970) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 77,121 | (77,121) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company - NT\$9 per share | - | - | - | - | - | (2,584,480) | (2,584,480) | - | - | - | (2,584,480) | - | (2,584,480) |
| Ordinary share dividends distributed by the Company - NT\$1 per share | - | 287,164 | - | - | - | (287,164) | (287,164) | - | - | - | - | - | - |
| | - | 287,164 | - | 429,970 | 77,121 | (3,378,735) | (2,871,644) | - | - | - | (2,584,480) | - | (2,584,480) |
| Unclaimed cash dividends from shareholders | - | - | (1) | - | - | - | - | - | - | - | (1) | - | (1) |
| Changes in ownership interests in subsidiaries | - | - | - | - | - | - | - | - | - | - | - | 32,287 | 32,287 |
| Net income (loss) for the six months ended June 30, 2025 | - | - | - | - | - | 1,650,913 | 1,650,913 | - | - | - | 1,650,913 | (16,223) | 1,634,690 |
| Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax | - | - | - | - | - | - | - | (33,014) | (41,372) | (74,386) | (74,386) | - | (74,386) |
| Total comprehensive income (loss) for the six months ended June 30, 2025 | - | - | - | - | - | 1,650,913 | 1,650,913 | (33,014) | (41,372) | (74,386) | 1,576,527 | (16,223) | 1,560,304 |
| BALANCE AT JUNE 30, 2025 | \$ 2,871,644 | \$ 287,164 | \$ 87,021 | \$ 1,246,315 | \$ 165,746 | \$ 3,257,078 | \$ 4,669,139 | \$ (68,819) | \$ (171,313) | \$ (240,132) | \$ 7,674,836 | \$ 107,137 | \$ 7,781,973 |
| BALANCE AT JUNE 30, 2025 (IN U.S. DOLLARS) | \$ 98,008 | \$ 9,801 | \$ 2,970 | \$ 42,536 | \$ 5,657 | \$ 111,163 | \$ 159,356 | \$ (2,349) | \$ (5,847) | \$ (8,196) | \$ 261,939 | \$ 3,657 | \$ 265,596 |

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

(With Deloitte & Touche review report dated August 8, 2025)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

| | For the Six Months Ended June 30 | | |
|---|----------------------------------|---------------|------------------|
| | 2025 | | 2024 |
| | NT\$ | US\$ (Note) | NT\$ |
| CASH FLOWS USED IN OPERATING ACTIVITIES | | | |
| Income before income tax from continuing operations | \$ 2,253,691 | \$ 76,917 | \$ 1,993,237 |
| Adjustments for: | | | |
| Depreciation expenses | 140,047 | 4,780 | 90,804 |
| Amortization expenses | 16,025 | 547 | 14,891 |
| Expected credit loss recognized on trade receivables | 479 | 16 | 2,200 |
| Net loss on fair value changes of financial assets at fair value through profit or loss | 1,594 | 54 | - |
| Finance costs | 13,919 | 475 | 15,858 |
| Interest income | (58,613) | (2,000) | (32,795) |
| Share of gain of associates | (17) | (1) | (174) |
| (Gain) loss on disposal of property, plant and equipment | (56) | (2) | 134 |
| Gain on remeasurement of lease arrangements | (2) | - | (45) |
| Reversal of write-downs of inventories | (712) | (24) | (376) |
| Unrealized net loss (gain) on foreign currency exchange | 97,527 | 3,329 | (1,150) |
| Reversal recognition of provisions | (5,154) | (176) | (76) |
| Changes in operating assets and liabilities | | | |
| Contract assets | 510,958 | 17,439 | (239,002) |
| Notes receivable | (28,535) | (974) | (5,685) |
| Trade receivables | (134,303) | (4,584) | 202,950 |
| Trade receivables to related parties | - | - | (375) |
| Inventories | (1,056,941) | (36,073) | (1,779,337) |
| Prepayments | (10,310) | (352) | (98,821) |
| Other current assets | 103,597 | 3,536 | (75,502) |
| Other non-current assets | (14,097) | (481) | - |
| Contract liabilities | 1,927,156 | 65,773 | 1,580,644 |
| Notes and trades payable | (389,311) | (13,287) | 429,836 |
| Trade payables to related parties | 95 | 3 | (288) |
| Other payables | (111,892) | (3,819) | 74,880 |
| Other current liabilities | (3,742) | (128) | (366,666) |
| Net defined benefit liabilities | (20,489) | (699) | (29,545) |
| Cash generated from operations | 3,230,914 | 110,269 | 1,775,597 |
| Interest received | 55,093 | 1,880 | 32,971 |
| Interest paid | (13,924) | (475) | (14,965) |
| Income tax paid | (893,359) | (30,490) | (612,092) |
| Net cash generated from operating activities | <u>2,378,724</u> | <u>81,184</u> | <u>1,181,511</u> |

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

| | For the Six Months Ended June 30 | | |
|--|----------------------------------|-----------------|-----------------|
| | 2025 | | 2024 |
| | NT\$ | US\$ (Note) | NT\$ |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of financial assets at fair value through other comprehensive income | \$ (26,705) | \$ (911) | \$ - |
| Purchase of financial assets at amortized cost | (156,570) | (5,344) | - |
| Disposal of financial assets measured at amortized cost | - | - | 71,572 |
| Purchase of financial assets at fair value through profit or loss | (21,240) | (725) | - |
| Payments for property, plant and equipment | (471,552) | (16,094) | (72,067) |
| Proceeds from disposal of property, plant and equipment | 78 | 3 | 572 |
| Increase in refundable deposits | - | - | (11,398) |
| Decrease in refundable deposits | 8,762 | 299 | - |
| Payments for intangible assets | (8,018) | (274) | (13,407) |
| Increase in prepayments for equipment | <u>(115,410)</u> | <u>(3,939)</u> | <u>(31,873)</u> |
| Net cash used in investing activities | <u>(790,655)</u> | <u>(26,985)</u> | <u>(56,601)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from short-term borrowings | 177,500 | 6,058 | 193,760 |
| Repayments of short-term bills payable | - | - | (69,911) |
| Proceeds from long-term borrowings | - | - | 780,000 |
| Repayments of long-term borrowings | - | - | (200,000) |
| Proceeds from guarantee deposits received | 1,292 | 44 | - |
| Refund of guarantee deposits received | - | - | (167) |
| Repayment of the principal portion of lease liabilities | (47,750) | (1,630) | (21,987) |
| Changes in non-controlling interests | 32,287 | 1,102 | - |
| Unclaimed cash dividends from shareholders | <u>(1)</u> | <u>-</u> | <u>-</u> |
| Net cash generated from financing activities | <u>163,328</u> | <u>5,574</u> | <u>681,695</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(73,424)</u> | <u>(2,504)</u> | <u>12,287</u> |

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands)

| | For the Six Months Ended June 30 | | |
|-------------------------------------|----------------------------------|-------------------|---------------------|
| | 2025 | | 2024 |
| | NT\$ | US\$ (Note) | NT\$ |
| NET INCREASE IN CASH | \$ 1,677,973 | \$ 57,269 | \$ 1,818,892 |
| CASH AT THE BEGINNING OF THE PERIOD | <u>2,480,917</u> | <u>84,673</u> | <u>1,737,486</u> |
| CASH AT THE END OF THE PERIOD | <u>\$ 4,158,890</u> | <u>\$ 141,942</u> | <u>\$ 3,556,378</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\$29.3 to US\$1.00 at June 30, 2025, 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 8, 2025)

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (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 the New Taiwan dollars since the Company’s shares 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 8, 2025.

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).

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” 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 2026

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| 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 |

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB (Note)</u> |
|--|---|
| 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 18 "Presentation and Disclosure in Financial Statements" | January 1, 2027 |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures" | January 1, 2027 |

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

IFRS 18 "Presentation and 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 the 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 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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. 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.

See Note 12, Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main business).

Subsidiaries included in consolidated financial statements:

| Investor | Investee | Main Business | % of Ownership | | | Remark |
|--|---|--|----------------|-------------------|---------------|-----------|
| | | | June 30, 2025 | December 31, 2024 | June 30, 2024 | |
| 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) |
| | Fortune Energy Co., Ltd. | Manufacture of power generation, transmission, distribution machinery and renewable energy sales | 100.00 | 100.00 | 100.00 | 1) |
| | Fortune Electric Australia Pty, Ltd. | Trade business | 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) |
| Fortune Electric Value Company Limited | Fortune Nev Co., Ltd. | Department store operations | 76.23 | - | - | 1) and 2) |
| | Fortune Nev Co., Ltd. | Department store operations | 9.09 | - | - | 1) and 2) |
| 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 reviewed.

2) Fortune Nev Co., Ltd. was approved for establishment on January 6, 2025.

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

1) 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.

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of US reciprocal tariffs on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.