

Fortune Electric Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

FORTUNE ELECTRIC CO., LTD.

By

March 9, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fortune Electric Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Fortune Electric Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Fortune Electric Co., Ltd. and its subsidiaries for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2025 is stated as follows:

Occurrence of Revenue Recognition from New Customers Among Top Ten Customers

The Group's operating revenues include the sales of transformers, distribution panels and other related products and these revenues are mainly from several major customers. The Group's revenue from new customers among the top ten customers accounted for the 18% of the revenue for in the year ended December 31. Due to the significance of the revenues and the major changes in the customer portfolio, we identified the occurrence of revenue from new customers among the top ten customers to be a key audit matter. Refer to Note 4 of the consolidated financial statements for the accounting policies and details of revenue recognition.

In respect of this key audit matter, the following audit procedures were performed:

1. We obtained an understanding of the design and implementation of relevant internal controls and tested the operating effectiveness of the key controls over the occurrence of revenue recognition.
2. We selected samples from some sales transactions of the new customers among top ten customers, and we traced them to the original documents such as customer orders, delivery orders and documents signed by customers to confirm the occurrence without exception, and performed the confirmation letter procedure.

Other Matter

We have also audited the parent company only financial statements of Fortune Electric Co., Ltd., as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Suei-Chin Lee and Tung-Feng Lee .



Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands)

	2025		2024
	NTS	US\$ (Note 4) (Unaudited)	NTS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Notes 4 and 6)	\$ 4,795,777	\$ 152,586	\$ 2,480,917
Financial assets at amortized cost - current (Notes 4, 9 and 34)	546,821	17,398	65,769
Contract assets (Notes 4, 23 and 25)	1,936,371	61,609	3,178,876
Notes receivable, net (Notes 4, 10 and 25)	131,833	4,194	222,675
Trade receivables, net (Notes 4, 10 and 25)	4,450,288	141,594	3,587,098
Current tax assets (Notes 4 and 27)	165	5	19
Inventories, net (Notes 4 and 11)	8,333,498	265,145	7,597,647
Prepayments (Note 33)	992,577	31,581	715,181
Other current assets (Notes 23 and 34)	<u>353,687</u>	<u>11,253</u>	<u>289,373</u>
Total current assets	<u>21,541,017</u>	<u>685,365</u>	<u>18,137,555</u>
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	47,563	1,513	15,260
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 32 and 33)	568,795	18,097	244,302
Financial assets at amortized cost - non-current (Notes 4, 9 and 34)	49,239	1,567	23,535
Investments accounted for using the equity method (Notes 4, 13 and 33)	1,948	62	2,230
Property, plant and equipment (Notes 4, 14, 30, 33 and 34)	3,221,606	102,501	2,283,435
Right-of-use assets (Notes 4, 15 and 33)	2,066,387	65,746	536,879
Intangible assets (Notes 4, 16 and 33)	60,895	1,937	67,014
Deferred tax assets (Notes 4 and 27)	235,611	7,496	78,346
Prepaid investments (Notes 17 and 33)	-	-	198,585
Net defined benefit assets - non-current (Notes 4 and 22)	52,122	1,658	51,267
Other non-current assets (Note 34)	<u>365,580</u>	<u>11,632</u>	<u>230,989</u>
Total non-current assets	<u>6,669,746</u>	<u>212,209</u>	<u>3,731,842</u>
TOTAL	<u>\$ 28,210,763</u>	<u>\$ 897,574</u>	<u>\$ 21,869,397</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings (Notes 4, 18 and 34)	\$ 200,000	\$ 6,363	\$ 35,000
Contract liabilities - current (Notes 4, 23 and 25)	5,909,109	188,009	3,697,176
Trade payables to unrelated parties (Note 19)	3,479,804	110,716	4,349,785
Trade payables to related parties (Note 33)	120	4	24
Other payables (Note 20)	2,569,247	81,745	2,069,745
Current tax liabilities (Notes 4 and 27)	652,173	20,750	772,048
Provisions (Notes 4 and 21)	7,370	234	36,395
Lease liabilities - current (Notes 4, 15 and 32)	104,884	3,337	83,868
Deferred revenue - current (Notes 4, 20 and 30)	3,800	121	-
Other current liabilities	<u>87,227</u>	<u>2,776</u>	<u>99,545</u>
Total current liabilities	<u>13,013,734</u>	<u>414,055</u>	<u>11,143,586</u>
NON-CURRENT LIABILITIES			
Contract liabilities - non-current (Notes 4, 23 and 25)	1,623,885	51,667	1,304,499
Long-term borrowings (Notes 4, 18 and 34)	554,000	17,626	-
Deferred tax liabilities (Notes 4 and 27)	136,827	4,353	107,070
Lease liabilities - non-current (Notes 4, 15 and 32)	2,014,902	64,108	457,999
Deferred revenue - non-current (Notes 4, 20 and 30)	40,186	1,279	58,129
Guarantee deposit received	<u>7,041</u>	<u>224</u>	<u>24,251</u>
Total non-current liabilities	<u>4,376,841</u>	<u>139,257</u>	<u>1,951,948</u>
Total liabilities	<u>17,390,575</u>	<u>553,312</u>	<u>13,095,534</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)			
Share capital	<u>3,158,808</u>	<u>100,503</u>	<u>2,871,644</u>
Capital surplus	<u>133,747</u>	<u>4,255</u>	<u>87,022</u>
Retained earnings			
Legal reserve	1,246,315	39,654	816,345
Special reserve	165,746	5,273	88,625
Unappropriated earnings	<u>6,001,313</u>	<u>190,942</u>	<u>4,984,900</u>
Total retained earnings	<u>7,413,374</u>	<u>235,869</u>	<u>5,889,870</u>
Other equity			
Exchange differences on translation of the financial statements of foreign operations	(47,020)	(1,496)	(35,805)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>(75,738)</u>	<u>(2,410)</u>	<u>(129,941)</u>
Total other equity	<u>(122,758)</u>	<u>(3,906)</u>	<u>(165,746)</u>
Total equity attributable to owners of the Company	10,583,171	336,721	8,682,790
NON-CONTROLLING INTERESTS (Notes 4 and 24)	<u>237,017</u>	<u>7,541</u>	<u>91,073</u>
Total equity	<u>10,820,188</u>	<u>344,262</u>	<u>8,773,863</u>
TOTAL	<u>\$ 28,210,763</u>	<u>\$ 897,574</u>	<u>\$ 21,869,397</u>

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands, Except Earnings Per Share)

	2025		2024
	NTS	US\$ (Note 4) (Unaudited)	NTS
OPERATING REVENUES (Notes 4, 25, 33 and 38)			
Sales	\$ 23,033,176	\$ 732,841	\$ 18,813,960
Construction revenue	<u>1,389,881</u>	<u>44,221</u>	<u>1,388,819</u>
Total operating revenues	<u>24,423,057</u>	<u>777,062</u>	<u>20,202,779</u>
OPERATING COSTS (Notes 4, 11, 22, 26 and 33)			
Cost of goods sold	13,238,912	421,219	11,630,084
Construction costs	<u>1,298,827</u>	<u>41,324</u>	<u>1,188,002</u>
Total operating costs	<u>14,537,739</u>	<u>462,543</u>	<u>12,818,086</u>
GROSS PROFIT	<u>9,885,318</u>	<u>314,519</u>	<u>7,384,693</u>
OPERATING EXPENSES (Notes 4, 22, 26 and 33)			
Selling and marketing expenses	3,258,644	103,679	1,433,146
General and administrative expenses	918,322	29,218	728,914
Research and development expenses	397,975	12,662	329,867
Expected credit loss (Notes 10 and 25)	<u>83,221</u>	<u>2,648</u>	<u>2,222</u>
Total operating expenses	<u>4,658,162</u>	<u>148,207</u>	<u>2,494,149</u>
PROFIT FROM OPERATIONS	<u>5,227,156</u>	<u>166,312</u>	<u>4,890,544</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)			
Interest income (Note 26)	115,458	3,673	69,465
Export tax rebate income	105,144	3,345	88,309
Compensation and indemnity income	261,472	8,319	126,563
Other income (Notes 26 and 32)	66,665	2,121	103,256
Gain (loss) on foreign currency exchange (Notes 26 and 36)	(121,014)	(3,850)	172,968
Other gains and losses (Note 26)	1,354	44	26,046
Finance costs (Notes 26 and 33)	<u>(47,098)</u>	<u>(1,499)</u>	<u>(37,827)</u>
Total non-operating income and expenses	<u>381,981</u>	<u>12,153</u>	<u>548,780</u>
PROFIT BEFORE INCOME TAX	5,609,137	178,465	5,439,324
INCOME TAX EXPENSE (Notes 4 and 27)	<u>1,242,009</u>	<u>39,517</u>	<u>1,168,328</u>
NET PROFIT FOR THE YEAR	<u>4,367,128</u>	<u>138,948</u>	<u>4,270,996</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands, Except Earnings Per Share)

	2025		2024
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
OTHER COMPREHENSIVE INCOME AND LOSS			
(Note 4)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans (Note 22)	\$ (30,360)	\$ (966)	\$ 17,101
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 24)	54,203	1,725	(91,701)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>6,072</u>	<u>193</u>	<u>(3,421)</u>
	<u>29,915</u>	<u>952</u>	<u>(78,021)</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the financial statements of foreign operations	<u>(11,215)</u>	<u>(357)</u>	<u>14,580</u>
Total other comprehensive income (loss)	<u>18,700</u>	<u>595</u>	<u>(63,441)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,385,828</u>	<u>\$ 139,543</u>	<u>\$ 4,207,555</u>
NET PROFIT ATTRIBUTABLE TO:			
Owners of the Company	\$ 4,419,436	\$ 140,612	\$ 4,286,020
Non-controlling interests	<u>(52,308)</u>	<u>(1,664)</u>	<u>(15,024)</u>
	<u>\$ 4,367,128</u>	<u>\$ 138,948</u>	<u>\$ 4,270,996</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	\$ 4,438,136	\$ 141,207	\$ 4,222,579
Non-controlling interests	<u>(52,308)</u>	<u>(1,664)</u>	<u>(15,024)</u>
	<u>\$ 4,385,828</u>	<u>\$ 139,543</u>	<u>\$ 4,207,555</u>
EARNINGS PER SHARE (Note 28)			
From continuing operations			
Basic	<u>\$ 13.99</u>	<u>\$ 0.45</u>	<u>\$ 13.57</u>
Diluted	<u>\$ 13.97</u>	<u>\$ 0.44</u>	<u>\$ 13.54</u>

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

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands)**

	Equity Attributable to Owners of the Company						Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Controlling Interests	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Total		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
			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 - NTS\$6.00 per share	-	-	-	-	(1,566,351)	(1,566,351)	-	-	-	(1,566,351)	-	(1,566,351)
Ordinary share dividends distributed by the Company - NTS\$1.00 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 dividends from shareholders	-	66	-	-	-	-	-	-	-	66	-	66
Net profit for the year ended December 31, 2024	-	-	-	-	4,286,020	4,286,020	-	-	-	4,286,020	(15,024)	4,270,996
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	13,680	13,680	14,580	(91,701)	(77,121)	(63,441)	-	(63,441)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	4,299,700	4,299,700	14,580	(91,701)	(77,121)	4,222,579	(15,024)	4,207,555
BALANCE AT DECEMBER 31, 2024	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 - NTS\$9.00 per share	-	-	-	-	(2,584,480)	(2,584,480)	-	-	-	(2,584,480)	-	(2,584,480)
Ordinary share dividends distributed by the Company - NTS\$1.00 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	-	190	-	-	-	-	-	-	-	190	-	190
Changes in ownership interests in subsidiaries	-	46,535	-	-	-	-	-	-	-	46,535	198,252	244,787
Net profit for the year ended December 31, 2025	-	-	-	-	4,419,436	4,419,436	-	-	-	4,419,436	(52,308)	4,367,128
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	(24,288)	(24,288)	(11,215)	54,203	42,988	18,700	-	18,700
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	4,395,148	4,395,148	(11,215)	54,203	42,988	4,438,136	(52,308)	4,385,828
BALANCE AT DECEMBER 31, 2025	\$ 3,158,808	\$ 133,747	\$ 1,246,315	\$ 165,746	\$ 6,001,313	\$ 7,413,374	\$ (47,020)	\$ (75,738)	\$ (122,758)	\$ 10,583,171	\$ 237,017	\$ 10,820,188
BALANCE AT DECEMBER 31, 2025 (IN U.S. DOLLARS)	\$ 100,503	\$ 4,255	\$ 39,654	\$ 5,273	\$ 190,942	\$ 235,869	\$ (1,496)	\$ (2,410)	\$ (3,906)	\$ 336,721	\$ 7,541	\$ 344,262

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands)

	2025		2024
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	\$ 5,609,137	\$ 178,465	\$ 5,439,324
Adjustments for:			
Depreciation expense	324,646	10,329	197,437
Amortization expense	32,903	1,047	30,554
Expected credit gain recognized on trade receivables	83,221	2,648	2,222
Net gain on fair value changes of financial assets at fair value through profit or loss	(2,563)	(82)	-
Finance costs	47,098	1,499	37,827
Interest income	(115,458)	(3,673)	(69,465)
Share of loss of associate	992	32	24
Gain on disposal of property, plant and equipment	(240)	(8)	(27,806)
Property, plant and equipment transferred to expenses	107	3	22
Gain on remeasurement of lease arrangements	(113)	(4)	(45)
Reversal of write-downs of inventories	(1,277)	(41)	(2,863)
Unrealized net gain on foreign currency exchange	(10,998)	(350)	(17,183)
(Reversal) recognition of provisions	(29,025)	(923)	17,873
Changes in operating assets and liabilities			
Contract assets	1,239,258	39,429	(1,141,581)
Notes receivable	46,091	1,466	(126,707)
Trade receivables	(870,614)	(27,700)	(1,159,534)
Inventories	(734,574)	(23,372)	(2,187,497)
Prepayments	(276,530)	(8,798)	(258,805)
Other current assets	(78,485)	(2,497)	(65,958)
Contract liabilities	2,533,618	80,611	2,125,520
Trades payables	(858,557)	(27,316)	993,141
Trade payables to related parties	96	3	(599)
Other payables	463,227	14,738	902,680
Other current liabilities	(1,552)	(49)	(375,041)
Net defined benefit liabilities	(31,215)	(993)	(39,270)
Deferred revenue	7,389	235	58,129
Cash generated from operations	7,376,582	234,699	4,332,399
Interest received	115,532	3,676	69,265
Interest paid	(47,012)	(1,496)	(37,937)
Income tax paid	(1,483,585)	(47,203)	(918,949)
Net cash generated from operating activities	<u>5,961,517</u>	<u>189,676</u>	<u>3,444,778</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands)

	2025		2024
	NTS	US\$ (Note 4) (Unaudited)	NTS
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income	\$ (71,705)	\$ (2,281)	\$ (47,251)
Purchase of financial assets at amortized cost	(506,990)	(16,131)	-
Disposal of financial assets measured at amortized cost	-	-	148,043
Purchase of financial assets at fair value through profit or loss	(43,616)	(1,388)	(15,260)
Disposal of financial assets at fair value through profit or loss	13,876	441	-
Acquisition of investments accounted for using the equity method	(800)	(25)	-
Increase in prepayments for investments	-	-	(198,585)
Payments for property, plant and equipment	(1,058,469)	(33,677)	(289,976)
Proceeds from disposal of property, plant and equipment	2,457	78	46,033
Increase in refundable deposits	(21,039)	(669)	(27,556)
Increase in other receivables	-	-	(36,115)
Payments for intangible assets	(24,997)	(795)	(29,454)
Increase in prepayments for equipment	<u>(189,517)</u>	<u>(6,030)</u>	<u>(193,825)</u>
Net cash used in investing activities	<u>(1,900,800)</u>	<u>(60,477)</u>	<u>(643,946)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	165,000	5,250	15,000
Repayment of short-term bills payable	-	-	(219,747)
Proceeds from long-term bills payable	4,004,000	127,394	-
Repayments of long-term borrowings	(3,450,000)	(109,768)	(250,000)
Proceeds from guarantee deposits received	-	-	880
Refund of guarantee deposits received	(17,210)	(548)	-
Repayment of the principal portion of lease liabilities	(93,330)	(2,969)	(50,801)
Changes in non-controlling interests	244,787	7,788	-
Unclaimed cash dividends from shareholders	190	6	66
Dividends paid to owners of the Company by cash	<u>(2,584,480)</u>	<u>(82,230)</u>	<u>(1,566,351)</u>
Net cash used in financing activities	<u>(1,731,043)</u>	<u>(55,077)</u>	<u>(2,070,953)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES			
	<u>(14,814)</u>	<u>(471)</u>	<u>13,552</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands)

	2025		2024
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
NET INCREASE IN CASH	\$ 2,314,860	\$ 73,651	\$ 743,431
CASH AT THE BEGINNING OF THE YEAR	<u>2,480,917</u>	<u>78,935</u>	<u>1,737,486</u>
CASH AT THE END OF THE YEAR	<u>\$ 4,795,777</u>	<u>\$ 152,586</u>	<u>\$ 2,480,917</u>

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

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 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 switches 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.

The translation of New Taiwan dollar into U.S. dollar was included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT\$31.43 and NT\$32.79 to US\$1.00 as of December 31, 2025 and 2024, respectively. The base rates were announced by Bank of Taiwan. Such translation should not be construed as representation that the New Taiwan dollar amounts could be converted at that rate or any other rate.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) were approved by the Company’s board of directors on March 9, 2026.

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 Group’s accounting policies.

- 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” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date of publication of this consolidated financial report, the Group has assessed that the revision of the above standards will not have a material impact on the financial condition and financial performance.

- 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)
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 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	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.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

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. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;

- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

The Group is engaged in the business of electrical equipment works contracting services, which has an operating cycle of over one year. Thus, the normal operating cycle is applied when considering the classification of the Group's engineering contracts - related assets and liabilities.

d. 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, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of 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 of the Group.

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.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 12, Tables 5 and 6 for the detailed information of subsidiaries including the percentage of ownership and main business.

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, work in process and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associates that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are measured at cost less any recognized impairment loss. Costs include professional services fees and borrowing costs eligible for capitalization. Samples produced when these assets are tested for proper operation prior to their expected use are measured at low cost and net realization value, and their selling price and cost are recognized in profit or loss. Such

assets are depreciated and divided into the appropriated categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses, any remeasurement gains or losses on such financial assets are recognized in other gains or losses, fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, Pledged deposit receipt, notes receivables at amortized cost, trade receivables, other receivables, prepaid investments and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

1. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of transformers, distribution panels, low voltage switches and substation equipment. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location, FOB and on shipping because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Construction contract revenue

Customers control properties while they are construction in progress, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial

direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods, in which the Company recognizes as expenses the related costs that the grants intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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.

q. Share-based payment arrangements Employee share options

Employee share options granted to employees are expensed based on the fair value of the equity instruments at the grant date, and the Group's best estimates of the number of shares or options that are expected to ultimately vest, on a straight-line basis over the vesting period, with a corresponding increase in capital surplus. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the company determines the record date for the capital increase.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

s. U.S. dollar amounts (unaudited)

A translation of the New Taiwan dollar (NT\$) amounts into U.S. dollars in the consolidated financial statements for December 31, 2025 is included solely for the convenience of the readers and is unaudited, and has been made at the exchange rate set forth in the statistical release of the U.S. Federal Reserve Board of the United States, which was NT\$31.43 to US\$1.00 as of December 31, 2025. The translation should not be construed as a representation that the NT\$ amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

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.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2025	2024
Cash on hand	\$ 37	\$ 29
Checking accounts and demand deposits	18,886	18,025
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	119,504	21,435
Repurchase agreements collateralized by bonds	<u>14,159</u>	<u>36,172</u>
	<u>\$ 152,586</u>	<u>\$ 75,661</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	<u>December 31</u>	
	2025	2024
Bank balance	0.00%-4.04%	0.001%-4.87%
Repurchase agreements collateralized by bonds	1.43%-1.45%	1.52%-1.53%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2025	2024
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Private - placement funds	<u>\$ 1,513</u>	<u>\$ 465</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2025	2024
<u>Non-current</u>		
Domestic investments		
Emerging market shares		
Ordinary shares - YIHO International Co., Ltd.	\$ 1,368	\$ -
Unlisted shares		
Ordinary shares - Synergy Co., Ltd. (Note) (Note 17)	9,461	516
Ordinary shares - Hsin He Energy Co., Ltd.	6,872	6,551
Ordinary shares - E-Formula Technologies, Inc.	<u>396</u>	<u>384</u>
	<u>\$ 18,097</u>	<u>\$ 7,451</u>

Note: Synergy Co., Ltd. changed its corporate name on March 24, 2025, and the change was duly approved and registered by the New Taipei City Government.

These investments in equity instruments are not held for trading. Instead, they are held for medium-to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Pledged time deposits	\$ 7,763	\$ 1,154
Time deposits with original maturities of more than 3 months	9,255	762
Deposits and retention money	181	90
Financial bonds	<u>199</u>	<u>-</u>
	<u>\$ 17,398</u>	<u>\$ 2,006</u>
<u>Non-current</u>		
Pledged time deposits	\$ 1,248	\$ 718
Deposits and retention money	<u>319</u>	<u>-</u>
	<u>\$ 1,567</u>	<u>\$ 718</u>

- a. The ranges of interest rates for time deposits were approximately 1.385%-1.700% and 0.73% per annum as of December 31, 2025 and 2024, respectively.
- b. The rates of pledged deposits ranged from 0.720%-1.705% and 0.575%-1.705% per annum as of December 31, 2025 and 2024, respectively.
- c. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Notes receivables</u>		
At amortized cost		
Gross carrying amount	\$ 5,619	\$ 6,791
Less: Allowance for impairment loss	<u>(1,425)</u>	<u>-</u>
	<u>\$ 4,194</u>	<u>\$ 6,791</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 142,771	\$ 109,503
Less: Allowance for impairment loss	<u>(1,177)</u>	<u>(107)</u>
	<u>\$ 141,594</u>	<u>\$ 109,396</u>

The average credit period for sales of goods was 90-180 days. Impairment of trade receivables was assessed by reference to the collectability of receivables on an individual account basis, and by account aging analysis, historical experience and current financial condition of customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2025

	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 275 Days	276 to 640 Days	Over 641 Days	Total
Expected credit loss rate	0.01%	0.84%	0.27%	2.95%	11.11%	52.19%	
Gross carrying amount	\$ 101,501	\$ 17,976	\$ 2,514	\$ 16,204	\$ 4,517	\$ 59	\$ 142,771
Loss allowance (Lifetime ECLs)	<u>(8)</u>	<u>(151)</u>	<u>(7)</u>	<u>(478)</u>	<u>(502)</u>	<u>(31)</u>	<u>(1,177)</u>
Amortized cost	<u>\$ 101,493</u>	<u>\$ 17,825</u>	<u>\$ 2,507</u>	<u>\$ 15,726</u>	<u>\$ 4,015</u>	<u>\$ 28</u>	<u>\$ 141,594</u>

December 31, 2024

	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 275 Days	276 to 640 Days	Over 641 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	34.70%	
Gross carrying amount	\$ 79,419	\$ 20,251	\$ 1,550	\$ 7,051	\$ 924	\$ 308	\$ 109,503
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107)</u>	<u>(107)</u>
Amortized cost	<u>\$ 79,419</u>	<u>\$ 20,251</u>	<u>\$ 1,550</u>	<u>\$ 7,051</u>	<u>\$ 924</u>	<u>\$ 201</u>	<u>\$ 109,396</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 107	\$ 42
Add: Net remeasurement of loss allowance	2,490	68
Foreign exchange gains and losses	<u>5</u>	<u>(3)</u>
Balance at December 31	<u>\$ 2,602</u>	<u>\$ 107</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Work in progress	\$ 176,826	\$ 154,505
Finished goods	49,966	48,002
Raw materials	<u>38,353</u>	<u>29,199</u>
	<u>\$ 265,145</u>	<u>\$ 231,706</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 was \$421,219 thousand and \$354,684 thousand, respectively.

The cost of goods sold for the years ended December 31, 2025 and 2024 included reversal of write-down of inventories of \$41 thousand and \$87 thousand, respectively. Previous write-downs were reversed as a result of inventory devaluation.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

Investor	Investee	Nature of Activities	<u>Proportion of Ownership (%)</u>		Remark
			<u>December 31</u>		
			<u>2025</u>	<u>2024</u>	
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Trade business, investment holding, agents business	100.00	100.00	
	Fortune Electric America Inc.	Agents business	100.00	100.00	
	Fortune Electric Extra High Voltage Co., Ltd.	Transformers manufacturing, machining and trading	100.00	100.00	
	Fortune Energy Co., Ltd.	Manufacture of power generation, transmission, distribution machinery and renewable energy sales	100.00	100.00	
	Fortune Electric Australia Pty Ltd.	Trade business	100.00	100.00	
	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	60.95	64.25	c.
	Fortune Nev Co., Ltd.	Department store operations	76.44	-	a.
	Foresee Energy Co., Ltd.	Green energy renewable energy and hydrogen energy related business	100.00	-	b.
Fortune Electric Value Company Limited	Fortune Nev Co., Ltd.	Department store operations	9.12	-	a.
Power Energy International Ltd.	Wuhan Fortune Electric Co., Ltd	Import and export business of various commodities and technologies	100.00	100.00	

- a. Fortune Nev Co., Ltd. was approved for establishment on January 6, 2025.
- b. Foresee Energy Co., Ltd. was approved for establishment on December 5, 2025.
- c. Fortune Electric Value Company Limited was resolved by the board of directors on August 6, 2025 to increase its capital in cash by NT\$412,500 thousand and company did not subscribe for NT\$200,000 thousand according to its shareholding ratio.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Associates that are not individually material</u>		
E-Total Link	\$ 62	\$ 68
SQTek Co., Ltd.	<u>-</u>	<u>-</u>
	<u>\$ 62</u>	<u>\$ 68</u>

Aggregate Information of Associates That Are Not Individually Material

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
The Group's share of:		
Net loss for the year	\$ (32)	\$ (1)
Other comprehensive loss	<u>(2)</u>	<u>(2)</u>
Total comprehensive loss for the year	<u>\$ (34)</u>	<u>\$ (3)</u>

SQTek Co., Ltd., the share of profit or loss and other comprehensive income attributable to the adoption of the equity method, in 2025 and 2024., and computed based on audited financial reports for the same period.

Except for E-Total Link, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments was based on the associate's financial statements audited by auditors in 2025 and 2024. Management believed there was no material impact on the financial statements of E-Total Link which had not been audited.

The Group's share of losses of an associate is limited to its interest in that associate. The amounts of unrecognized share of losses of associate extracted from the relevant financial statements of the associate, both for the year and cumulatively, were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Unrecognized share of losses of associate for the year	<u>\$ -</u>	<u>\$ 1</u>
Accumulated unrecognized share of losses of associate	<u>\$ -</u>	<u>\$ 1</u>

For the main business and products, location and registration information of the above associate, refer to Table 5.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Assets used by the Group	\$ 102,499	\$ 69,636
Assets leased under operating leases	<u>2</u>	<u>2</u>
	<u>\$ 102,501</u>	<u>\$ 69,638</u>

a. Assets used by the Group

	Freehold Land	Buildings	Equipment	Photovoltaic Solar Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2025	\$ 19,391	\$ 51,519	\$ 50,431	\$ 4,551	\$ 13,398	\$ 3,076	\$ 142,366
Additions	-	2,325	3,302	-	7,572	20,798	33,997
Government grants	-	-	-	-	(1,028)	-	(1,028)
Disposals	-	-	(241)	-	(184)	-	(425)
Transfer (Note)	-	230	1,511	-	1,056	-	2,797
Reclassified	-	-	-	-	(3)	-	(3)
Foreign exchange gains and losses	<u>839</u>	<u>2,229</u>	<u>2,182</u>	<u>197</u>	<u>575</u>	<u>133</u>	<u>6,155</u>
Balance at December 31, 2025	<u>\$ 20,230</u>	<u>\$ 56,303</u>	<u>\$ 57,185</u>	<u>\$ 4,748</u>	<u>\$ 21,386</u>	<u>\$ 24,007</u>	<u>\$ 183,859</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2025	\$ -	\$ 21,602	\$ 41,614	\$ 2,798	\$ 6,716	\$ -	\$ 72,730
Depreciation expense	-	1,450	1,898	234	2,313	-	5,895
Government grants	-	-	-	-	(79)	-	(79)
Disposals	-	-	(236)	-	(119)	-	(355)
Foreign exchange gains and losses	<u>-</u>	<u>934</u>	<u>1,801</u>	<u>121</u>	<u>313</u>	<u>-</u>	<u>3,169</u>
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 23,986</u>	<u>\$ 45,077</u>	<u>\$ 3,153</u>	<u>\$ 9,144</u>	<u>\$ -</u>	<u>\$ 81,360</u>
Carrying amount at December 31, 2025	<u>\$ 20,230</u>	<u>\$ 32,317</u>	<u>\$ 12,108</u>	<u>\$ 1,595</u>	<u>\$ 12,242</u>	<u>\$ 24,007</u>	<u>\$ 102,499</u>
<u>Cost</u>							
Balance at January 1, 2024	\$ 20,704	\$ 52,986	\$ 53,239	\$ 4,855	\$ 11,963	\$ -	\$ 143,747
Additions	-	1,331	3,112	4	1,338	3,058	8,843
Disposals	-	(337)	(2,907)	-	(95)	-	(3,339)
Transfer (Note 2)	-	900	393	-	916	18	2,227
Reclassified	-	-	(30)	-	30	-	-
Foreign exchange gains and losses	<u>(1,313)</u>	<u>(3,361)</u>	<u>(3,376)</u>	<u>(308)</u>	<u>(754)</u>	<u>-</u>	<u>(9,112)</u>
Balance at December 31, 2024	<u>\$ 19,391</u>	<u>\$ 51,519</u>	<u>\$ 50,431</u>	<u>\$ 4,551</u>	<u>\$ 13,398</u>	<u>\$ 3,076</u>	<u>\$ 142,366</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 22,142	\$ 45,440	\$ 2,750	\$ 5,669	\$ -	\$ 76,001
Depreciation expense	-	1,150	1,504	222	1,451	-	4,327
Disposals	-	(285)	(2,427)	-	(71)	-	(2,783)
Reclassified	-	-	(23)	-	23	-	-
Foreign exchange gains and losses	<u>-</u>	<u>(1,405)</u>	<u>(2,880)</u>	<u>(174)</u>	<u>(356)</u>	<u>-</u>	<u>(4,815)</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 21,602</u>	<u>\$ 41,614</u>	<u>\$ 2,798</u>	<u>\$ 6,716</u>	<u>\$ -</u>	<u>\$ 72,730</u>
Carrying amount at December 31, 2024	<u>\$ 19,391</u>	<u>\$ 29,917</u>	<u>\$ 8,817</u>	<u>\$ 1,753</u>	<u>\$ 6,682</u>	<u>\$ 3,076</u>	<u>\$ 69,636</u>

Note: Transferred from prepayments for equipment to equipment.

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment for the years ended December 31, 2025 and 2024.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	55 years
Electromechanical power equipment	3 years
Equipment	2-15 years
Photovoltaic solar equipment	8-20 years
Other equipment	2-15 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 34.

On September 30, 2024, the board of directors resolved to approve the budget for the construction of the third Guanyin plant, which amounted to NT\$1,108,000 thousand. On November 8, 2024, the Group announced that the total contract amount of the project was NT\$733,950 thousand, and the price will be paid based on the progress of the construction project in accordance with the real estate construction contract.

The project was completed in January 2026, in addition to increasing production capacity, the complete product line from 11kV to 500kV has been integrated into the most suitable factories to improve production efficiency and meet the delivery needs of various voltage levels and capacities.

b. Assets leased under operating leases

	Buildings
<u>Cost</u>	
Balance at January 1, 2025	\$ <u>12</u>
Balance at December 31, 2025	\$ <u>12</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2025	\$ <u>10</u>
Balance at December 31, 2025	\$ <u>10</u>
Balance at January 1, 2025	\$ <u>2</u>
Carrying amount at December 31, 2025	\$ <u>2</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 13
Foreign exchange gains and losses	<u>(1)</u>
Balance at December 31, 2024	\$ <u>12</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ <u>10</u>
Balance at December 31, 2024	\$ <u>10</u>
Carrying amount at December 31, 2024	\$ <u>2</u>

Operating leases relate to lease of the building with lease terms 1 year. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives of 55 years.

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 34.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
<u>Carrying amount</u>		
Land	\$ 8,893	\$ 6,553
Buildings	56,550	9,588
Transportation equipment	<u>303</u>	<u>232</u>
	<u>\$ 65,746</u>	<u>\$ 16,373</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 53,548</u>	<u>\$ 13,917</u>
Depreciation charge for right-of-use assets		
Land	\$ 887	\$ 359
Buildings	3,472	1,180
Transportation equipment	<u>154</u>	<u>155</u>
	<u>\$ 4,513</u>	<u>\$ 1,694</u>

Except for depreciation recognized and addition, the Group did not have significant impairment of investment properties for the years ended December 31, 2025 and 2024.

The Group leased houses and buildings on September 16, 2025, with a lease period from September 16, 2025 to May 15, 2047, and recognized right-of-use assets of \$48,870 thousand. Except for subleasing arrangements as stipulated in the lease contract, the Group is not permitted to sublease all or any portion of the leased assets. Upon expiration of the lease term, the Group does not have a bargain purchase option for the leased houses and buildings.

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amount</u>		
Current	<u>\$ 3,337</u>	<u>\$ 2,558</u>
Non-current	<u>\$ 64,108</u>	<u>\$ 13,968</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2025	2024
Land	1.24%-2.00%	1.75%-2.00%
Buildings	1.26%-2.00%	1.24%-2.00%
Transportation equipment	1.75%-2.00%	1.24%-2.00%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and charging station for the use of operating with lease terms of 1 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Sublease

The Group still has sublease transactions for the right to use construction equipment, based on the lessee's estimation of future use of the lease. The lessee agrees with the Group on the lease term and lease scope.

e. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 1,053</u>	<u>\$ 928</u>
Expenses relating to low-value asset leases	<u>\$ 49</u>	<u>\$ 8</u>
Total cash outflow for leases	<u>\$ (4,658)</u>	<u>\$ (2,598)</u>

The Group's leases of certain assets qualify as short-term leases and certain assets qualify as low-value asset leases. The Group has elected to apply the recognition exemption, and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2025	\$ 3,765
Acquired separately	795
Reclassifications	57
Disposals	(409)
Foreign exchange gains and losses	<u>163</u>
Balance at December 31, 2025	<u>\$ 4,371</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2025	\$ 1,721
Amortization expense	1,047
Disposals	(409)
Foreign exchange gains and losses	<u>75</u>
Balance at December 31, 2025	<u>\$ 2,434</u>
Carrying amount at December 31, 2025	<u>\$ 1,937</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 3,814
Acquired separately	898
Reclassifications	52
Disposals	(757)
Foreign exchange gains and losses	<u>(242)</u>
Balance at December 31, 2024	<u>\$ 3,765</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 1,651
Amortization expense	932
Disposals	(757)
Foreign exchange gains and losses	<u>(105)</u>
Balance at December 31, 2024	<u>\$ 1,721</u>
Carrying amount at December 31, 2024	<u>\$ 2,044</u>

Except for the recognition of amortization expenses, there was no material impairment of the intangible assets of the group in 2025 and 2024. The amortization expense is provided on a straight-line basis on a 1 to 10-year useful life basis.

17. PREPAID INVESTMENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Prepaid investments	\$ <u> -</u>	\$ <u> 6,056</u>

On December 20, 2024, the consolidated company invested NT\$198,585 thousand in Synergy Co., Ltd., which are held for medium to long-term strategic purposes, and as of December 31, 2024, the company had not completed the cash capital increase process, so the account was prepaid. The above-mentioned prepaid investment funds will complete the cash capital increase process on February 25, 2025.

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ <u> 6,363</u>	\$ <u> 1,067</u>

The effective interest rates for bank loans were 1.98%-2.00% and 0.50% per annum at December 31, 2025 and 2024, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Secured borrowings (Note 34)</u>		
Bank of Taiwan	\$ <u> 17,626</u>	\$ <u> -</u>

The period of the borrowings from Bank of Taiwan is from October 2, 2025 to August 28, 2035, and the weighted average effective interest rate of the borrowings was 1.97% per annum for the year ended December 31, 2025.

19. TRADE PAYABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Operating	\$ <u> 110,716</u>	\$ <u> 132,656</u>

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

20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Accrued payroll	\$ 26,054	\$ 24,153
Export payable	21,786	12,124
Payable for compensation of employees and remuneration of directors	15,275	11,302
Commission payable	3,501	1,701
Design fees payable	1,369	2,540
Construction payable	84	2,619
Others	<u>13,676</u>	<u>8,682</u>
	<u>\$ 81,745</u>	<u>\$ 63,121</u>
Deferred revenue		
Government grants (Note 30)	<u>\$ 121</u>	<u>\$ -</u>
<u>Non-current</u>		
Deferred revenue		
Government grants (Note 30)	<u>\$ 1,279</u>	<u>\$ 1,773</u>

21. PROVISIONS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Warranties	\$ 117	\$ 1,110
Onerous contract	<u>117</u>	<u>-</u>
	<u>\$ 234</u>	<u>\$ 1,110</u>

The warranty obligation to ensure that products conform to agreed specifications is recognized at the time when revenue from the related products is recognized, and is measured based on management's best estimate of the expenditures required to settle the Company's obligations, taking into account historical warranty experience.

The provision for onerous contract is measured as the difference between the present value of the Company's existing unavoidable future payment obligations and the expected to be income earned from non-cancellable onerous contract.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Group's subsidiaries in the United States, Australia and China are members of state-managed retirement benefit plans operated by the local governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 16,002	\$ 13,856
Fair value of plan assets	<u>(17,660)</u>	<u>(15,419)</u>
Net defined benefit assets	<u>\$ (1,658)</u>	<u>\$ (1,563)</u>

Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Assets)
Balance at January 1, 2024	\$ 14,614	\$ (14,448)	\$ 166
Current service cost	69	-	69
Net interest expense (income)	<u>159</u>	<u>(161)</u>	<u>(2)</u>
Recognized in profit or loss	<u>228</u>	<u>(161)</u>	<u>67</u>
Remeasurement			
Return on plan assets	-	(1,174)	(1,174)
Actuarial loss - assumptions change	(334)	-	(334)
Actuarial loss - experience adjustments	<u>987</u>	<u>-</u>	<u>987</u>
Recognized in other comprehensive income	<u>653</u>	<u>(1,174)</u>	<u>(521)</u>
Contributions from the employer	<u>-</u>	<u>(1,265)</u>	<u>(1,265)</u>
Benefits paid	<u>(712)</u>	<u>712</u>	<u>-</u>
Foreign exchange gains and losses	<u>(927)</u>	<u>917</u>	<u>(10)</u>
Balance at December 31, 2024	<u>13,856</u>	<u>(15,419)</u>	<u>(1,563)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Assets)
Current service cost	\$ 54	\$ -	\$ 54
Net interest expense (income)	<u>216</u>	<u>(247)</u>	<u>(31)</u>
Recognized in profit or loss	<u>270</u>	<u>(247)</u>	<u>23</u>
Remeasurement			
Return on plan assets	-	(1,116)	(1,116)
Actuarial loss - assumptions change	233	-	233
Actuarial loss - experience adjustments	<u>1,849</u>	<u>-</u>	<u>1,849</u>
Recognized in other comprehensive income	<u>2,082</u>	<u>(1,116)</u>	<u>966</u>
Contributions from the employer	<u>-</u>	<u>(1,017)</u>	<u>(1,017)</u>
Benefits paid	<u>(805)</u>	<u>805</u>	<u>-</u>
Foreign exchange gains and losses	<u>599</u>	<u>(666)</u>	<u>(67)</u>
Balance at December 31, 2025	<u>\$ 16,002</u>	<u>\$ (17,660)</u>	<u>\$ (1,658)</u> (Concluded)

The amount of defined benefit plans recognized in profit or loss is summarized by function as follows:

	For the Year Ended December 31	
	2025	2024
Operating costs	\$ 17	\$ 48
Selling and marketing expenses	3	9
General and administrative expenses	2	6
Research and development expenses	<u>1</u>	<u>4</u>
	<u>\$ 23</u>	<u>\$ 67</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate	1.30%	1.55%
Expected return rate of plan assets	1.30%	1.55%
Expected rate of salary increase	1.50%	1.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will decrease (increase) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	<u>\$ (233)</u>	<u>\$ (231)</u>
0.25% decrease	<u>\$ 239</u>	<u>\$ 237</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 229</u>	<u>\$ 229</u>
0.25% decrease	<u>\$ (224)</u>	<u>\$ (224)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
The expected contributions to the plan for the next year	<u>\$ 712</u>	<u>\$ 665</u>
The average duration of the defined benefit obligation	5.94 years	6.78 years

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current and non-current classification of the Group's assets and liabilities relating to the construction business was based on its operating cycle. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities are as follows:

	December 31, 2025		
	Within 1 Year	More Than 1 Year	Total
<u>Assets</u>			
Refundable deposits (included in other current assets)	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 41</u>
Contract assets	<u>\$ 8,528</u>	<u>\$ -</u>	<u>\$ 8,528</u>
<u>Liabilities</u>			
Contract liabilities	<u>\$ 11,720</u>	<u>\$ -</u>	<u>\$ 11,720</u>

	December 31, 2024		
	Within 1 Year	More Than 1 Year	Total
<u>Assets</u>			
Refundable deposits (included in other current assets)	\$ <u>9</u>	\$ <u>-</u>	\$ <u>9</u>
Contract assets	\$ <u>16,506</u>	\$ <u>-</u>	\$ <u>16,506</u>
<u>Liabilities</u>			
Contract liabilities	\$ <u>4,702</u>	\$ <u>219</u>	\$ <u>4,921</u>

24. EQUITY

a. Share capital - ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	\$ <u>159,084</u>	\$ <u>152,486</u>
Number of shares issued and fully paid (in thousands)	<u>315,881</u>	<u>287,164</u>
Shares issued	\$ <u>100,503</u>	\$ <u>87,577</u>

At the 2024 General Meeting of Shareholders, the Company resolved to amend the Articles of Association to increase the authorized share capital from NT\$2,750,000 thousand to NT\$5,000,000 thousand in order to meet operational needs, increase working capital and support practical operations.

On June 13, 2025, the Company resolved at the shareholders' meeting to increase its capital by NT\$287,164 thousand from undistributed surpluses, and issued 28,717 thousand new shares with a par value of NT\$10 per share, with the base date of the capital increase being August 2, 2025. The capital increase has been declared to the FSC to take effect and the registration of the change has been completed.

b. Capital surplus

	December 31	
	2025	2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Treasury share transactions	\$ 33	\$ 34
Unclaimed cash dividends	34	27
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	<u>4,188</u>	<u>2,593</u>
	\$ <u>4,255</u>	\$ <u>2,654</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, subject to a limit within a certain percentage of the Company's capital surplus per year.
 - 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposal or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 26(6).

The Company's dividend policy is based on the current and future development plans, with the consideration of the investment environment, capital requirements and domestic and foreign competition, domestic and international competition, and the interests of shareholders, etc. and provides that no less than 60% of the earnings available for distribution shall be paid to shareholders as dividends each year. Dividends to shareholders may be distributed in cash or in stock, with cash dividends of not less than 25% of the total dividends.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit, the board of directors is authorized to adopt a special resolution, the legal reserve that has exceeded 25% of the Company's paid-in capital and all or part of the capital reserve that complies with the Company Act may be transferred to capital or distributed in cash. A report of such distribution should be submitted in the shareholders' meeting.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2024 and 2023, which have been approved in the shareholders' meetings on June 13, 2025 and June 13, 2024, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2024	2023
Legal reserve	<u>\$ 13,113</u>	<u>\$ 8,350</u>
Special reserve	<u>\$ 2,352</u>	<u>\$ 949</u>
Cash dividends	<u>\$ 78,819</u>	<u>\$ 51,005</u>
Stock dividends	<u>\$ 8,758</u>	<u>\$ 8,501</u>
Cash dividends per share (NT\$)	<u>\$ 9.00</u>	<u>\$ 6.00</u>
Stock dividends per share (NT\$)	<u>\$ 1.00</u>	<u>\$ 1.00</u>

The appropriations of earnings for 2025 has been proposed by the Company's board of directors on March 9, 2026, were as follows:

	For the Year Ended December 31, 2025
Legal reserve	<u>\$ 13,984</u>
Special reserve	<u>\$ (1,368)</u>
Cash dividends	<u>\$ 110,553</u>
Stock dividends	<u>\$ 10,050</u>
Cash dividends per share (NT\$)	<u>\$ 11.00</u>
Stock dividends per share (NT\$)	<u>\$ 1.00</u>

The above appropriation for cash dividends had been resolved by the shareholders in their meeting to be held on June 12, 2026.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (1,092)	\$ (1,641)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(357)	445
Foreign exchange gains and losses	<u>(47)</u>	<u>104</u>
Balance at December 31	<u>\$ (1,496)</u>	<u>\$ (1,092)</u>

2) Unrealized valuation gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (3,963)	\$ (1,245)
Recognized for the year		
Unrealized gain - equity instruments	1,725	(2,797)
Foreign exchange gains and losses	<u>(172)</u>	<u>79</u>
Balance at December 31	<u>\$ (2,410)</u>	<u>\$ (3,963)</u>

e. Noncontrolling interests

	For the Year Ended December 31	
	2025	2024
Balance at January	\$ 2,777	\$ 3,455
Non-pro rata participation in a subsidiary's cash capital increase	6,308	-
Share in loss for the year	(1,664)	(458)
Foreign exchange gains and losses	<u>120</u>	<u>(220)</u>
Balance at December 31	<u>\$ 7,541</u>	<u>\$ 2,777</u>

25. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods		
Transformers	\$ 571,996	\$ 444,412
Distribution panels	56,657	50,066
Distribution panels and equipment	28,696	17,522
Sale of power	406	435
Others	<u>75,086</u>	<u>61,336</u>
	732,841	573,771
Construction contracts	<u>44,221</u>	<u>42,355</u>
	<u>\$ 777,062</u>	<u>\$ 616,126</u>

a. Explanation of contract with customers

1) Revenue from the sale of goods

The Group recognizes revenue when the equipment is inspected and delivered to the designated place by the Mechanical and electrical department. The contract is recognized as contract asset when the commodity is transferred, and if it has unconditional right to receive consideration amount, it is recognized as accounts receivable. Advance payments for products are recognized as contract liabilities before the products meet the specified conditions.

2) Construction contract revenue

The Group measures the percentage of completion by the progress of the constructions. The Group recognizes contract assets during the construction process, and transferred to accounts receivables when issuing bills. If the payment received exceeds the revenue recognized, the differences shall be recognized as contract liabilities. The payment for the construction retained by the customer base on the terms of the contract is to ensure the Group would complete all the contractual obligations, which shall be recognized as contract assets before the Group completes the performance of the contract.

b. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable (Note 10)	\$ <u>5,619</u>	\$ <u>6,791</u>	\$ <u>3,125</u>
Trade receivables (Note 10)			
Sale of goods	\$ <u>142,771</u>	\$ <u>109,503</u>	\$ <u>77,306</u>
Contract assets			
Sale of goods	\$ 53,164	\$ 80,440	\$ 52,842
Engineering construction	<u>8,528</u>	<u>16,506</u>	<u>13,498</u>
	<u>\$ 61,692</u>	<u>\$ 96,946</u>	<u>\$ 66,340</u>
Contract liabilities			
Sale of goods	\$ 227,956	\$ 147,616	\$ 87,376
Engineering construction	<u>11,720</u>	<u>4,921</u>	<u>5,608</u>
	<u>\$ 239,676</u>	<u>\$ 152,537</u>	<u>\$ 92,984</u>

The Group applies the same risk characteristics as the trade receivables for the same types of contracts. Refer to Note 10 for the details.

The amounts from contractual liabilities at the beginning of the year and the performance obligations fulfilled in the previous period are recognized as income in the current year as follows:

The movements of the loss allowance of contract assets were as follows:

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ -	\$ -
Add: Net remeasurement of loss allowance	158	-
Less: Amounts written off	<u>(75)</u>	<u>-</u>
Balance on December 31	<u>\$ 83</u>	<u>\$ -</u>
	For the Year Ended December 31	
	2025	2024
From contract liabilities at the beginning of the year		
Sale of goods	\$ 97,365	\$ 38,518
Engineering construction	<u>2,393</u>	<u>3,842</u>
	<u>\$ 99,758</u>	<u>\$ 42,360</u>

c. Disaggregation of revenue

Refer to Note 38 for information about the disaggregation of revenue.

	For the Year Ended December 31	
	2025	2024
Timing of revenue recognition		
Revenue recognized at a point in time	\$ 732,841	\$ 573,771
Revenue recognized over time	<u>44,221</u>	<u>42,355</u>
	<u>\$ 777,062</u>	<u>\$ 616,126</u>

26. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	\$ 3,154	\$ 1,385
Repurchase agreement	318	709
Others	<u>201</u>	<u>25</u>
	<u>\$ 3,673</u>	<u>\$ 2,119</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Operating lease rental income	\$ 1,438	\$ 2,581
Commission revenue	410	35
Government subsidies	59	475
Others	<u>214</u>	<u>58</u>
	<u>\$ 2,121</u>	<u>\$ 3,149</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Gain on disposal of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 82	\$ -
Gain on disposal of property, plant and equipment	8	848
Share of loss of associates accounted for using the equity method	(32)	(1)
Others	<u>(14)</u>	<u>(53)</u>
	<u>\$ 44</u>	<u>\$ 794</u>

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank overdrafts and loans	\$ 911	\$ 1,017
Interest on lease liabilities	587	113
Other finance costs	<u>1</u>	<u>24</u>
	<u>\$ 1,499</u>	<u>\$ 1,154</u>

e. Depreciation, amortization and employee benefits expense

	2025			2024		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expenses						
Salary	\$ 41,761	\$ 41,204	\$ 82,965	\$ 35,951	\$ 32,857	\$ 68,808
Labor insurance	3,067	1,436	4,503	2,328	1,177	3,505
Retirement expenses						
Defined contribution plans	1,002	579	1,581	804	474	1,278
Defined benefit plans	17	6	23	47	20	67
Remuneration of directors	-	2,966	2,966	-	2,846	2,846
Others	<u>1,884</u>	<u>612</u>	<u>2,496</u>	<u>1,529</u>	<u>510</u>	<u>2,039</u>
	<u>\$ 47,731</u>	<u>\$ 46,803</u>	<u>\$ 94,534</u>	<u>\$ 40,659</u>	<u>\$ 37,884</u>	<u>\$ 78,543</u>
Depreciation expense	<u>\$ 7,515</u>	<u>\$ 2,814</u>	<u>\$ 10,329</u>	<u>\$ 5,052</u>	<u>\$ 969</u>	<u>\$ 6,021</u>
Amortization expense	<u>\$ 292</u>	<u>\$ 755</u>	<u>\$ 1,047</u>	<u>\$ 273</u>	<u>\$ 659</u>	<u>\$ 932</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of 20% of the compensation of employees as compensation distributions for non-executive employees. The compensation of employees (including non-executive employees) and the remuneration of directors and supervisors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on March 9, 2026 and March 10, 2025, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2025	2024
Compensation of employees	6.50%	5.00%
Remuneration of directors	1.40%	1.40%

Amount

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Compensation of employees	\$ 11,649	\$ 8,636
Remuneration of directors	2,509	2,418

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

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

- g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2025	2024
Foreign exchange gain	\$ 14,415	\$ 6,326
Foreign exchange loss	<u>(18,265)</u>	<u>(1,051)</u>
Net (loss) gain	<u>\$ (3,850)</u>	<u>\$ 5,275</u>

27. INCOME TAXES

- a. Major components of income tax expense were as follows:

Components of tax expense Income tax were as follows:

	For the Year Ended December 31	
	2025	2024
<u>Current tax</u>		
In respect of the current period	\$ 40,349	\$ 32,864
Income tax on unappropriated earnings	174	688
Adjustments for prior periods	<u>166</u>	<u>2,960</u>
	<u>40,689</u>	<u>36,512</u>
<u>Deferred tax</u>		
In respect of the current year	(3,864)	(881)
Adjustments for prior periods	<u>2,692</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 39,517</u>	<u>\$ 35,631</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2025	2024
Profit before tax from continuing operations	<u>\$ 178,465</u>	<u>\$ 165,884</u>
Income tax expense calculated at the statutory rate	\$ 46,742	\$ 37,821
Nondeductible expenses in determining taxable income	2	1
Tax-exempt income	(8,212)	(3,985)
Income tax on unappropriated earnings	174	688
Unrecognized deductible temporary differences	1,014	(1,270)
Using investment credits	(369)	(584)
Adjustments to prior years' tax	<u>166</u>	<u>2,960</u>
Income tax expense recognized in profit or loss	<u>\$ 39,517</u>	<u>\$ 35,631</u>

Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current period		
Remeasurement of defined benefit plans	\$ <u>193</u>	\$ <u>(104)</u>
Total income tax recognized in other comprehensive income	<u>\$ 193</u>	<u>\$ (104)</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
<u>Current tax assets</u>		
Tax refund receivable	<u>\$ 5</u>	<u>\$ 1</u>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 20,750</u>	<u>\$ 23,545</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Foreign Exchange Gains and Losses	Closing Balance
<u>Deferred tax assets</u>					
Property, plant and equipment	\$ 929	\$ (100)	\$ -	\$ 41	\$ 870
Inventory write-downs	65	(8)	-	3	60
Allowance for doubtful accounts	-	266	-	-	266
Deferred revenue	1,353	4,819	-	58	6,230
Others	<u>42</u>	<u>27</u>	<u>-</u>	<u>1</u>	<u>70</u>
	<u>\$ 2,389</u>	<u>\$ 5,004</u>	<u>\$ -</u>	<u>\$ 103</u>	<u>\$ 7,496</u>
<u>Deferred tax liabilities</u>					
Land value increment tax	\$ 1,239	\$ -	\$ -	\$ 53	\$ 1,292
Defined benefit obligations	312	199	(193)	14	332
Unrealized exchange gain	155	(70)	-	6	91
Share of profit of subsidiaries	1,559	995	-	68	2,622
Financial assets at fair value through profit or loss	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>
	<u>\$ 3,265</u>	<u>\$ 1,140</u>	<u>\$ (193)</u>	<u>\$ 141</u>	<u>\$ 4,353</u>

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Foreign Exchange Gains and Losses	Closing Balance
<u>Deferred tax assets</u>					
Property, plant and equipment	\$ -	\$ 929	\$ -	\$ -	\$ 929
Defined benefit plans	34	(31)	-	(3)	-
Inventory write-downs	88	(18)	-	(5)	65
Deferred revenue	643	750	-	(40)	1,353
Unrealized exchange loss	161	(151)	-	(10)	-
Others	<u>67</u>	<u>(20)</u>	<u>-</u>	<u>(5)</u>	<u>42</u>
	<u>\$ 993</u>	<u>\$ 1,459</u>	<u>\$ -</u>	<u>\$ (63)</u>	<u>\$ 2,389</u>
<u>Deferred tax liabilities</u>					
Land value increment tax	\$ 1,323	\$ -	\$ -	\$ (84)	\$ 1,239
Defined benefit obligations	-	208	104	-	312
Unrealized exchange loss	-	155	-	-	155
Share of profit of subsidiaries	<u>1,436</u>	<u>214</u>	<u>-</u>	<u>(91)</u>	<u>1,559</u>
	<u>\$ 2,759</u>	<u>\$ 577</u>	<u>\$ 104</u>	<u>\$ (175)</u>	<u>\$ 3,265</u>

e. Income tax assessments

The Company, Fortune Electric Extra High Voltage Co., Ltd. Fortune Electric Value Company Limited, and Fortune Energy Co., Ltd.'s tax returns through 2023 have been assessed by the tax authorities.

Fortune Electric Australia Pty Ltd., Fortune Electric America Inc., Fortune Electric (Wuhan) Ltd. and Wuhan Fortune Electric Co., Ltd have completed the 2024 tax returns within the deadline stipulated by the local tax authorities.

Fortune Nev Co., Ltd. and Foresee Energy Co., Ltd. were established in the year 2025 and have not yet filed their income tax returns.

Power Energy International Ltd. was established in Samoa, therefore no relevant income tax.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2025	2024
Basic earnings per share (NT\$)	<u>\$ 13.99</u>	<u>\$ 13.57</u>
Diluted earnings per share (NT\$)	<u>\$ 13.97</u>	<u>\$ 13.54</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 2, 2025. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2024 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share (NT\$)	<u>\$ 14.93</u>	<u>\$ 13.57</u>
Diluted earnings per share (NT\$)	<u>\$ 14.90</u>	<u>\$ 13.54</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2025	2024
Profit for the period attributable to owners of the Company	<u>\$ 140,612</u>	<u>\$ 130,711</u>

The weighted average number of ordinary shares outstanding used in the computation of earnings per share (in thousands of shares) were as follows:

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	315,881	315,881
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>565</u>	<u>559</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>316,446</u>	<u>316,440</u>

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

29. SHARE-BASED PAYMENT AGREEMENT

Subsidiary's cash capital increase with share reserved for
share employee stock options - Fortune Electric Co., Ltd.

On August 6, 2025, Fortune Electric Co., Ltd. was resolved by the board of directors to issue 7,500 thousand new shares in cash through a cash capital increase, and according to the resolution of the board of directors, more than 10% of the total number of new shares issued was reserved for employees to be subscribed, and the rest was subscribed by the original shareholders according to the original shareholding ratio. The above-mentioned cash capital increase confirmed the number and price of employee subscriptions on September 16, 2025, and the fair value of employee share options per cash capital increase was NT\$1.49.

The company adopted the Black-Scholes-Merton option valuation model to measure the fair value of the cash capital increase employee subscription on September 16, 2025 as the grant date, and the relevant information is as follows:

	September 16, 2025
Share price at grant date (NT\$)	\$51.85
Exercise price (NT\$)	\$55
Expected Volatility	34.55%
Expected life	0.14 year
Expected dividend yield	0%
Risk-free interest rate	1.24%
Number of share available for employee subscription	49,372 shares

30. GOVERNMENT GRANTS

The government grants obtained by the Group from the contract for the entrusted operation and management of automobile charging piles in public off-street parking lots are mainly used to subsidize the construction costs of real estate, plant and equipment. In 2025 and 2024, the Group received government subsidies amounting to \$114 thousand and \$1,773 thousand, respectively. A portion of such subsidies was deducted from the carrying amounts of the related assets and was recognized in profit or loss over the useful lives of the assets by reducing depreciation expenses. An amount of \$79 thousand was recognized in profit or loss in 2025.

The government subsidies obtained by the Group under the “2025 Program to Assist Industries in Enhancing Competitiveness and Expanding into Overseas Markets” were mainly used to subsidize research costs related to the development of special-load transformers. During 2025, the Group received government subsidies amounting to \$121 thousand. Such amount was recognized as deferred income and will be recognized as other income upon satisfaction of the relevant performance obligations.

31. CAPITAL MANAGEMENT

The Group’s capital management strategy is to maintain adequate capital to be able to operate according to the industrial scale and support the industry’s future growth and development prospects of the Group’s business; to set the appropriate market share; and make a plan of the required capacity and the requirement of the plant and equipment to achieve production and the corresponding capital expenditure. The Group calculates the required working capital and cash for the long-term development of the required asset size of the Group, and makes overall planning according to the industry characteristics.

The Group’s management regularly reviews the capital structure, and considers the costs and risks of different capital structure. In general, the Group adopted a prudent risk management strategy.

32. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024 approximate their fair values.

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

Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Privately offered fund	\$ -	\$ -	\$ 1,513	\$ 1,513
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Emerging market shares	\$ 1,368	\$ -	\$ -	\$ 1,368
Unlisted shares	\$ -	\$ -	\$ 16,729	\$ 16,729

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Privately offered fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>465</u>	\$ <u>465</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,451</u>	\$ <u>7,451</u>

There were no transfers between Level 1 and Level 2 in the current and prior period.

Reconciliation of Level 3 fair value measurements of financial instruments

December 31, 2025

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Other Financial Instruments	Equity Instruments	
Balance at January 1, 2025	\$ 465	\$ 7,451	\$ 7,916
Recognized in profit or loss	82	-	82
Recognized in other comprehensive income	-	1,788	1,788
Prepaid investment	-	6,318	6,318
Purchases	1,388	850	2,238
Disposal	(441)	-	(441)
Foreign exchange gains and losses	<u>19</u>	<u>322</u>	<u>341</u>
Year-end balance	\$ <u>1,513</u>	\$ <u>16,729</u>	\$ <u>18,242</u>

December 31, 2024

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Other Financial Instruments	Equity Instruments	
Balance at January 1, 2024	\$ -	\$ 9,403	\$ 9,403
Recognized in profit or loss	-	(2,797)	(2,797)
Purchases	465	1,441	1,906
Foreign exchange gains and losses	<u>-</u>	<u>(596)</u>	<u>(596)</u>
Year-end balance	\$ <u>465</u>	\$ <u>7,451</u>	\$ <u>7,916</u>

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 329,606	\$ 210,557
FVTPL		
Mandatorily classified as at FVTPL	1,513	465
Financial assets at FVTOCI		
Equity instruments	18,097	7,451
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Amortized cost (2)	216,679	197,585

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, other receivables, prepaid investments, refundable deposits and other financial assets.
- 2) The balances include short-term borrowings, trade payables to related parties, trade and other payables, long-term loans, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included cash, equity and debt investments, trade receivables, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group manages exchange rate risk by using appropriate hedging tools. The Group does not trade financial instruments for speculative purposes. Foreign currency risk management strategy is to regularly review the net position of assets and liabilities in foreign currencies and manage accordingly. The choice of the tools to manage exchange rate risk takes into consideration the costs and duration of the hedge, exchange contract is used to manage risks.

The carrying amounts of the Group's nonfunctional-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity assuming the New Taiwan dollar weakened (strengthened) 1% against the USD.

	USD Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss (Note)	\$ <u>863</u>	\$ <u>639</u>

Note: This was mainly attributable to the exposure outstanding on bank balances, receivables and payables in USD, which were not hedged at the end of the reporting period.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

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

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 146,462	\$ 60,005
Financial liabilities	67,445	17,593
Cash flow interest rate risk		
Financial assets	23,970	17,134
Financial liabilities	23,990	-

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key

management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$0.19 thousand and \$171 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank cash and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group does not actively trade these investments, but assigned relevant personnel to monitor price risks and evaluate when to increase the hedging positions.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If the price of other financial instruments rises or falls by 1%, the pre-tax profit or loss for 2025 and 2024 will increase or decrease by \$15 thousand and \$5 thousand due to changes in the fair value of financial assets measured at fair value through profit or loss. If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$181 thousand and \$75 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

a) Operational-related risks

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

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

b) Financial credit risk

The Group's investment policy is to pursue appropriate investment returns while ensuring the safety of principal and maintaining adequate liquidity. To this end, the Group selects counterparties with investment-grade credit quality and continuously monitors financial market conditions, changes in the external credit ratings of issuers of debt instruments, and other relevant information in order to assess whether the credit risk of such debt instruments has increased significantly since initial recognition.

The socially responsible financial bonds held by the Group are debt instruments with credit ratings of investment grade or above and are considered to have low credit risk for impairment assessment purposes. Since initial recognition, there has been no significant increase in credit risk that would result in changes to interest rates or contractual terms of such debt instruments. In addition, there is no indication of any significant deterioration in the operating conditions of the issuers that would affect their ability to fulfill contractual obligations. Accordingly, the Group has concluded that no expected credit losses are recognized for these investments.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Group had available unutilized overdraft and bank loan facilities of approximately \$495,027 thousand and \$380,880 thousand, respectively.

- Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2025

	Weighted Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 46,183	\$ 102,458	\$ 2,475	\$ -	\$ -
Lease liabilities		282	677	2,611	19,474	55,768
Fixed interest rate liabilities	1.86	<u>6,490</u>	<u>-</u>	<u>-</u>	<u>7,489</u>	<u>10,485</u>
		<u>\$ 52,955</u>	<u>\$ 103,135</u>	<u>\$ 5,086</u>	<u>\$ 26,963</u>	<u>\$ 66,253</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 3,570</u>	<u>\$ 19,474</u>	<u>\$ 19,065</u>	<u>\$ 15,457</u>	<u>\$ 15,398</u>	<u>\$ 5,848</u>

December 31, 2024

	Weighted Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 34,652	\$ 121,847	\$ 3,636	\$ -	\$ -
Lease liabilities		156	496	2,204	7,998	7,283
Fixed interest rate liabilities	0.50	-	-	1,073	-	-
		<u>\$ 34,808</u>	<u>\$ 122,343</u>	<u>\$ 6,913</u>	<u>\$ 7,998</u>	<u>\$ 7,283</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 2,856</u>	<u>\$ 7,998</u>	<u>\$ 4,042</u>	<u>\$ 835</u>	<u>\$ 558</u>	<u>\$ 1,848</u>

Bank loans with a repayment on demand clause were included in the “on demand or less than 1 month” time band in the above maturity analysis. As of December 31, 2025 and 2024, the aggregate undiscounted principal amounts of these bank loans amounted to \$6,363 thousand and \$0 thousand, respectively.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The Company is the ultimate parent of the Group. In addition to those disclosed elsewhere in other notes, summary of transactions between the Group and other related parties are disclosed below.

a. Related party name and the relationship

<u>Related Party Name</u>	<u>Relationship With the Group</u>
E-Total Link	Associates
SQTek Co., Ltd.	Associates
Hsin He Energy Co., Ltd.	Others
Synergy Co., Ltd.	Others
Hua Cheng Investment Co., Ltd.	Others

b. Sale of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Associates	<u>\$ -</u>	<u>\$ 13</u>

The sales prices and payment terms are the same as those of unrelated parties.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Associates	\$ <u>112</u>	\$ <u>87</u>

The purchase price and payment terms are the same as those of unrelated parties.

d. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2025	2024
Accounts payable	Associates	\$ <u>4</u>	\$ <u>1</u>

The outstanding trade payables from related parties are unsecured.

e. Prepayments

Line Item	Related Party Category/Name	December 31	
		2025	2024
Prepayments for purchases	Associates	\$ <u>28</u>	\$ <u>36</u>
Prepayments for equipment	Others	\$ <u>-</u>	\$ <u>37</u>

f. Lease arrangements - Group is lessor

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
<u>Finance cost</u>		
Other related party	\$ <u>-</u>	\$ <u>-</u>
<u>Operating expense</u>		
Other related party	\$ <u>5</u>	\$ <u>5</u>

The lease agreement with the related party is based on the negotiated rent with reference to market conditions and is charged in accordance with the general conditions.

g. Lease arrangements - Group is lessor

Lease arrangements - Group is lessor under operating leases

The Group leases out office to its associate - Hua Cheng Investment Co., Ltd. under operating leases with lease terms of 1 year. The rent is determined by referring to the market price, and the Company receive the fixed lease payment monthly according to the lease agreement. As of December 31, 2025 and 2024, the balance of operating lease receivables was both \$2 thousand. Lease income recognized for the years ended December 31, 2025 and 2024 was both \$2 thousand.

The lease agreement with the related party is based on the negotiated rent with reference to market conditions and is charged in accordance with the general conditions.

h. Acquisition of financial assets

For the year ended December 31, 2025

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Other related party - Synergy Co., Ltd.	Financial assets at fair value though other comprehensive income	2,670	Share capital	<u>\$ 850</u>
Other related party - SQTek Co., Ltd.	Investments accounted for using the equity method	80	Share capital	<u>\$ 25</u>

For the year ended December 31, 2024

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Other related party - Hsin He Energy Co., Ltd.	Financial assets at fair value though other comprehensive income	4,725	Share capital	<u>\$ 1,441</u>
Other related party - Synergy Co., Ltd.	Prepaid investment	19,859	Share capital	<u>\$ 6,056</u>

i. Acquisition of property, plant and equipment

Related Party Category/Name	Line Item	Purchase Price	
		For the Year Ended December 31 2025	2024
Other related party	Property, plant and equipment	<u>\$ 388</u>	<u>\$ -</u>

j. Purchase of others assets

Related Party Category/Name	Line Item	Purchase Price	
		December 31 2025	2024
Associates	Intangible assets	<u>\$ 89</u>	<u>\$ 87</u>

k. Provision of endorsements and guarantees to others

The amount of endorsements provided by the Company for related parties and endorsement deeds with banks as approved by the Board of Directors as of the following balance sheet dates are as follows:

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Others		
Hsin He Energy Co., Ltd.	<u>\$ 9,545</u>	<u>\$ 7,708</u>

1. Compensation of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 7,101	\$ 6,727
Termination benefits	<u>121</u>	<u>115</u>
	<u>\$ 7,222</u>	<u>\$ 6,842</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bid bonds of sales, performance bonds and bank borrowings:

	December 31	
	2025	2024
Refundable deposits (classified as other current assets and other non-current assets)	\$ 3,913	\$ 2,632
Pledged deposits (classified as financial assets at amortized cost)	9,011	1,872
Deposits and retention money (classified as financial assets at amortized cost)	499	90
Property, plant and equipment	<u>33,190</u>	<u>31,149</u>
	<u>\$ 46,613</u>	<u>\$ 35,743</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2025 were as follows:

- a. As of December 31, 2025, unused letters of credit for purchases of raw materials and machinery and equipment amounted to US\$9,141 thousand, ¥295,078 thousand, €1,702 thousand.
- b. As of December 31, 2025, promissory note of \$57,243 thousand was made for bank financing, endorsements and the investee company's sales performance guarantee.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount (NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 115,010	31.43 (USD:NTD)	<u>\$ 3,614,858</u>
<u>Financial liabilities</u>			
Monetary items			
USD	28,646	31.43 (USD:NTD)	<u>\$ 900,343</u>

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount (NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 84,140	32.79 (USD:NTD)	<u>\$ 2,758,530</u>
<u>Financial liabilities</u>			
Monetary items			
USD	20,267	32.79 (USD:NTD)	<u>\$ 664,454</u>

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gains were as follows:

	For the Year Ended December 31			
	2025		2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	\$ (3,606)	1 (NTD:NTD)	\$ 5,275
RMB	4.496 (RMB:NTD)	<u>(244)</u>	4.454 (RMB:NTD)	<u>-</u>
		<u>\$ (3,850)</u>		<u>\$ 5,275</u>

37. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
 - 1) Financing provided to others. (None)
 - 2) Endorsements/guarantees provided. (Table 1)
 - 3) Significant marketable securities held at the end of the year (excluding investment in subsidiaries, associates and joint ventures). (Table 2)
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
 - 6) Intercompany relationships and significant intercompany transactions. (Table 7)
- b. Information on investees (Table 5)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Tables 5 and 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 5, 6 and 7)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided. The Group has disclosed its electrical department and turnkey department as its reporting segments. The electrical department manufactures, processes and trades transformers, distributors, low pressure switches and substation equipment; and the turnkey department mainly engages in engineering contracts.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue for the Year Ended December 31		Segment Profit for the Year Ended December 31	
	2025	2024	2025	2024
Electrical department	\$ 732,841	\$ 573,771	\$ 192,633	\$ 165,253
Construction department	44,221	42,355	2,897	6,124
Segment revenues	\$ 777,062	\$ 616,126	195,530	171,377
Interest income			3,673	2,119
Other income			13,785	9,702
Other gains and losses			(3,774)	6,070
Share of the loss of associate			(32)	(1)
Finance costs			(1,499)	(1,154)
General and administrative expense			(29,218)	(22,229)
Profit before tax			\$ 178,465	\$ 165,884

Segment revenues reported above represent revenues generated from external customers. There were no inter-segment sales during the years ended December 31, 2025 and 2024.

Segment profit represented the profit before tax earned by each segment without allocation of government grant, other income, interest income, gain from bargain purchase, share of the loss of associates, other gains and losses, finance costs, general and administrative expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, no assets and liabilities were presented under operating segments.

c. Other segment information

	Depreciation and Amortization	
	2025	2024
Electrical department	\$ 11,376	\$ 6,953

d. Revenue from major products and services

For the analysis of the Group's revenue from continuing operations from its major products and services, refer to Note 25.

e. Geographical information

The Group's revenue from continuing operations derived from external customers by geographical location of customers is presented below:

	Revenue from External Customers	
	2025	2024
North America	\$ 456,889	\$ 273,338
Taiwan	311,820	331,519
Asia (excluding Taiwan)	7,534	8,915
Others	<u>819</u>	<u>2,354</u>
	<u>\$ 777,062</u>	<u>\$ 616,126</u>

f. Information about major customers

Included in the total revenues of electrical and turnkey departments of \$777,062 thousand and \$616,126 thousand in 2025 and 2024, respectively.

Single customer contributed 10% or more the Group's revenue as follows:

	For the Year Ended December 31	
	2025	2024
Customer A	\$ 169,889	\$ 118,962
Customer B	110,500	Note
Customer C	101,511	117,132

Note: The revenue of the customer had not reached 10% or more to the Group's revenue.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Fortune Electric Co., Ltd.	Fortune Electric Extra	Subsidiary	\$ 168,360	\$ 46,134	\$ -	\$ -	\$ -	-	\$ 202,032	Y	N	N	
		High Voltage Co., Ltd. Hsin He Energy Co., Ltd.	Co-investment	168,360	9,545	9,545	9,545	-	2.83	202,032	N	N	N	

Note 1: The limit on the total maximum endorsement for each guaranteed party is equal to 50% of the Company's net equity: $\$336,721 \times 50\% = \$168,360$.

Note 2: The maximum limit is equal to 60% of the Company's net equity: $\$336,721 \times 60\% = \$202,032$.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Fortune Electric Co., Ltd.	<u>Shares</u>							
	<u>Emerging market shares</u> YIHO INTERNATIONAL CO., LTD	-	Financial assets at fair value through other comprehensive income	2,500	\$ 1,368	2.04	\$ 1,368	
	<u>Unlisted shares</u> Hsin He Energy Co., Ltd.	Others	Financial assets at fair value through other comprehensive income	30,000	6,872	15.00	6,872	Note 3
	Synergy Co., Ltd.	Others	Financial assets at fair value through other comprehensive income	24,000	9,461	15.00	9,461	
<u>Private fund</u> Blue magpie growth fund limited partnership	-	Financial assets measured at fair value through profit or loss	-	1,513	-	1,513		

Note 1: This table includes securities that the Company considers material and therefore required to be disclosed in accordance with the principle of materiality.

Note 2: The information of investment in subsidiaries and associates is provided in Tables 5 and 6.

Note 3: Synergy Co., Ltd. changed its corporate name on March 24, 2025, and the change was duly approved and registered by the New Taipei City Government.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of U.S. Dollars, Unless Stated Otherwise)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Fortune Electric Co., Ltd.	Fortune Electric Extra High Voltage Co., Ltd.	Subsidiaries	Purchases	\$ 122,965	36.34	90 days	\$ -	-	\$ (24,522)	(20.36)	
	Wuhan Fortune Co., Ltd.	Sub-subsidiary	Purchases	9,314	2.75	90 days	-	-	(413)	(0.34)	
	Fortune Electric America Inc.	Subsidiaries	Sales	(74,354)	(9.57)	90 days	-	-	11,442	8.70	
Fortune Electric Extra High Voltage Co., Ltd.	Fortune Electric America Inc.	The same parent company	Sales	(48,224)	(6.21)	90 days	-	-	5,290	17.73	

Note: The above purchase of goods and revenue as those of related parties have been eliminated upon consolidation in the preparation of the consolidated financial statements.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of U.S. Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Fortune Electric Extra High Voltage Co., Ltd.	Fortune Electric Co., Ltd.	Subsidiaries	\$ 24,522	5.84	\$ -	-	\$ 22,545	\$ -
	Fortune Electric America Inc.	The same parent company	5,290	7.34	-	-	-	-
Fortune Electric Co., Ltd.	Fortune Electric America Inc.	Subsidiaries	11,442	13.00	-	-	5,265	-

Note: The above receivables from related parties amounting have been eliminated upon consolidation in the preparation of the consolidated financial statements.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2025	December 31, 2024	Shares (Thousand)	%	Carrying Value			
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	Trading, investment holding, agent business	\$ 1,418	\$ 1,418	100	100.00	\$ 2,666	\$ (478)	\$ (478)	Investee is a subsidiary
	Fortune Electric America Inc.	23133 Hawthorne Blvd. Suite 200 Torrance, CA 90505	Agents business	96	96	1	100.00	10,642	7,710	7,710	Investee is a subsidiary
	Fortune Electric Extra High Voltage Co., Ltd.	No. 500, Nanheng 1st Rd, Wuqi District, Taichung City 435, Taiwan	Transformers manufacturing, machining and trading	18,391	18,391	110,000	100.00	86,068	44,749	44,749	Investee is a subsidiary
	E-Total Link	Shin Osaka SONE Building No. 1204, Nish-Nakajima 7-chome No. 29, Yodogawa-ku, Osaka Prefecture	Transformers manufacturing, machining and trading	45	45	100	25.00	62	(24)	(6)	Associate
	Fortune Energy Co., Ltd.	10F, No. 368, Sec. 1, Fusing S. Rd., Da'an District, Taipei City 106, Taiwan	Manufacture of power generation transmission, distribution machinery and renewable energy sales	884	884	2,900	100.00	923	13	13	Investee is a subsidiary
	Fortune Electric Australia Pty, Ltd.	Level 7, 60, York Street, Sydney NSW 2000, Australia	Trade business	331	331	500	100.00	401	10	10	Investee is a subsidiary
	Fortune Electric Value Company Limited	12F., No. 66, Chongyang Rd., Nangang Dist., Taipei City	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	12,154	5,926	21,836	60.95	10,490	(4,020)	(2,547)	Investee is a subsidiary (Note 3)
	Fortune Nev Co., Ltd.	10F., No. 368, Sec. 1, Fuxing S. Road, Da'an District, Taipei City 106, Taiwan	Department store operations	5,336	-	16,771	76.44	4,341	(1,320)	(1,009)	Investee is a subsidiary (Note 4)
	Foresee Energy Co., Ltd.	2F., No. 228, Sec. 3, Huanshi Road, Zhunan Township, Miaoli County 350, Taiwan	Green energy, renewable energy, and hydrogen production-related businesses	6,379	-	20,050	100.00	6,380	1	1	Investee is a subsidiary (Note 5)
Power Energy International Ltd.	Wuhan Fortune Co., Ltd.	No. 2832, Dongxihu Avenue, Dongxihu District, Wuhan City, Hubei Province, China	Import and export business of various commodities and technologies	1,000	1,000	-	100.00	2,605	602	602	Investee is a sub-subsiidiary
Fortune Electric Value Company	SQTek Co., Ltd.	3F., No. 423-13, Zhengguang Rd., Taoyuan Dist., Taoyuan City	Information software services	55	33	180	20.00	-	(37)	(26)	Associate (Note 6)
	Fortune Nev Co., Ltd.	10F., No. 368, Sec. 1, Fuxing S. Road, Da'an District, Taipei City 106, Taiwan	Department store operations	636	-	2,000	9.12	518	(1,320)	(120)	Investee is a subsidiary (Note 4)

Note 1: Calculated based on the audited financial statements of the investee company and the Corporation's shareholding ratio.

Note 2: The related parties shown in the table, excluding E-Total Link and SQTek Co., Ltd. have been eliminated in the preparation of the consolidated financial statements.

Note 3: Fortune Energy Co., Ltd. was resolved by the board of directors on August 6, 2025 to increase its capital in cash by NT\$412,500 thousand and company did not subscribe for NT\$200,000 thousand according to its shareholding ratio.

Note 4: Fortune Nev Co., Ltd. was approved for establishment on January 6, 2025.

Note 5: Foresee Energy Co., Ltd. was approved for establishment on December 5, 2025.

Note 6: As of December 31, 2025, in order to make up for losses, SQTek Co., Ltd. increased its capital in cash on July 21, 2025, and Fortune Energy Co., Ltd. increased its capital by NT\$800 thousand in cash according to its shareholding ratio.

Note 7: For information related to the invested companies in Mainland China, please refer to Table 6.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Note 3)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 3)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025	Note
					Outward	Inward							
Wuhan Fortune Co., Ltd.	Import and export business of various commodities and technologies	\$ 1,000	Indirect	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 602	100	\$ 602	\$ 2,605	\$ -	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$940	\$1,000	\$202,032

Note 1: The financial statements have been audited.

Note 2: The investment income/loss was recognized based on the average exchange rate from January 1, 2025 to December 31, 2025; the other accounts were all based on prevailing exchange rate as of December 31, 2025.

Note 3: The profit or loss attributable to the related parties mentioned above has been eliminated upon consolidation in the preparation of the consolidated financial statements.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of U.S. Dollars, Unless Stated Otherwise)**

No (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms	% to Total Sales or Assets
0	Fortune Electric Co., Ltd.	Fortune Electric Extra High Voltage Co., Ltd.	a	Purchases	\$ 122,965	With non-related parties	15.82
		Fortune Electric Extra High Voltage Co., Ltd.	a	Prepaid purchase payment	7,351	With non-related parties	0.82
		Fortune Electric Extra High Voltage Co., Ltd.	a	Accounts payable	24,522	With non-related parties	2.73
		Fortune Electric Australia Pty, Ltd.	a	Sales	134	With non-related parties	0.02
		Fortune Electric America Inc.	a	Accounts receivable	11,442	With non-related parties	1.27
		Fortune Electric America Inc.	a	Contractual assets	2,572	Under arm's length terms	0.29
		Fortune Electric America Inc.	a	Marketing and promotion fee	6,352	Under arm's length terms	0.82
		Fortune Electric America Inc.	a	Contractual liabilities	15,295	With non-related parties	1.70
		Fortune Electric America Inc.	a	Accounts payable	3,301	With non-related parties	0.37
		Fortune Electric America Inc.	a	Sale	74,354	With non-related parties	9.57
		Wuhan Fortune Co., Ltd.	a	Purchases	9,314	With non-related parties	1.20
		Wuhan Fortune Co., Ltd.	a	Manufacturing costs	98	With non-related parties	0.01
		Wuhan Fortune Co., Ltd.	a	Property, plant and equipment	437	With non-related parties	0.05
		Wuhan Fortune Co., Ltd.	a	Prepaid purchase payment	886	With non-related parties	0.10
		Wuhan Fortune Co., Ltd.	a	Accounts payable	413	With non-related parties	0.05
		Wuhan Fortune Co., Ltd.	a	Prepaid equipment payment	3,499	With non-related parties	0.39
1	Fortune Electric Extra High Voltage Co., Ltd.	Fortune Electric America Inc.	c	Accounts receivable	5,290	With non-related parties	0.59
		Fortune Electric America Inc.	c	Contractual liabilities	13,626	With non-related parties	1.52
		Fortune Electric America Inc.	c	Sales	48,224	With non-related parties	6.21
		Wuhan Fortune Co., Ltd.	c	Purchases	571	With non-related parties	0.07
		Wuhan Fortune Co., Ltd.	c	Prepaid purchase payment	162	With non-related parties	0.02
2	Fortune Electric Value Company Limited	Wuhan Fortune Co., Ltd.	c	Purchases	2,148	With non-related parties	0.28
		Wuhan Fortune Co., Ltd.	c	Research material costs	70	With non-related parties	0.01
		Wuhan Fortune Co., Ltd.	c	Accounts payable	105	With non-related parties	0.01

Note 1: The Company and its subsidiaries are coded as follows:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The types of relationship between the transaction parties are as follows:

- a. The Company to the subsidiary.
- c. The subsidiary to another subsidiary.

Note 3: The listed amounts above were eliminated upon consolidation.