Fortune Electric Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2026 and 2025

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	June 30, 2026 NT$	June 30, 2026 US$ (Note)	December 31, 2025 NT$	June 30, 2025 NT$
CURRENT ASSETS				
Cash and cash equivalents	$ 7,162,332	$ 224,877	$ 4,795,777	$ 4,158,890
Financial assets at fair value through profit or loss - current	28,053	881	-	-
Financial assets at amortized cost - current	555,564	17,443	546,821	214,031
Contract assets	1,550,972	48,696	1,936,371	2,667,918
Notes receivable, net	122,873	3,858	131,833	251,210
Trade receivables, net	3,707,019	116,390	4,450,288	3,488,927
Current tax assets	267	8	165	24
Inventories, net	10,315,559	323,879	8,333,498	8,667,825
Prepayments	1,354,641	42,532	992,577	713,769
Other current assets	727,452	22,840	353,687	189,296
Total current assets	25,524,732	801,404	21,541,017	20,351,890
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	78,865	2,476	47,563	34,906
Financial assets at fair value through other comprehensive income - non-current	598,662	18,796	568,795	428,220
Financial assets at amortized cost - non-current	99,238	3,116	49,239	31,843
Investments accounted for using equity method	1,142	36	1,948	2,080
Property, plant and equipment	3,920,054	123,079	3,221,606	2,687,291
Right-of-use assets	2,036,291	63,934	2,066,387	559,014
Intangible assets	60,553	1,901	60,895	59,007
Deferred tax assets	234,496	7,363	235,611	127,023
Prepaid investments	40,000	1,256	-	-
Net defined benefit assets - non-current	62,878	1,974	52,122	71,756
Other non-current assets	431,307	13,542	365,580	301,840
Total non-current assets	7,563,486	237,473	6,669,746	4,302,980
TOTAL	$ 33,088,218	$ 1,038,877	$ 28,210,763	$ 24,654,870
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	$ 560,000	$ 17,582	$ 200,000	$ 212,500
Contract liabilities - current	5,439,018	170,770	5,909,109	4,723,386
Trade payables to unrelated parties	3,634,367	114,109	3,479,804	3,827,206
Trade payables to related parties	110	3	120	119
Other payable	5,895,342	185,097	2,569,247	4,508,659
Current tax liabilities	592,998	18,618	652,173	538,897
Provisions	3,691	116	7,370	31,241
Lease liabilities - current	133,938	4,205	104,884	103,871
Other current liabilities	1,182,551	37,129	91,027	95,803
Total current liabilities	17,442,015	547,629	13,013,734	14,041,682
NON-CURRENT LIABILITIES				
Contract liabilities - non-current	3,874,678	121,654	1,623,885	2,185,503
Long-term borrowings	130,000	4,082	554,000	-
Deferred tax liabilities	171,293	5,378	136,827	114,373
Lease liabilities - non-current	2,008,177	63,051	2,014,902	469,199
Deferred revenue - non-current	40,186	1,262	40,186	36,597
Guarantee deposit received	24,373	765	7,041	25,543
Total non-current liabilities	6,248,707	196,192	4,376,841	2,831,215
Total liabilities	23,690,722	743,821	17,390,575	16,872,897
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Share capital	3,158,808	99,178	3,158,808	2,871,644
Stock dividend to be distributed	315,881	9,918	-	287,164
Capital surplus	130,862	4,109	133,747	87,021
Retained earnings				
Legal reserve	1,685,830	52,930	1,246,315	1,246,315
Special reserve	122,758	3,854	165,746	165,746
Unappropriated earnings	3,873,979	121,632	6,001,313	3,257,078
Total retained earnings	5,682,567	178,416	7,413,374	4,669,139
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(37,209)	(1,168)	(47,020)	(68,819)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(45,870)	(1,440)	(75,738)	(171,313)
Total other equity	(83,079)	(2,608)	(122,758)	(240,132)
Total equity attributable to owners of the Corporation	9,205,039	289,013	10,583,171	7,674,836
NON-CONTROLLING INTERESTS	192,457	6,043	237,017	107,137
Total equity	9,397,496	295,056	10,820,188	7,781,973
TOTAL	$ 33,088,218	$ 1,038,877	$ 28,210,763	$ 24,654,870

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$31.85 to US$1.00 at June 30, 2026, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(With Deloitte & Touche review report dated August 10, 2026)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2026		2025	2026		2025
	NT$	US$ (Note)	NT$	NT$	US$ (Note)	NT$
OPERATING REVENUE						
Sales	$ 5,268,333	$ 165,411	$ 5,654,823	$ 9,828,379	$ 308,583	$ 9,876,771
Construction revenue	187,338	5,882	418,565	383,807	12,050	617,878
Total operating revenue	5,455,671	171,293	6,073,388	10,212,186	320,633	10,494,649
OPERATING COSTS						
Cost of goods sold	2,925,227	91,844	3,278,700	5,452,349	171,188	5,834,127
Construction cost	157,078	4,932	342,803	312,357	9,807	623,664
Total operating costs	3,082,305	96,776	3,621,503	5,764,706	180,995	6,457,791
GROSS PROFIT	2,373,366	74,517	2,451,885	4,447,480	139,638	4,036,858
OPERATING EXPENSES						
Selling and marketing expenses	797,118	25,027	692,763	1,512,745	47,496	1,059,430
General and administrative expenses	233,974	7,346	173,422	465,053	14,601	336,868
Research and development expenses	136,360	4,281	83,942	263,070	8,260	171,441
Expected credit (gain) loss	(167)	(5)	479	(7,763)	(244)	479
Total operating expenses	1,167,285	36,649	950,606	2,233,105	70,113	1,568,218
PROFIT FROM OPERATIONS	1,206,081	37,868	1,501,279	2,214,375	69,525	2,468,640
NON-OPERATING INCOME AND EXPENSES						
Interest income	37,240	1,169	33,941	66,902	2,101	58,613
Rental income	17,056	536	17,056	17,193	540	42,570
Export tax rebate income	24,220	760	12,314	37,450	1,176	28,042
Compensation and indemnity income	13,528	425	25	188,001	5,903	8,302
Other income	5,002	157	13,142	5,647	177	13,722
Gain (loss) on foreign currency exchange	11,664	366	(393,235)	109,968	3,453	(350,301)
Other gains and losses	(11,736)	(369)	(1,457)	12,511	392	(1,978)
Finance costs	(15,116)	(475)	(6,939)	(29,527)	(927)	(13,919)
Total non-operating income and expenses	81,858	2,569	(325,153)	408,145	12,815	(214,949)
PROFIT BEFORE INCOME TAX	1,287,939	40,437	1,176,126	2,622,520	82,340	2,253,691
INCOME TAX EXPENSE	291,642	9,157	393,984	610,399	19,165	619,001
NET PROFIT FOR THE PERIOD	996,297	31,280	782,142	2,012,121	63,175	1,634,690

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2026		2025	2026		2025
	NT$	US$ (Note)	NT$	NT$	US$ (Note)	NT$
OTHER COMPREHENSIVE INCOME AND LOSS						
Items that may be not be reclassified subsequently to profit or loss:						
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	$ (54,598)	$ (1,714)	$ (40,908)	$ 29,868	$ 938	$ (41,372)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of the financial statements of foreign operations	(171)	(5)	(37,041)	9,811	308	(33,014)
Total other comprehensive income and loss	(54,769)	(1,719)	(77,949)	39,679	1,246	(74,386)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 941,528	$ 29,561	$ 704,193	$ 2,051,800	$ 64,421	$ 1,560,304
NET PROFIT ATTRIBUTABLE TO:						
Owners of the Company	$ 1,021,252	$ 32,064	$ 790,462	$ 2,059,763	$ 64,671	$ 1,650,913
Non-controlling interests	(24,955)	(784)	(8,320)	(47,642)	(1,496)	(16,223)
	$ 996,297	$ 31,280	$ 782,142	$ 2,012,121	$ 63,175	$ 1,634,690
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Company	$ 966,483	$ 30,345	$ 712,513	$ 2,099,442	$ 65,917	$ 1,576,527
Non-controlling interests	(24,955)	(784)	(8,320)	(47,642)	(1,496)	(16,223)
	$ 941,528	$ 29,561	$ 704,193	$ 2,051,800	$ 64,421	$ 1,560,304
EARNINGS PER SHARE						
Basic	$3.23	$0.10	$2.50	$6.52	$0.20	$5.23
Diluted	$3.23	$0.10	$2.50	$6.51	$0.20	$5.22

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$31.85 to US$1.00 at June 30, 2026, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(With Deloitte & Touche review report dated August 10, 2026) (Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)

	Equity Attributable to Owners of the Company												
				Retained Earnings				Other Equity					
	Share Capital	Stock Dividend to Be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2025	$ 2,871,644	$ -	$ 87,022	$ 816,345	$ 88,625	$ 4,984,900	$ 5,889,870	$ (35,805)	$ (129,941)	$ (165,746)	$ 8,682,790	$ 91,073	$ 8,773,863
Appropriation of 2024 earnings													
Legal reserve	-	-	-	429,970	-	(429,970)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	77,121	(77,121)	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$9 per share	-	-	-	-	-	(2,584,480)	(2,584,480)	-	-	-	(2,584,480)	-	(2,584,480)
Ordinary share dividends distributed by the Company - NT$1 per share	-	287,164	-	-	-	(287,164)	(287,164)	-	-	-	-	-	-
	-	287,164	-	429,970	77,121	(3,378,735)	(2,871,644)	-	-	-	(2,584,480)	-	(2,584,480)
Unclaimed cash dividends from shareholders	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	32,287	32,287
Net profit (loss) for the six months ended June 30, 2026	-	-	-	-	-	1,650,913	1,650,913	-	-	-	1,650,913	(16,223)	1,634,690
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	-	(33,014)	(41,372)	(74,386)	(74,386)	-	(74,386)
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	1,650,913	1,650,913	(33,014)	(41,372)	(74,386)	1,576,527	(16,223)	1,560,304
BALANCE AT JUNE 30, 2025	$ 2,871,644	$ 287,164	$ 87,021	$ 1,246,315	$ 165,746	$ 3,257,078	$ 4,669,139	$ (68,819)	$ (171,313)	$ (240,132)	$ 7,674,836	$ 107,137	$ 7,781,973
BALANCE AT JANUARY 1, 2026	$ 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
Appropriation of 2025 earnings													
Legal reserve	-	-	-	439,515	-	(439,515)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(42,988)	42,988	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$11 per share	-	-	-	-	-	(3,474,689)	(3,474,689)	-	-	-	(3,474,689)	-	(3,474,689)
Ordinary share dividends distributed by the Company - NT$1 per share	-	315,881	-	-	-	(315,881)	(315,881)	-	-	-	-	-	-
	-	315,881	-	439,515	(42,988)	(4,187,097)	(3,790,570)	-	-	-	(3,474,689)	-	(3,474,689)
Changes in ownership interests in subsidiaries	-	-	(2,885)	-	-	-	-	-	-	-	(2,885)	3,082	197
Net profit (loss) for the six months June 30, 2026	-	-	-	-	-	2,059,763	2,059,763	-	-	-	2,059,763	(47,642)	2,012,121
Other comprehensive income for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	-	9,811	29,868	39,679	39,679	-	39,679
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	2,059,763	2,059,763	9,811	29,868	39,679	2,099,442	(47,642)	2,051,800
BALANCE AT JUNE 30, 2026	$ 3,158,808	$ 315,881	$ 130,862	$ 1,685,830	$ 122,758	$ 3,873,979	$ 5,682,567	$ (37,209)	$ (45,870)	$ (83,079)	$ 9,205,039	$ 192,457	$ 9,397,496
BALANCE AT JUNE 30, 2026 (IN U.S. DOLLARS)	$ 99,178	$ 9,918	$ 4,109	$ 52,930	$ 3,854	$ 121,632	$ 178,416	$ (1,168)	$ (1,440)	$ (2,608)	$ 289,013	$ 6,043	$ 295,056

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

(With Deloitte & Touche review report dated August 10, 2026)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	For the Six Months Ended June 30		
	2026		2025
	NT$	US$ (Note)	NT$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	$ 2,622,520	$ 82,340	$ 2,253,691
Adjustments for:			
Depreciation expenses	227,737	7,150	140,047
Amortization expenses	18,552	582	16,025
Expected credit loss (reversed) recognized on trade receivables	(7,763)	(244)	479
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(16,302)	(512)	1,594
Finance costs	29,527	927	13,919
Interest income	(66,902)	(2,101)	(58,613)
Share of gain (loss) of associates	777	24	(17)
Gain on disposal of property, plant and equipment	(3)	-	(56)
Gain on remeasurement of lease arrangements	(11)	-	(2)
Write-down (reversal) of inventories	5,497	173	(712)
Unrealized net (gain) loss on foreign currency exchange	(10,720)	(337)	97,527
Deferred revenue	(3,800)	(119)	-
Reversal recognition of provisions	(3,679)	(116)	(5,154)
Changes in operating assets and liabilities			
Contract assets	389,834	12,240	510,958
Notes receivable	8,967	282	(28,535)
Trade receivables	792,908	24,895	(134,303)
Inventories	(1,987,558)	(62,404)	(1,056,941)
Prepayments	(355,065)	(11,148)	(10,310)
Other current assets	(373,113)	(11,715)	103,597
Other non-current assets	-	-	(14,097)
Contract liabilities	1,773,140	55,672	1,927,156
Trades payable	130,003	4,082	(389,311)
Trade payables to related parties	(10)	-	95
Other payables	(156,830)	(4,924)	(111,892)
Other current liabilities	1,087,337	34,139	(3,742)
Net defined benefit liabilities	(10,756)	(338)	(20,489)
Cash generated from operations	4,094,287	128,548	3,230,914
Interest received	66,616	2,092	55,093
Interest paid	(29,593)	(929)	(13,924)
Income tax paid	(634,678)	(19,927)	(893,359)
Net cash generated from operating activities	3,496,632	109,784	2,378,724

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	For the Six Months Ended June 30		
	2026		2025
	NT$	US$ (Note)	NT$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income	$ -	$ -	$ (26,705)
Purchase of financial assets at amortized cost	(64,997)	(2,041)	(156,570)
Disposal of financial assets at amortized cost	6,255	196	-
Purchase of financial assets at fair value through profit or loss	(70,793)	(2,223)	(35,116)
Disposal of financial assets at fair value through profit or loss	27,740	871	13,876
Increase in prepayments for investments	(40,000)	(1,256)	-
Payments for property, plant and equipment	(580,028)	(18,211)	(471,552)
Proceeds from disposal of property, plant and equipment	61	2	78
Increase in refundable deposits	(14,035)	(441)	-
Decrease in refundable deposits	-	-	8,762
Payments for intangible assets	(18,210)	(572)	(8,018)
Increase in prepayments for equipment	(298,143)	(9,361)	(115,410)
Net cash used in investing activities	(1,052,150)	(33,036)	(790,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	360,000	11,303	177,500
Proceeds from long-term borrowings	1,010,000	31,711	-
Repayments of long-term borrowings	(1,434,000)	(45,024)	-
Proceeds from guarantee deposits received	17,332	544	1,292
Repayment of the principal portion of lease liabilities	(47,245)	(1,483)	(47,750)
Changes in non-controlling interests	197	6	32,287
Unclaimed cash dividends from shareholders	-	-	(1)
Net cash (used in) generated from financing activities	(93,716)	(2,943)	163,328
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	15,789	498	(73,424)

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	For the Six Months Ended June 30		
	2026		2025
	NT$	US$ (Note)	NT$
NET INCREASE IN CASH	$ 2,366,555	$ 74,303	$ 1,677,973
CASH AT THE BEGINNING OF THE PERIOD	4,795,777	150,574	2,480,917
CASH AT THE END OF THE PERIOD	$ 7,162,332	$ 224,877	$ 4,158,890

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$31.85 to US$1.00 at June 30, 2026, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(With Deloitte & Touche review report dated August 10, 2026) (Concluded)

(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.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 10, 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)

   Except for the following, the application of the amended IFRS Accounting Standards endorsed and issued into effect by the FSC will not have a material impact on the accounting policies of the Company and its controlled entities (the "Group").

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2027

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
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
Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027 (Note 2)

Note 1: IFRS 18 will take effect starting from January 1, 2028 for domestic entities. Earlier application is permitted.

Note 2: An entity shall apply the amendments when it applies IFRS 18.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments and Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"

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.

At the date of initial application of IFRS 18, an entity that is a venture capital organization, mutual fund, unit trust or similar entity is permitted to change its election from measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss. The amendments to IAS 28 clarify that aforementioned "similar entity" includes the entity that performs the assessments in accordance with the requirements of IFRS 18 and concludes that it has a main business activity of investing in particular types of assets. If eligible, the Group may apply the transition upon initial application.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

The Group has decided not to apply IFRS 18 and consequential amendments earlier.

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 application of the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
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 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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

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

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

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.

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

Subsidiaries included in consolidated financial statements:

			% of Ownership			
Investor	**Investee**	**Main Business**	**June 30, 2026**	**December 31, 2025**	**June 30, 2025**	**Remark**
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Trade business, investment holding, agents business	100.00	100.00	100.00	1)
	Fortune Electric America Inc.	Agents business	100.00	100.00	100.00	1)
	Fortune Electric Extra High Voltage Co., Ltd.	Transformers manufacturing, machining and trading	100.00	100.00	100.00	1)
	Fortune Energy Co., Ltd.	Manufacture of power generation, transmission, distribution machinery and renewable energy sales	100.00	100.00	100.00	1)
	Fortune Electric Australia Pty, Ltd.	Trade business	100.00	100.00	100.00	1)
	Fortune Electric Value Company Limited	Electric vehicle charging operation services, planning and construction of various charging stations, research and development and sales of electric vehicle charging related equipment/systems/technology	60.95	60.95	64.25	1)
	Fortune Nev Co., Ltd.	Department store operations	83.85	76.44	76.23	1) and 2)
	Foresee Energy Co., Ltd.	Green energy renewable energy and hydrogen energy related business	100.00	100.00	-	1)
Fortune Electric Value Company Limited	Fortune Nev Co., Ltd.	Department store operations	6.22	9.12	9.09	1)
Power Energy International Ltd.	Wuhan Fortune Electric Co., Ltd.	Import and export business of various commodities and technologies	100.00	100.00	100.00	1)

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

2) Fortune Nev Co., Ltd. was resolved by the board of directors on January 6, 2026 to increase its capital in cash by NT$101,984 thousand and company did not subscribe for NT$101,787 thousand according to its shareholding ratio.

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2025.

1) Retirement benefits

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

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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