

(English Translation of Parent Company Only Financial
Statements and Report Originally Issued in Chinese)

FORTUNE ELECTRIC CO., LTD.

Parent Company Only Financial Statements
for the Years Ended December 31, 2024 and
2023 and Independent Auditors' Report

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To Fortune Electric Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Fortune Electric Co., Ltd. (the 'Company'), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Fortune Electric Co., Ltd. as of December 31, 2024 and 2023, and its financial performance and its parent company only cash flow for years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements 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 parent company only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements of Fortune Electric Co., Ltd. for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements of Fortune Electric Co., Ltd. for the year ended December 31, 2024 is stated as follows:

Occurrence of revenue recognition from new customers among top ten customers

The operating revenue of Fortune Electric Co., Ltd. mainly arises from the sales of power transformers, distribution panels, etc. and other related products, and the revenue is concentrated in main customers. As of the years ended December 31, 2024, the sales revenue from new customers among top ten customers accounted for 17% of total revenue of the whole year. And the main customers vary widely. Therefore, the revenue from the new customers among top ten customers of Fortune Electric Co., Ltd. is identified as a key audit matter. Please refer to Note 4 to the parent company only financial statements for the details of the information about the accounting policy for recognizing revenue and relevant information disclosed.

Our key audit procedures performed in respect of the above area included the following

1. Obtain an understanding of and test the design and operating effectiveness of main internal control related to occurrence of sales revenue.
2. Obtain the samples from the sales details of new customers among top ten customers, implement substantive tests of details, and inspect customer order, delivery order and customer' signed receipt and other vouching, to confirm whether there is any abnormal situation in the occurrence of sales revenue, and sent external confirmation letters.

Responsibilities of Management and those charged with Governance for the Parent Company Only Financial Statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statement, management is responsible for assessing Fortune Electric Co., Ltd.'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 Company 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 Company's financial reporting process.

Auditor's responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 errors 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 Fortune Electric Co., Ltd.'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 existed related to events or conditions that may cast significant doubt on Fortune Electric Co., Ltd.'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the disclosures), and whether the parent company only financial statement 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 the entities or business activities within Fortune Electric Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company 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, (including related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Fortune Electric Co., Ltd.'s the parent company only financial statements for the year ended 2024 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.

Deloitte & Touche
CPA Lee, Suei-Chin

CPA Chou, Shih-Chieh

Reference number of the FSC approval letter,
No. Financial-Supervisory-
Securities-Auditing-1100356048

Reference number of the FSC approval letter,
No. Financial-Supervisory-
Securities-Auditing-1110348898

March 10, 2025

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd.
Parent Company Only Balance Sheet
As of December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollar

Assets	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Current assets (Note 4)				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,869,389	9	\$ 1,576,646	11
Financial assets at amortized cost - current (Notes 4, 9 and 30)	17,235	-	17,235	-
Contract assets (Notes 4, 21 and 23)	3,178,876	16	2,058,180	15
Notes receivables (Notes 4 and 23)	222,135	1	95,615	1
Trade receivables, net (Notes 4, 10 and 23)	3,235,715	16	2,102,646	15
Trade receivables from related parties (Notes 4 and 29)	27,350	-	24,749	-
Current tax assets (Notes 4 and 25)	-	-	22,081	-
Inventories, net (Notes 4 and 11)	5,647,099	28	4,132,081	29
Prepayments (Note 29)	1,093,349	5	577,838	4
Other current assets (Notes 21, 29 and 30)	169,179	1	59,832	1
Total current assets	15,460,327	76	10,666,903	76
Non-current assets				
Financial assets at fair value through profit or loss -non-current (Note 4 and 7)	15,260	-	-	-
Financial assets at fair value through other comprehensive income-non-current (Note 4 and 8)	244,302	1	288,752	2
Non-current financial assets at amortized cost (Notes 4, 9 and 30)	15,465	-	15,179	-
Investments accounted for using equity method (Notes 4 and 12)	2,383,544	12	1,652,584	12
Property, plant and equipment (Notes 4, 13 and 30)	1,492,719	8	1,320,976	9
Right-of-use assets (Notes 4, 14 and 29)	224,634	1	40,101	-
Intangible assets (Notes 4 and 15)	53,312	-	55,981	1
Deferred tax assets (Notes 4 and 25)	47,865	-	30,498	-
Prepayments for equipment	80,256	1	21,787	-
Refundable deposits (Note 30)	37,997	-	21,795	-
Prepaid investments (Notes 16 and 29)	198,585	1	-	-
Net defined benefit assets (Notes 4 and 20)	51,267	-	-	-
Total non-current assets	4,845,206	24	3,447,653	24
Total assets	\$ 20,305,533	100	\$ 14,114,556	100
Liabilities and equity				
Current Liabilities				
Contract liabilities (Notes 4, 21 and 23)	\$ 4,536,298	22	\$ 2,781,687	20
Trade payables (Notes 4 and 17)	3,581,537	18	2,993,294	21
Trade payables to related parties (Notes 4 and 29)	668,277	3	566,866	4
Other payables (Note 18)	1,757,306	9	1,013,344	7
Current tax liabilities (Notes 4 and 25)	606,705	3	515,664	4
Provisions (Notes 4 and 19)	36,395	-	18,522	-
Lease liabilities - current (Notes 4, 14, 28, and 29)	54,165	-	13,042	-
Other current liabilities	95,344	1	62,188	-
Total current liabilities	11,336,027	56	7,964,607	56
Non-current liabilities				
Deferred tax liabilities (Note 25)	106,789	-	84,734	1
Lease liabilities- non-current (Notes 4, 14, and 28)	172,676	1	27,243	-
Net defined benefit liabilities-Notes 4 and 20)	-	-	5,105	-
Guaranteed deposits received	7,251	-	6,371	-
Total non-current liabilities	286,716	1	123,453	1
Total liabilities	11,622,743	57	8,088,060	57
Equity				
Share capital	2,871,644	14	2,610,585	19
Capital surplus	87,022	1	86,956	1
Retained earnings				
Legal reserve	816,345	4	559,914	4
Special reserve	88,625	-	59,483	-
Unappropriated retained earnings	4,984,900	25	2,798,183	20
Total retained earnings	5,889,870	29	3,417,580	24
Other equity				
Exchange difference on translation of foreign financial statements	(35,805)	-	(50,385)	(1)
Unrealized gains or losses on valuation of financial assets at fair value through other comprehensive income	(129,941)	(1)	(38,240)	-
Other equity interest	(165,746)	(1)	(88,625)	(1)
Total equity	8,682,790	43	6,026,496	43
Total liabilities and equity	\$ 20,305,533	100	\$ 14,114,556	100

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsu, Bang-Fu

General Manager: Hsu, I-Sheng, Hsu, I-Te

Accounting Supervisor: Chiu, Hsu-Lan

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

	2024		2023	
	Amount	%	Amount	%
Operating revenue (Notes 4, 23, and 29)				
Sales revenue	\$ 17,776,512	94	\$ 12,286,637	92
Construction revenue	<u>1,181,220</u>	<u>6</u>	<u>1,131,575</u>	<u>8</u>
Total operating revenue	<u>18,957,732</u>	<u>100</u>	<u>13,418,212</u>	<u>100</u>
Operating costs (Notes 4, 11, 20, 24, and 29)				
Costs of goods sold	11,661,135	62	8,610,721	64
Construction cost	<u>1,025,121</u>	<u>5</u>	<u>1,062,325</u>	<u>8</u>
Total operating costs	<u>12,686,256</u>	<u>67</u>	<u>9,673,046</u>	<u>72</u>
Gross profit from operations	<u>6,271,476</u>	<u>33</u>	<u>3,745,166</u>	<u>28</u>
Operating expenses (Notes 4, 20, 24, and 29)				
Selling and marketing expenses	1,157,944	6	726,645	6
General and administrative expenses	676,476	4	434,406	3
Research and development expense	280,905	1	173,128	1
Expected credit loss (gain)	<u>2,507</u>	<u>-</u>	<u>(15,205)</u>	<u>-</u>
Total operating expenses	<u>2,117,832</u>	<u>11</u>	<u>1,318,974</u>	<u>10</u>
Net operating income	<u>4,153,644</u>	<u>22</u>	<u>2,426,192</u>	<u>18</u>
Non-operating income and expenses (Note 4)				
Interest income (Note 24)	64,980	-	20,443	-
Compensation and indemnity income (Notes 24)	126,037	1	47,267	-
Other income (Notes 24 and 29)	91,971	-	61,015	1
Financial Cost (Notes 24 and 29)	<u>(24,791)</u>	<u>-</u>	<u>(35,461)</u>	<u>-</u>
Other gains and losses (Note 24)	26,143	-	1,450	-

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	2024		2023	
	Amount	%	Amount	%
Gain on foreign exchange (Note 24)	\$ 174,464	1	\$ 22,364	-
Share of profit or loss of subsidiaries and associates accounted for using equity method (Note 12)				
	<u>688,380</u>	<u>4</u>	<u>543,592</u>	<u>4</u>
Total non-operating income and expenses	<u>1,147,184</u>	<u>6</u>	<u>660,670</u>	<u>5</u>
Profit before income tax	5,300,828	28	3,086,862	23
Income tax expense (Notes 4 and 25)	<u>1,014,808</u>	<u>6</u>	<u>509,602</u>	<u>4</u>
Net Profit For The Year	<u>4,286,020</u>	<u>22</u>	<u>2,577,260</u>	<u>19</u>
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit plans (Notes 4 and 20)	17,101	-	(16,185)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Notes 4 and 22)	(91,701)	-	(23,634)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 25)	(<u>3,421</u>)	<u>-</u>	<u>3,237</u>	<u>-</u>
	(<u>78,021</u>)	<u>-</u>	(<u>36,582</u>)	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of subsidiaries and associates accounted for using equity				
	<u>14,580</u>	<u>-</u>	(<u>5,508</u>)	<u>-</u>
Total other comprehensive income	(<u>63,441</u>)	<u>-</u>	(<u>42,090</u>)	<u>-</u>
Total comprehensive income	<u>\$ 4,222,579</u>	<u>22</u>	<u>\$ 2,535,170</u>	<u>19</u>
Earnings per share (Note 26)				
Basic	<u>\$ 14.93</u>		<u>\$ 8.97</u>	
Diluted	<u>\$ 14.90</u>		<u>\$ 8.96</u>	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Hsu, Bang-Fu General Manager : Hsu, I-Sheng, Hsu, I-Te Accounting Supervisor : Chiu, Hsu-Lan

Fortune Electric Co., Ltd
Parent Company Only Statement of Changes in Equity
For the years ended December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars, Except Earnings per Share

	Share capital	Capital surplus	Retained earnings (Note 22)				Other equity interest (Note 4, 8 and 22)			
	(Note 22)	(Note 22 and 27)	Legal reserve	Special reserve	Unappropriated Retained Earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Total Equity
Balance, January 1, 2023	<u>\$2,610,585</u>	<u>\$ 86,685</u>	<u>\$ 473,469</u>	<u>\$ 37,578</u>	<u>\$ 994,867</u>	<u>\$1,505,914</u>	<u>(\$ 44,877)</u>	<u>(\$ 14,606)</u>	<u>(\$ 59,483)</u>	<u>\$4,143,701</u>
Appropriations of 2022 earnings										
Legal reserve appropriated	-	-	86,445	-	(86,445)	-	-	-	-	-
Special reserve appropriated	-	-	-	21,905	(21,905)	-	-	-	-	-
Cash dividends – NT\$2.5 per share	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(652,646)</u>	<u>(652,646)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(652,646)</u>
	<u>-</u>	<u>-</u>	<u>86,445</u>	<u>21,905</u>	<u>(760,996)</u>	<u>(652,646)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(652,646)</u>
Unclaimed cash dividends	<u>-</u>	<u>271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271</u>
Net profit for 2023	-	-	-	-	2,577,260	2,577,260	-	-	-	2,577,260
Other comprehensive income for 2023 after tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,948)</u>	<u>(12,948)</u>	<u>(5,508)</u>	<u>(23,634)</u>	<u>(29,142)</u>	<u>(42,090)</u>
Total comprehensive income for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,564,312</u>	<u>2,564,312</u>	<u>(5,508)</u>	<u>(23,634)</u>	<u>(29,142)</u>	<u>2,535,170</u>
Balance, December 31, 2023	<u>2,610,585</u>	<u>86,956</u>	<u>559,914</u>	<u>59,483</u>	<u>2,798,183</u>	<u>3,417,580</u>	<u>(50,385)</u>	<u>(38,240)</u>	<u>(88,625)</u>	<u>6,026,496</u>
Appropriation of 2023 earnings										
Legal reserve appropriated	-	-	256,431	-	(256,431)	-	-	-	-	-
Special reserve appropriated	-	-	-	29,142	(29,142)	-	-	-	-	-
Cash dividends – NT\$6 per share	-	-	-	-	(1,566,351)	(1,566,351)	-	-	-	(1,566,351)
Stock dividends – NT\$1 per share	<u>261,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(261,059)</u>	<u>(261,059)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>261,059</u>	<u>-</u>	<u>256,431</u>	<u>29,142</u>	<u>(2,112,983)</u>	<u>(1,827,410)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,566,351)</u>
Unclaimed cash dividends	<u>-</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>
Net profit for 2024	-	-	-	-	4,286,020	4,286,020	-	-	-	4,286,020
Other comprehensive income for 2024 after tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,680</u>	<u>13,680</u>	<u>14,580</u>	<u>(91,701)</u>	<u>(77,121)</u>	<u>(63,441)</u>
Total comprehensive income for 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,299,700</u>	<u>4,299,700</u>	<u>14,580</u>	<u>(91,701)</u>	<u>(77,121)</u>	<u>4,222,579</u>
Balance, December 31, 2024	<u>\$2,871,644</u>	<u>\$ 87,022</u>	<u>\$ 816,345</u>	<u>\$ 88,625</u>	<u>\$4,984,900</u>	<u>\$5,889,870</u>	<u>(\$ 35,805)</u>	<u>(\$ 129,941)</u>	<u>(\$ 165,746)</u>	<u>\$8,682,790</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: : Hsu, Bang-Fu

General Manager: Hsu, I-Sheng, Hsu, I-Te

Accounting Supervisor: Chiu, Hsu-Lan

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd
Parent Company Only Statements of Cash Flows
For the year ended December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	2024	2023
Cash flows from operating activities		
Profit before tax	\$5,300,828	\$3,086,862
Adjustments for:		
Depreciation expense	124,375	89,582
Amortization expense	25,134	25,084
Expected credit loss (gain)		
reversed on trade receivables	2,507	(15,205)
Financial cost	24,791	35,461
Interest income	(64,980)	(20,443)
Share of profit or loss of subsidiaries and associates accounted for using equity method	(688,380)	(543,592)
(Gain) loss on disposal of property, plant and equipment	(27,825)	359
Provisions	17,873	7,026
Reversal of inventories	(2,974)	(30,108)
Gain on remeasurement of lease arrangements	(44)	(36)
Changes in operating assets and liabilities, net		
Financial instruments at fair value through profit or loss	-	(279)
Contract asset	(1,120,696)	(600,420)
Note receivable	(126,520)	(961)
Trade receivable	(1,135,576)	(264,398)
Trade receivable from related parties	(2,601)	(24,664)
Inventories	(1,512,044)	(678,422)
Prepayments	(515,511)	23,110
Other current assets	(73,196)	(20,497)
Contract liability	1,754,611	1,280,570
Trade payable	588,243	1,048,463
Trade payable to related parties	101,411	334,790
Other payable	743,962	592,717
Other current liabilities	33,156	(61,397)
Net defined benefit liability	(39,270)	(53,692)
Cash generated from operations	3,407,274	4,209,910
Interest received	64,944	20,291

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	2024	2023
Interest paid	(\$ 24,791)	(\$ 37,719)
Income tax paid	(900,420)	(19,261)
Net cash flows generated from operating activities	<u>2,547,007</u>	<u>4,173,221</u>
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(47,251)	-
Acquisition of financial assets at amortized cost	(286)	(8,840)
Acquisition of financial assets at fair value through profit or loss	(15,260)	-
Increase in prepayments for investments	(198,585)	-
Investments accounted for using equity method	(28,000)	-
Refund of paid-up capital from investees accounted for using equity method	-	111,296
Acquisition of property, plant and equipment	(233,067)	(78,897)
Proceeds from disposal of property, plant and equipment	45,421	-
Increase in refundable deposits	(16,202)	(4,740)
Increase in other receivables	(36,115)	-
Acquisition of intangible assets	(20,780)	(26,646)
Increase in prepayments for business facilities	(103,261)	(25,413)
Dividends received	<u>-</u>	<u>182,666</u>
Net cash flows (used in) generated from investing activities	<u>(653,386)</u>	<u>149,426</u>
Cash flows from financing activities		
Repayment of short-term borrowings	-	(656,641)
Repayment of short-term bills payable	-	(249,891)
Repayment of long-term loans	-	(1,341,800)
Guaranteed deposits received	880	-
Refund of guaranteed deposits received	-	(2,366)
Cash dividends paid	(1,566,351)	(652,646)
Payments of lease liabilities	(35,473)	(13,059)
Unclaimed cash dividends	<u>66</u>	<u>271</u>
Net cash flows used in financing activities	<u>(1,600,878)</u>	<u>(2,916,132)</u>
Net increase in cash and cash equivalents	292,743	1,406,515
Cash and cash equivalents at beginning of the year	<u>1,576,646</u>	<u>170,131</u>
Cash and cash equivalents at end of the year	<u>\$ 1,869,389</u>	<u>\$ 1,576,646</u>

The accompany notes are an integral part of the parent company only financial statements.

Chairman: Hsu, Bang-Fu General Manager: Hsu, I-Sheng, Hsu, I-Te Accounting supervisor: Chiu, Hsu-Lan

Fortune Electric Co., Ltd.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2024 and 2023
(Amounts in Thousands of New Taiwan Dollar, unless specified otherwise)

1. General Information

Fortune Electric Co., Ltd (the “Company”) was incorporated in August 1969. The Company is mainly engaged in the manufacturing, processing, trading and engineering contracting of power transformer, distribution panels, high and low voltage switch and substation equipment.

In April 1997, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE). The parent company only financial statements were expressed in the Company’s functional Currency New Taiwan Dollars.

2. The date of Authorization for issuance of Financial Statements and Procedures for Authorization

The accompanying parent company only financial statements were approved and authorized for issue by the Company’s Board of Directors on March 10, 2025.

3. Application of new and revised international financial reporting standards

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

Except for the following, the initial application of the amendments to the IFRS accounting standards endorsed and issued into effect by the FSC did not have a significant effect on the Company’s accounting policies:

(2) The IFRS accounting standards endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”, amendments to application guidance regarding classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An

entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

- (3) The IFRS accounting standards in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note)
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments,” amendments associated with application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability”	January 1, 2027

Note: Unless stated otherwise, the above new, amended, or revised IFRSs are effective for annual periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” will replace IAS 1 “Presentation of Financial Statements.” The primary changes include:

- Items in the statement of profit or loss will need to be classified into categories: operating, investing, financing, income taxes and discontinued operations.
- Operating profit or loss, profit or loss before financing and income taxes, and subtotal and total of profit or loss shall be presented in the statements of profit or loss.
- Providing enhanced guidance on the principles of aggregation and disaggregation: the Company shall identify assets, liabilities, equity, income, expenses, and cash flows from single transactions or other matters, and group and aggregate based on shared characteristics, to make each line item of the primary financial statements with at least one similar characteristic. Items with different characteristics shall be disaggregated in the primary financial statements and notes. Only if the Company is unable to find a more informative name, the item may be labelled as “others.”
- New disclosure requirements for management-defined performance measures (MPMs): the Company shall disclose the information related to management-defined performance measures in a single note in the financial statements,

including descriptions to the measures, how to calculate, a reconciliation between the MPMs and the most similar specified subtotal in IFRS Accounting Standards, and the effects on income taxes and non-controlling interests arising from relevant reconciliation items. When making public communications outside the financial statements, and communicating an aspect of the financial performance of the Company as a whole.

Except for the aforementioned impacts, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of each standard and interpretation will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

(1) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is 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., as derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to "investments accounted for using the equity method", "share of profits of subsidiaries and associates for using the equity method", and "share of other comprehensive income of subsidiaries and associates accounted for using equity", and related equity items.

(3) Standard of Current and Non-current Assets and Liabilities

Current assets including:

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 including:

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 balance sheet date and before the financial reports are authorized for issue; and
3. The Company does not have the substantive right at the balance sheet date to defer settlement of the liability for at least twelve months after the balance sheet date..

Those that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

The Company is engaged in the engineering contracting of electronic equipment, and the operating cycle is longer than one year. Therefore, the assets and liabilities related to engineering contracting shall be classified as current or noncurrent by normal operating cycle.

(4) Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (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. Such exchange differences are recognized in profit or loss in the year in which they arise.

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

Non-monetary items denominated in foreign currencies and measured at historical cost, which are translated at the exchange rate at the date of the transaction, will not to be retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries or associates, joint ventures or branches of the country in which the country of operation or currency is used) are translated into NT\$ 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. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(5) Inventories

Inventories including finished goods, work in progress and raw materials. Inventories are stated at the lower of cost or net realizable value. Comparisons of cost and net realizable value are based on individual items, except for inventories of the same type. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The cost of inventories is calculated using the weighted-average method.

(6) Investment in Subsidiaries

Investments accounted for using the equity method include investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. In addition, changes in other rights and interests of subsidiaries that the Company is entitled to are recognized based on the shareholding ratio.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equal or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

When the Company evaluates the impairment, it considers the cash-generating unit as a whole in the financial report and compares its receivable carrying amount. If the receivable amount of the asset increases, the amount of the impairment loss is recognized as gain on reversal of impairment loss. However, the carrying amount of an asset after reversal of impairment loss shall not exceed the carrying amount that would have been determined as recognized impairment loss, net of book value after amortization.

Unrealized profits or losses on downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Profits and losses from upstream with a subsidiary and lateral transactions between subsidiaries are recognized in the Parent Company only financial statements only to the extent of interests in the subsidiary that are not related to the Company.

(7) Investment in Associates

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

The Company accounts for its investments in an associate using the equity method.

Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of an associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the loss shares of the Company to an associate equal or exceeds its equity in the associate (including the book value of the investment in the associate under the equity method and other long-term equity substantially belonging to the net investment component of the Company to the associate), the Company shall stop recognizing further losses. The Company recognizes additional losses and liabilities only to the extent of legal obligations, presumptive obligations or payments made on behalf of associate.

The profits and losses arising from the upstream, downstream and lateral transactions between the Company and its associate is recognized in parent company only financial statements, only to the extent unrelated to the Company's equity in an associate.

(8) Property, Plant and Equipment

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

Property, plant and equipment under construction are measured at cost less accumulated impairment losses. Costs include professional fees and borrowing costs that are eligible to be capitalized. Those assets are measured at the lower of cost and net realizable value before they reach the condition expected to be available for use. The proceeds from sales and costs are recognized in profit or loss. After those assets reach the condition expected to be available for use, they are reclassified to the appropriate categories of property, plant and equipment, and depreciated since then.

Except for self-owned land which is not depreciated, depreciation of other property, plant and equipment is recognized separately using a straight-line basis for each significant component over their useful lives. The Company examines the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the impact of changes in applied accounting estimates.

(9) Intangible Assets

1. Acquire 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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates being accounted for on a prospective basis.

2. Derecognition

When the intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in the current profit and loss.

(10) Impairment of Tangible and Intangible Assets

The Company reviews the carrying amounts of its tangible 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. When it is not possible to estimate the recoverable amount of an individual asset, the Company 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. An impairment loss is recognized immediately in profit or loss.

For the inventory recognized in the customer contract, impairment shall be recognized first according to the provision for inventory write-down and secondly, the impairment loss shall be recognized according to the amount of the book value of the relevant assets at the contract cost exceeds the remaining amount from providing good or service expects to receive and the remaining amount after deducting the directly related costs, and the book value of the related assets of the contract cost shall be included in the cash-generating unit, to evaluate the impairment of the cash-generating unit.

When an impairment loss subsequently is reversed, the carrying amount of the asset, cash-generating unit, or contract cost is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (minus amortization or depreciation) that would have been determined no impairment loss been recognized for the asset or cash-generating unit or contract cost in prior years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instruments.

When initially recognizing financial assets and financial liabilities, if the financial assets and financial liabilities are not measured at fair value through profit or loss, they will be measured at fair value plus transaction costs, directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

All conventional transactions of financial assets are recognized and derecognized on the trade date accounting.

(1) Measurement Category

The categories of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated to be measured at profit or loss. Financial assets mandatorily measured at fair value through profit or loss include the investments in equity instruments not designated to be measured at fair value through other comprehensive income, and investments in debt instruments not qualified to be measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value. Any dividend or interest from the financial assets and the remeasurement gains or losses are recognized in profit or loss. Please refer to Note 28 for the determination of fair value.

B. Financial assets measured at amortized costs

The financial investments made by the Company are measured and categorized by amortized costs, if they meet the following two conditions at the same time:

- a. They are held in a business model where financial assets are kept to collect contractual cash flows; and
- b. The cash flows derived from contractual terms of specific financial assets under consideration are used as the sole payments for the principals and interests of the outstanding principals.

Financial assets, which are measured at amortized cost (including cash and cash equivalents, pledged certificates of deposit, notes receivables and accounts receivables measured at amortized cost, other receivables, and guaranteed deposits paid) after initially recognized, are measured at amortised cost of their gross carrying amount decided by the effective interest method minus any impairment losses. And any foreign currency exchange gain or loss is recognized in profit or loss.

Cash equivalents include highly liquid short-term time deposits and bonds with repurchase agreements that are readily convertible to known amounts of cash and with maturity dates within three months that do not present significant risks of changes in value. The Company holds them for the purpose of short-term cash commitment.

C. Investments in equity instruments measured at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable option at initial recognition to recognize changes in fair value in other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value are presented in other comprehensive income, and accumulated in other equity. On disposal of investments, accumulated gains and losses are directly transferred to retained earnings and are not reclassified as gains and losses.

Dividends on investments in equity instruments measured at fair value through other comprehensive profits and losses are recognized in profits and losses when the Company's right to receive payments is established, unless the dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of Financial Assets and Contract Assets

At the end of each reporting period, the Company measures and recognizes loss allowances for expected credit losses of the financial assets at amortized cost (including trade receivable) and impairment losses on contract assets.

For trade receivable and contract assets, the Company will recognize allowance for expected credit losses (ECLs) over the period of their existence. For other financial assets, the Company first evaluate whether the credit risk has increased significantly since the initial recognition. If no significant increase is found, the allowance loss is to be recognized at the 12-month expected credit loss. If there has been a significant increase, it will be recognized as the expected credit loss at the duration period.

The expected credit loss is the weighted-average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months following the report. The expected credit loss during the duration represents the expected credit loss arising from all possible defaults of the financial instrument during the expected duration.

For the purpose of internal credit risk management, the Company determines that the following circumstances represent the default of financial assets without considering the collateral held :

- A. There is internal or external information indicating that it is impossible for the debtors to pay off their debts.
- B. Overdue for more than 90 days, unless there is reasonable and verifiable information indicates that the delayed default benchmark is more appropriate.

Impairment losses on all financial assets are reduced by the provision account, provided that the provision for losses on investments in debt instruments measured at fair value through other comprehensive profit and loss is recognized as other comprehensive profit without reducing their book value.

(3) Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that 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 in its entirety, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassified as profit or loss.

2. Equity Instruments

Debt and equity instruments issued by the Company 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 Company are recognized as 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. 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

(1) Subsequent Measurement

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

(2) Derecognition of Financial Liabilities

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

(12) Provision

The amount recognized as the provision is the best estimate of the expenditure required to liquidate the obligation on the balance sheet date, taking into account the risks and uncertainties of the obligations. Provision is measured at the discounted value of the estimated cash flow of the liquidated obligation.

1. Onerous contract

When the unavoidable cost of the Company's expected performance of its contractual obligations exceeds the expected economic benefits from the contract, the current obligations arising from the onerous contract shall be recognized as provision.

2. Warranty

The warranty obligation to guarantee the conformity of products to the agreed specifications is based on management's best estimate of the expenses required to settle the Company's liabilities and is recognized when the Company has recognized revenue from the related products.

(13) Revenue Recognition

The Company identifies performance obligations in customer contracts and the transaction price will be apportioned to each performance obligation. The income will be recognized when each performance obligation is met.

If the time interval between the transfer of goods or services and the collection of payment due is less than one year, the transaction price of the significant financing components of the contract shall not be adjusted.

1. Sales of Goods

Sales revenue comes from the sales of transformers, distribution boards, high and low voltage switches and distribution equipment. Since the customer already set the prices and has the rights to use the goods when the goods arrive at the locations designated by the customer, when the goods are shipped and when the goods are loaded onto the ships, and the customer has the main responsibility for resale, and bears the risk of obsolescence of the goods, the Company recognized the revenue and accounts receivable at that time. Receipts of advances from products are recognized as contractual liabilities before the products meet specified conditions.

2. Construction Revenue

In the process of construction, the asset is the real estate construction contract controlled by the customer. The Company recognizes the revenue over time gradually. Since the cost of construction is directly related to the degree of fulfillment of the performance obligations, the Company measures the completion progress by the proportion of the actual cost to the expected total cost. The Company gradually recognizes revenue during the construction process and transfers them into trade receivable when bill is issued. If the construction payment received exceeds the recognized revenue, the difference is recognized as a contractual liability. The construction retention money withheld by the customer in accordance with the terms of the contract is intended to ensure that the Company fulfills all its contractual obligations and is recognized as contract assets before the Company completes the contract.

(14) Leases

The Company assesses whether the contract is (or includes) a lease on the effective date of the contract.

1. The Company as lessor

When the terms of a lease transfers substantial portion of the risks and rewards incidental to the ownership of the asset to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

Under an operating lease, the lease payment after deduction of the lease incentives is recognized as income on a straight-line basis during the relevant lease term. The original direct cost incurred in obtaining the operating lease is the book value added to the target asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company as Lessee

Except for leases of low-value underlying assets which are subject to the recognition exemption, and the lease payments of short-term leases which are recognized as expenses over the lease terms on a straight-line basis, the Company recognizes all other leases as right-of-use assets and lease liabilities at the inception date of the lease.

Right-of-use assets are measured at cost (includes the initial measurement of the lease liabilities, the lease payments made before the commencement date of the lease less the lease incentives received, the original direct cost and the estimated cost of reinstatement of the subject asset). Subsequent measurement is calculated at cost less the accumulated depreciation and accumulated impairment loss, and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the parent company only 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.

The lease liability was initially measured at the present value of the lease payment. If the interest rate implicit in the lease is easy to determine, the lease payment should be discounted by the interest rate. If the interest rate is not readily determined, the incremental lessee's borrowing rate is applied.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. During the lease period or under the residual value guarantee, if the expected payment amount changes, resulting in changes in future lease payments, the Company will remeasure the lease liabilities and relatively adjust the right-of-use assets. If the book value of the right-to-use asset is decreased to zero, the residual remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(15) Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

If the government grants are used to compensate for expenses or losses incurred, or for the purpose of providing immediate financial support to the Company without future related costs, it is recognized as profit or loss during the period in which it can be collected.

(16) 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 service rendered by employees.

2. Retirement benefits

For defined retirement benefit plans, the cost of providing benefit is recognized when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined 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 liability (asset) are recognized as employee benefits expense in the period they occur. Rereasurement (including actuarial profit and loss and the interest deduction of return on plan assets) recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit asset shall not exceed the present value of the allocation from the plan or the reduction of future allocation.

3. Other long-term employee benefits

The accounting treatment for other long-term employee benefits is the same as that for defined retirement benefit plans, except that the relevant rereasurement is recognized in profit or loss.

(17) Taxation

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

1. Current Tax

The Company determines the income (loss) for the current period in accordance with the regulations established by each income tax reportable jurisdiction, and calculates the income tax payable (recoverable).

Pursuant to Income Tax Act of the Republic of China, income tax on unappropriated earnings shall be recognized in the annual resolution by the shareholders' meeting.

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

2. Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company 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 are only recognized 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 they 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 deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of 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 year in which the liability is settled or the asset is 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 Company 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 for the year

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.

5. Critical Accounting Judgment and Key Sources of Estimation and Uncertainty

In the application of the aforementioned Company's accounting policies, based on historical experience and other relevant factors, the Company management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. When the Company develops significant accounting estimates, possible impacts are taken into considerations of significant accounting estimates. The management will continuously review estimates and basic assumptions.

6. Cash

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 840	\$ 680
Checking accounts and demand deposits	207,272	1,453,146
Cash equivalents (investments due within 3 months)		
Time deposits	475,192	122,820
Bills with repurchase agreements	<u>1,186,085</u>	<u>-</u>
	<u>\$1,869,389</u>	<u>\$1,576,646</u>

The interest rate range of bank deposits on the balance sheet date is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposits	0.001%~4.86%	0.001%~5.65%
Bills with repurchase agreements	1.52%~1.53%	-

7. Financial instruments at Fair Value Through Profit or Loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets – Non-current</u>		
Mandatorily measured at FVTPL		
Private placement funds	<u>\$ 15,260</u>	<u>\$ -</u>

8. Financial assets at fair value through other comprehensive income

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Domestic investment		
Unlisted shares		
Hsin He Energy Co., Ltd.	\$ 214,800	\$ 227,264
Synergy Co., Ltd. (Note 16)	16,902	17,284
E-Formula Technologies Inc	12,600	17,436
Raynergy Tek Inc.	<u>-</u>	<u>26,768</u>
	<u>\$ 244,302</u>	<u>\$ 288,752</u>

The Company invests in the common stocks of the aforementioned companies for medium- and long-term strategic purposes and expects to make profits from long-term investments. Management of the Company considers that the inclusion of short-term fair value fluctuations of such investment in profit and loss is inconsistent with the aforementioned long-term investment plans and therefore choose designated such investment as measured at fair value through other comprehensive gains and losses.

9. Financial assets measured at amortised cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Pledged time deposits</u>		
Current	\$ 17,235	\$ 17,235
Non-current	<u>15,465</u>	<u>15,179</u>
	<u>\$ 32,700</u>	<u>\$ 32,414</u>

As of December 31, 2024 and 2023, the annual interest rate intervals of pledged deposits are 0.575%~1.705%, and 0.575%~1.585%, respectively.

For information on pledged financial assets measured at amortized cost, please refer to Note 30.

10. Trade Receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Trade Receivable</u>		
At amortized cost		
Total Carrying Amount	\$ 3,239,098	\$ 2,103,522
Less: Loss Allowance	(<u>3,383</u>)	(<u>876</u>)
	<u>\$ 3,235,715</u>	<u>\$ 2,102,646</u>

The Company's average credit extension period for product sales is 90 days to 180 days from the invoice date. The impairment assessment of trade receivable, including trade receivable-related parties, is based on individual assessment, aging analysis, historical experience and analysis of customers' current financial situation to estimate the amount that cannot be recovered.

The Company recognizes the allowance for the loss of trade receivable according to the expected credit loss during the period of existence. The expected credit loss during the period of existence is calculated by using provision matrix, which considers the past default records of customers, the current financial situation and the economic situation of the industry. As the Company's historical experience of credit loss shows that there is no significant difference in loss types among different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on days overdue of receivables.

If there is evidence showing that the counterparty of the transaction is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, the Company will directly write off the relevant receivables, but will continue to pursue recourse activities. The amount recovered due to pursue recourse is recognized in profit and loss.

The Company measures the allowance for the loss of trade receivable according to provision matrix as follows:

December 31, 2024

	Not past due	Past due 1 ~ 60 days	Past due 61 ~ 90 days	Past due 91 ~ 275 days	Past due 276 ~ 640 days	Past due More than 641 days	Total
Expected credit losses ratio	0.00%	0.00%	0.00%	0.00%	0.00%	33.69%	
Total carrying amount	\$ 2,265,512	\$ 658,836	\$ 50,816	\$ 223,837	\$ 30,056	\$ 10,041	\$ 3,239,098
Loss allowance (Lifetime expected credit losses)	-	-	-	-	-	(<u>3,383</u>)	(<u>3,383</u>)
At amortized cost	<u>\$ 2,265,512</u>	<u>\$ 658,836</u>	<u>\$ 50,816</u>	<u>\$ 223,837</u>	<u>\$ 30,056</u>	<u>\$ 6,658</u>	<u>\$ 3,235,715</u>

December 31, 2023

	Not past due	Past due 1 ~ 60 days	Past due 61 ~ 90 days	Past due 91 ~ 275 days	Past due 276 ~ 640 days	Past due More than 641 days	Total
Expected credit losses ratio	0.00%	0.00%	0.00%	0.00%	2.09%	0.52%	
Total carrying amount	\$ 1,711,876	\$ 102,399	\$ 139,559	\$ 108,016	\$ 41,580	\$ 92	\$ 2,103,522
Loss allowance (Lifetime expected credit losses)	-	-	-	-	(<u>870</u>)	(<u>6</u>)	(<u>876</u>)
At amortized cost	<u>\$ 1,711,876</u>	<u>\$ 102,399</u>	<u>\$ 139,559</u>	<u>\$ 108,016</u>	<u>\$ 40,710</u>	<u>\$ 86</u>	<u>\$ 2,102,646</u>

Movements of the loss allowance for accounts receivable:

	2024	2023
Balance, beginning of the year	\$ 876	\$ 16,081
Add: provision of expected credit loss	2,507	-
Less: reversal of expected credit loss	-	(15,205)
Balance, end of the year	<u>\$ 3,383</u>	<u>\$ 876</u>

11. Net balance of inventories

	December 31, 2024	December 31, 2023
Work in process	\$ 3,665,210	\$ 2,682,558
Finished goods	1,191,347	984,748
Raw materials	<u>790,542</u>	<u>464,775</u>
	<u>\$ 5,647,099</u>	<u>\$ 4,132,081</u>

In 2024 and 2023, the cost of goods sold related to inventory was NT\$11,661,135 thousand and NT\$8,610,721 thousand respectively. The cost of goods sold in 2024 and 2023 includes the gain from price recovery of inventory of NT\$2,974 thousand and \$30,108 thousand, respectively. The increase in the net realizable value of inventories resulted from the increase in market price of the inventories.

12. Investment accounted for using equity method

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 2,381,314	\$ 1,650,455
Associates	<u>2,230</u>	<u>2,129</u>
	<u>\$ 2,383,544</u>	<u>\$ 1,652,584</u>

(1) Investments in subsidiaries

	December 31, 2024	December 31, 2023
Power Energy International Ltd. (Power Energy Company)	\$ 179,371	\$ 156,961
Fortune Electric America Inc. (USA Fortune Company)	94,085	66,990
Fortune Electric Extra High Voltage Co., LTD. (Fortune Extra High Voltage Company)	1,903,647	1,223,203
Fortune Energy CO., LTD. (Fortune Energy Company)	28,610	694
Fortune Electric Australia Pty Ltd (Australian Fortune Company)	11,925	11,929
Fortune Electric Value Co., LTD. (Fortune Electric Value Company)	<u>163,676</u>	<u>190,678</u>
	<u>\$2,381,314</u>	<u>\$1,650,455</u>

Subsidiaries	% of Ownership and Voting Rights Held by the Company	
	December 31, 2024	December 31, 2023
Power Energy Company	100.00%	100.00%
USA Fortune Company	100.00%	100.00%
Fortune Extra High Voltage Company	100.00%	100.00%
Fortune Energy Co., LTD.	100.00%	100.00%
Australian Fortune Company	100.00%	100.00%
Fortune Electric Value Company	64.25%	64.25%

For the years of 2024 and 2023, share of the profit or loss of subsidiaries, accounted for using equity method and other comprehensive profit and loss share, are recognized according to the financial statements of the subsidiaries audited by accountants in the same period.

For details of the investment subsidiaries indirectly owned by the Company, please refer to Appendix Table 6 "information of the invested company, location and other related information."

The Company provides endorsement and guarantee for bank loans of the sub-subsidiary, Fortune Electric Company, and the subsidiary, Fortune Extra High Voltage Company. Please refer to Note 29 for the balance as of December 31, 2024 and 2023.

(2) Investments in associates

	December 31, 2024	December 31, 2023
<u>Individual insignificant associates</u>		
E-Total Link	\$ 2,230	\$ 2,129

Summary Information of Individual insignificant associates

In 2017, the Company established E-Total Link in Japan as a joint venture with Hamaden Electrical Design and Installation and other companies, and obtained 25% of its equity at a price of NT\$ 1,385 thousand. The summary information is as follows:

	2024	2023
Share of profit of the Company		
Net Profit	\$ 174	\$ 43
Other comprehensive income	(73)	(319)
Total comprehensive income	\$ 101	(\$ 276)

For details of the investment subsidiaries indirectly owned by the Company, please refer to Appendix Table 6 "information of the invested company, location and other related information."

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 not audited by auditors for the same period. Management believes there is no material impact on the financial statements of E-Total Link, which had not been audited.

13. Property, Plant and Equipment

	December 31, 2024	December 31, 2023
Assets used by the Company	\$ 1,492,527	\$ 1,320,763
Assets subject to operating leases	192	213
	<u>\$ 1,492,719</u>	<u>\$ 1,320,976</u>

(1) Assets used by the Company

	Land	Buildings	Machinery Equipment	Solar Equipment	Other Equipment	Properties under construction	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 635,827	\$ 738,584	\$ 1,088,257	\$ 149,092	\$ 250,676	\$ -	\$ 2,862,436
Additions	-	37,189	66,356	127	29,105	100,290	233,067
Disposals	-	(11,058)	(95,305)	-	(1,745)	-	(108,108)
Transfer (Note 2)	-	29,500	11,510	-	1,514	583	43,107
Balance at January 1, 2024	<u>\$ 635,827</u>	<u>\$ 794,215</u>	<u>\$ 1,070,818</u>	<u>\$ 149,219</u>	<u>\$ 279,550</u>	<u>\$ 100,873</u>	<u>\$ 3,030,502</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 424,600	\$ 908,339	\$ 84,458	\$ 124,276	\$ -	\$ 1,541,673
Depreciation expenses	-	21,644	35,254	7,291	22,625	-	86,814
Disposals	-	(9,339)	(79,556)	-	(1,617)	-	(90,512)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 436,905</u>	<u>\$ 864,037</u>	<u>\$ 91,749</u>	<u>\$ 145,284</u>	<u>\$ -</u>	<u>\$ 1,537,975</u>
Net balance at January 1, 2024	<u>\$ 635,827</u>	<u>\$ 357,310</u>	<u>\$ 206,781</u>	<u>\$ 57,470</u>	<u>\$ 134,266</u>	<u>\$ 100,873</u>	<u>\$ 1,492,527</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 635,827	\$ 699,081	\$ 1,058,512	\$ 146,921	\$ 182,641	\$ -	\$ 2,722,982
Additions	-	34,865	27,953	2,171	13,908	-	78,897
Disposals	-	(556)	(24,357)	-	(698)	-	(25,611)
Transfer (Note 1)	-	-	18,134	-	20,525	-	38,659
Transfer (Note 2)	-	5,194	8,015	-	34,300	-	47,509
Balance at January 1, 2023	<u>\$ 635,827</u>	<u>\$ 738,584</u>	<u>\$ 1,088,257</u>	<u>\$ 149,092</u>	<u>\$ 250,676</u>	<u>\$ -</u>	<u>\$ 2,862,436</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 407,845	\$ 897,823	\$ 77,435	\$ 107,447	\$ -	\$ 1,490,550
Depreciation expenses	-	16,957	34,870	7,023	17,525	-	76,375
Disposals	-	(202)	(24,354)	-	(696)	-	(25,252)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 424,600</u>	<u>\$ 908,339</u>	<u>\$ 84,458</u>	<u>\$ 124,276</u>	<u>\$ -</u>	<u>\$ 1,541,673</u>
Net balance at December 31, 2023	<u>\$ 635,827</u>	<u>\$ 313,984</u>	<u>\$ 179,918</u>	<u>\$ 64,634</u>	<u>\$ 126,400</u>	<u>\$ -</u>	<u>\$ 1,320,763</u>

Note 1: Transfer from inventory to machinery equipment and other equipment.

Note 2: Transfer from prepayments for equipment to buildings, machinery equipment, and other equipment.

Except for recognition of depreciation expenses, no significant impairment occurred in the property, plant and equipment for the years ended December 31, 2024 and 2023. Depreciation expenses are accrued on a straight-line basis according to the following durable years:

Buildings	
Plant main building	55 Years
Electromechanical equipment	3 Years
Machinery and equipment	3 to 15 Years
Solar equipment	8 to 20 Years
Other equipment	3 to 15 Years

For the amount of self-use real estate, plant and equipment set as a loan guarantee, please refer to Note 30.

The board of directors has resolved to approve the proposal for budget of expanding the third plant in Guanyin, with total amount of NT\$1,108,000 thousand on September 30, 2024. The Company has declared on November 8, 2024 that the total amount of the contracting construction is NT\$733,950 thousand. Payments are made based on the progress of the construction in accordance with the property construction contract.

(2) Operating leases

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 1,191
Balance at December 31, 2024	<u>\$ 1,191</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 978
Depreciation expenses	<u>21</u>
Balance at December 31, 2024	<u>\$ 999</u>
Net Balance at January 1, 2024	\$ 213
Net Balance at December 31, 2024	<u>\$ 192</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 1,191
Balance at December 31, 2023	<u>\$ 1,191</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 954
Depreciation expenses	<u>24</u>
Balance at December 31, 2023	<u>\$ 978</u>
Net Balance at January 1, 2023	\$ 237
Net Balance at December 31, 2023	<u>\$ 213</u>

The Company leases out buildings on operating leases for a period of one year. The lessees do not have purchase options to acquire the assets at the expiry of the lease period.

Depreciation expenses are accrued in 55 years on a straight-line basis.

For the amount of property, plant and equipment set as a loan guarantee, please refer to Note 30.

14. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Land	\$ 1,340	\$ -
Buildings	215,745	30,820
Transportation equipment	<u>7,549</u>	<u>9,281</u>
	<u>\$224,634</u>	<u>\$ 40,101</u>
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$228,815</u>	<u>\$ 32,508</u>
Depreciation of right-of use assets		
Land	\$ 95	\$ -
Buildings	32,963	9,035
Transportation equipment	<u>4,482</u>	<u>4,148</u>
	<u>\$ 37,540</u>	<u>\$ 13,183</u>

(2) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Current	<u>\$ 54,165</u>	<u>\$ 13,042</u>
Non-current	<u>\$172,676</u>	<u>\$ 27,243</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	1.75%	-
Buildings	1.26%~2.00%	1.26%
Transportation equipment	1.26%~2.00%	1.26%~2.00%

(3) Other lease information

	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases	<u>\$ 25,206</u>	<u>\$ 20,610</u>
Expenses relating to low-value asset leases	<u>\$ 207</u>	<u>\$ 1,179</u>
Total cash (outflow) for leases	<u>(\$ 62,454)</u>	<u>(\$ 35,311)</u>

The Company has opted for the exemption from the recognition of certain asset leases that qualify as short-term leases and several asset leases that qualify as low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

15. Intangible Assets

	<u>Computer software</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 95,896
Acquired separately	26,646
Reclassified	296
Disposal	(20,506)
Balance at December 31, 2023	<u>\$ 102,332</u>
<u>Accumulated amortization</u>	
Balance January 1, 2023	\$ 41,773
Amortized expense	25,084
Disposal	(20,506)
Balance at December 31, 2023	<u>\$ 46,351</u>
Net amount at December 31, 2023	<u>\$ 55,981</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 102,332
Acquired separately	20,780
Reclassified	1,685
Disposal	(24,829)
Balance at December 31, 2024	<u>\$ 99,968</u>
<u>Accumulated amortization</u>	
Balance January 1, 2024	\$ 46,351
Amortized expense	25,134
Disposal	(24,829)
Balance at December 31, 2024	<u>\$ 46,656</u>
Net amount at December 31, 2024	<u>\$ 53,312</u>

Except for recognition of amortization expenses, no significant impairment occurred in the intangible assets for the years ended December 31, 2024 and 2023. The above - mentioned computer software is amortized on a straight-line basis for three to five years of useful lives.

16. Prepayments for investments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments for investments	<u>\$ 198,585</u>	<u>\$ -</u>

The Company invested in Synergy Co., Ltd. by NT\$198,585 thousand on December 20, 2024. The investments in the ordinary shares of the Company are for mid-and long-term strategic purposes. As of December 31, 2024, the capital increase procedures of the company haven't been completed; therefore, the payments are recognized as prepayments for investments. The capital increase procedures for the aforementioned prepayments for investments have been completed on February 25, 2025.

17. Trade Payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Arising from operations	<u>\$ 3,581,537</u>	<u>\$ 2,993,294</u>

The Company establishes a financial risk management policy to ensure that all trade payables are repaid within the credit commitment period.

18. Other Payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salary payables	\$ 680,679	\$ 473,273
Export expense payables	275,428	114,833
Remuneration to employees and directors	362,450	214,595
Construction payment payables	85,872	-
Design expense payables	83,273	49,140
Commission payables	49,767	35,372
Labor and health insurance payables	13,700	11,192
Others	<u>206,137</u>	<u>114,939</u>
	<u>\$1,757,306</u>	<u>\$1,013,344</u>

19. Provisions

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Warranty	<u>\$ 36,395</u>	<u>\$ 18,522</u>

Warranty liability is the best estimate on the present value of future economic benefit outflows provided by the Company's management in accordance with the product sales agreements. This estimate is based on historical warranty experience.

20. Retirement Benefit Plans

(1) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the “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.

(2) Defined benefit plans

The Company implements the pension system and benefit plans in accordance with the R.O.C. Labor Standards Law. The payment of the pension is based on the length of service and average salary for the six-month period prior to the approved retirement date. The Company contributes an amount equal to 10% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans were as follows:

	December 31, 2024	December 31, 2023
Present Value of a Defined Benefit Obligation	\$ 454,342	\$ 448,785
Fair value of plan assets	(505,609)	(443,680)
Net defined benefit (assets) liabilities	(\$ 51,267)	\$ 5,105

Movements of the net defined benefit liability are as follows:

	Present Value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance, January 1, 2023	\$ 429,686	(\$ 387,074)	\$ 42,612
Current service cost	2,755	-	2,755
Interest expense(income)	5,030	(4,655)	375
Recognized in profit or loss	7,785	(4,655)	3,130
Remeasurement			
Return on plan assets	-	(3,911)	(3,911)
Actuarial loss (gain) arising from experience adjustments	20,096	-	20,096
Recognized in other comprehensive income	20,096	(3,911)	16,185
Contributed by the Company	-	(56,822)	(56,822)
Benefits paid	(8,782)	8,782	-
Balance, December 31, 2023	448,785	(443,680)	5,105

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	Present value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Current service cost	\$ 2,272	\$ -	\$ 2,272
Interest expense(income)	<u>5,204</u>	(<u>5,269</u>)	(<u>65</u>)
Recognized in profit or loss	<u>7,476</u>	(<u>5,269</u>)	<u>2,207</u>
Remeasurement			
Return on plan assets	-	(38,521)	(38,521)
Actuarial loss (gain) arising from changes in assumptions	(10,940)	-	(10,940)
Actuarial loss (gain) arising from experience adjustments	<u>32,360</u>	<u>-</u>	<u>32,360</u>
Recognized in other comprehensive income	<u>21,420</u>	(<u>38,521</u>)	(<u>17,101</u>)
Contributed by the Company	<u>-</u>	(<u>41,478</u>)	(<u>41,478</u>)
Benefits paid	(<u>23,339</u>)	<u>23,339</u>	<u>-</u>
Balance, December 31, 2024	<u>\$ 454,342</u>	(<u>\$ 505,609</u>)	(<u>\$ 51,267</u>)

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

	2024	2023
Operating cost	\$ 1,562	\$ 2,187
Selling expenses	310	439
Administrative expenses	199	317
Research and Development Expenses	<u>136</u>	<u>187</u>
	<u>\$ 2,207</u>	<u>\$ 3,130</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the 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 debt investments of the plan assets.
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 principal assumptions of the actuarial valuation were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discounted rate	1.55%	1.20%
Expected return rate on plan assets	1.55%	1.20%
Future salary increase rate	1.50%	1.50%

If there are reasonably possible movements in the major actuarial assumptions respectively, and all other assumptions remain constant, the amount that will increase (decrease) the present value of defined benefit obligation is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount Rate		
Increase 0.25%	(\$ 7,559)	(\$ 8,189)
Decrease 0.25%	<u>\$ 7,770</u>	<u>\$ 8,434</u>
Future salary increase rate		
Increase 0.25%	<u>\$ 7,509</u>	<u>\$ 8,150</u>
Decrease 0.25%	(<u>\$ 7,345</u>)	(<u>\$ 7,957</u>)

Since the actuarial assumptions may be correlated to each other and the movement of single assumption is unlikely, the above sensitivity analysis may not reflect the actual movement of the present value of defined benefit obligation.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Forecast amount within one year	<u>\$ 21,793</u>	<u>\$ 41,106</u>
Average maturity period of defined benefit obligations	6.78 years	7.45 years

21. Maturity analysis of assets and liabilities

The Company's assets and liabilities related to construction contract are classified as current or noncurrent according to operating cycle. According to the amounts expected to be receivable or payable within one year or longer than one year of the balance sheet date, the relevant accounts are listed as follows :

	<u>December 31, 2024</u>	
	<u>Within 1 Year</u>	<u>Longer than 1 Year</u>
		<u>Total</u>
<u>Assets</u>		
Refundable deposits (included in other current assets)	<u>\$ 279</u>	<u>\$ -</u>
Contract assets	<u>\$ 541,241</u>	<u>\$ -</u>
		<u>\$ 541,241</u>
<u>Liabilities</u>		
Contract liabilities	<u>\$ 112,889</u>	<u>\$ 7,183</u>
		<u>\$ 120,072</u>

	December 31, 2023		
	Within 1 Year	Longer than 1 Year	Total
<u>Assets</u>			
Refundable deposits (included in other current assets)	\$ 131	\$ -	\$ 131
Contract assets	\$ 414,531	\$ -	\$ 414,531
<u>Liabilities</u>			
Contract liabilities	\$ 115,491	\$ 56,734	\$ 172,225

22. Equity

(1) Capital - common stock

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	500,000	275,000
Authorized capitals	\$ 5,000,000	\$ 2,750,000
Issued and paid shares (in thousands)	287,164	261,059
Issued capital	\$ 2,871,644	\$ 2,610,585

The Company has resolved by the regular shareholders in 2024 meeting to increase the authorized capital from NT\$2,750,000 thousand to NT\$5,000,000 thousand, by revising the Articles of Incorporation of the Company to meet the operating requirements, enhance working capital and operate in practical.

The Company has resolved by the shareholders meeting on June 13, 2024 to implement capital increase by the unappropriated earnings of NT\$261,059 thousand. 26,105 thousand new shares have been issued with par value of NT\$10. The base date of the capital increase is August 2, 2024. The capital increase has given notice of effective registration to the FSC and the registration of changes has been completed.

(2) Capital surplus

	December 31, 2024	December 31, 2023
<u>Can be used to offset a deficit, distributed as cash dividends or expansion capital stocks (1)</u>		
Treasury stock transactions	\$ 1,033	\$ 1,033
Unclaimed cash dividends	869	803
<u>Can be used to offset a deficit (2)</u>		
Recognition of changes in ownership interests in subsidiaries	85,120	85,120
	\$ 87,022	\$ 86,956

1. This type of capital reserve can be used to make up for losses, and can also be used to distribute cash or capitalized when the Company has no losses, however the combined amount of any portions capitalized in any 1 year may not exceed certain percent of paid-in capital.
2. This type of capital surplus refers to the effect of equity transactions recognized for changes in the Company's equity when the Company has not effectively acquired or disposed of shares in a subsidiary, or the adjustments to the capital surplus recognized by the equity method for the Company's subsidiaries.

(3) Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, if the Company has made any profit in a given year, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings, then set aside a special capital reserve in accordance with relevant laws or regulations or in accordance with the provisions of laws. If there are still any earnings, the Board of Directors shall prepare a proposal to distribute bonus to shareholders with the remaining earnings plus any retained earnings and submit to the shareholders' meeting for resolution. The Company delegates to the Board of Directors the authority to resolve, by special resolution, that all or a portion of the dividends and bonuses payable shall be paid in cash and submitted to the shareholders' meeting. Regarding the remuneration policy of employees and directors, please Note 24 (6) Remuneration of employees and directors.

The dividend distribution policies shall be in response to current and future development plan, in consideration of investment requirements, funding requirements, and shareholders' benefit of the Company. The dividends distributed to shareholders shall not be lower than 60% of surplus available for distribution, may be distributed in cash or in stock, and the ratio of cash dividend shall be no less than 25% of total distribution.

An 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 deficits. 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.

The Company provides the special reserve for the net debit element of other equity accumulated in prior periods, for the portion of the unappropriated earnings of the prior period.

The appropriations of 2023 and 2022 earnings proposed by the Company's shareholders meeting held on June 13, 2024, and June 15, 2023 are as follows:

	2023	2022
Legal reserve	<u>\$ 256,431</u>	<u>\$ 86,445</u>
Special reserve	<u>\$ 29,142</u>	<u>\$ 21,905</u>
Cash dividends	<u>\$1,566,351</u>	<u>\$ 652,646</u>
Stock dividends	<u>\$ 261,059</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	<u>\$ 6.00</u>	<u>\$ 2.50</u>
Stock dividends per share (NT\$)	<u>\$ 1.00</u>	<u>\$ -</u>

The appropriations of earnings for 2024 proposed by the Company's Board of Directors on March 10, 2025 are as follows:

	2024
Legal reserve	<u>\$ 429,970</u>
Special reserve	<u>\$ 77,121</u>
Cash dividends	<u>\$ 2,584,480</u>
Stock dividends	<u>\$ 287,164</u>
Cash dividends per share (NT\$)	<u>\$ 9.00</u>
Stock dividends per share (NT\$)	<u>\$ 1.00</u>

The above appropriations of cash dividends have been approved by the Board of Directors, and the rest is yet to be resolved at the regular shareholders' meeting expected to be held on June 13, 2025.

(4) Other equity items

1. Exchange differences arising on translation of the financial statements of foreign operations

	2024	2023
Balance, beginning of year	(\$ 50,385)	(\$ 44,877)
Occurred in the current year		
Exchange differences arising on translation of foreign operations	<u>14,580</u>	(<u>5,508</u>)
Balance, end of year	(<u>\$ 35,805</u>)	(<u>\$ 50,385</u>)

2. Unrealized gain (loss) on financial assets at FVTOCI

	2024	2023
Balance, beginning of year	(\$ 38,240)	(\$ 14,606)
Unrealized gain or losses		
Equity instruments		
Equity instrument	(<u>91,701</u>)	(<u>23,634</u>)
Balance, end of year	(<u>\$ 129,941</u>)	(<u>\$ 38,240</u>)

23. Revenue

	2024	2023
Revenue from contract with customers		
Revenue from sale of goods		
Transformer	\$ 13,840,280	\$ 9,231,648
Distribution switchboards	1,641,651	1,532,977
Electrical distribution equipment	574,559	380,864
Electricity sales	14,269	21,507
Other	1,705,753	1,119,641
Construction revenue	<u>1,181,220</u>	<u>1,131,575</u>
	<u>\$ 18,957,732</u>	<u>\$ 13,418,212</u>

(1) Explanation of contract with customers

1. Revenue from sale of goods

Revenue shall be recognized when the equipment is inspected by electrical & mechanical department and delivered to designated place, departs from the port and is loaded into the vessel in accordance with the contracts. Contract assets shall be recognized when goods are transferred. Accounts receivables shall be recognized at the time when the Company has the unconditional right to receive the consideration. Receipts in advance shall be recognized as contract liabilities before the goods meet designated conditions.

2. Revenue from constructions

The Company measures the percentage of completion by the progress of the constructions. The Company 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 Company would complete all the contractual obligations, which shall be recognized as contract assets before the Company completes the performance of the contract.

(2) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable	<u>\$ 222,135</u>	<u>\$ 95,615</u>	<u>\$ 94,654</u>
Trade receivable (Note 10)			
Sale of goods	<u>\$ 3,239,098</u>	<u>\$ 2,103,522</u>	<u>\$ 1,839,124</u>
Contract asset			
Sale of goods	\$ 2,637,635	\$ 1,643,649	\$ 1,265,530
Construction	<u>541,241</u>	<u>414,531</u>	<u>192,230</u>
	<u>\$ 3,178,876</u>	<u>\$ 2,058,180</u>	<u>\$ 1,457,760</u>
Contract liabilities			
Sale of goods	\$ 4,416,226	\$ 2,609,462	\$ 1,484,764
Construction	<u>120,072</u>	<u>172,225</u>	<u>16,353</u>
	<u>\$ 4,536,298</u>	<u>\$ 2,781,687</u>	<u>\$ 1,501,117</u>

The credit risk management of contract assets adopted by the Company is the same as that of accounts receivable. Please refer to Note 10.

The amounts recognized as revenue in the current year from the beginning contract liabilities and performance of obligations satisfied in prior periods are as follows:

	<u>2024</u>	<u>2023</u>
<u>From beginning contract liabilities</u>		
Sale of goods	\$ 1,035,894	\$ 770,512
Construction	<u>101,631</u>	<u>4,887</u>
	<u>\$ 1,137,525</u>	<u>\$ 775,399</u>

(3) Revenue from Contracts with Customers
2024

	Electrical & Mechanical Department	Turnkey Department	Total
Sales revenue	\$17,776,512	\$ -	\$17,776,512
Construction revenue	<u>-</u>	<u>1,181,220</u>	<u>1,181,220</u>
	<u>\$17,776,512</u>	<u>\$ 1,181,220</u>	<u>\$18,957,732</u>

2023

	Electrical & Mechanical Department	Turnkey Department	Total
Sales revenue	\$12,286,637	\$ -	\$12,286,637
Construction revenue	<u>-</u>	<u>1,131,575</u>	<u>1,131,575</u>
	<u>\$12,286,637</u>	<u>\$ 1,131,575</u>	<u>\$13,418,212</u>

24. Net Income

(1)	Interest income		
		2024	2023
	Bank deposits	\$ 41,070	\$ 20,340
	Repurchase agreements	23,241	-
	Others	669	103
		<u>\$ 64,980</u>	<u>\$ 20,443</u>
(2)	Other income		
		2024	2023
	Export tax rebate	\$ 74,081	\$ 41,305
	Government grant revenue	14,938	12,513
	Commission revenue	1,144	4,860
	Others	1,808	2,337
		<u>\$ 91,971</u>	<u>\$ 61,015</u>
(3)	Other gains and losses		
		2024	2023
	Financial assets and liabilities interest		
	Gain on financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 1,047
	Gain (loss) on disposal of property, plant and equipment	27,825	(359)
	Others	(1,682)	762
		<u>\$ 26,143</u>	<u>\$ 1,450</u>
(4)	Financial cost		
		2024	2023
	Bank loan interest	\$ 22,454	\$ 34,665
	Interest of lease liabilities	1,568	463
	Other financial cost	769	333
		<u>\$ 24,791</u>	<u>\$ 35,461</u>

(5) Depreciation, Amortization, and Employee benefits expenses

	2024			2023		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Employee benefits expenses						
Salary	\$ 967,849	\$ 789,542	\$1,757,391	\$ 732,413	\$ 535,584	\$1,267,997
Labor and Health Insurance	64,837	28,480	93,317	47,739	21,771	69,510
Pension						
Defined contribution plan	21,504	11,436	32,940	17,544	9,317	26,861
Defined benefit plan	1,562	645	2,207	2,187	943	3,130
Compensation to directors	-	93,318	93,318	-	62,462	62,462
Other employee benefits	39,962	13,613	53,575	28,908	10,524	39,432
	<u>\$1,095,714</u>	<u>\$ 937,034</u>	<u>\$2,032,748</u>	<u>\$ 828,791</u>	<u>\$ 640,601</u>	<u>\$1,469,392</u>
Depreciation	<u>\$ 104,486</u>	<u>\$ 19,889</u>	<u>\$ 124,375</u>	<u>\$ 74,665</u>	<u>\$ 14,917</u>	<u>\$ 89,582</u>
Amortization	<u>\$ 8,561</u>	<u>\$ 16,573</u>	<u>\$ 25,134</u>	<u>\$ 9,530</u>	<u>\$ 15,554</u>	<u>\$ 25,084</u>

(6) Employee and directors' compensation

In accordance with the Article of Incorporation, the Company has made any profit in a given year (meaning any net profit before tax, minus employee and directors' compensation), the Company shall appropriate from the remaining amount no less than 3% for the employee compensation, and no more than 2% for the Directors remuneration. The resolutions of estimated employee compensation and Directors' remuneration for 2024 and 2023 by the Board of Directors on March 10, 2025 and March 8, 2024 respectively as follows:

Estimated percentage

	2024	2023
Employee compensation	5.00%	5.00%
Directors' remuneration	1.40%	1.50%

Amount

	2024	2023
	Cash	Cash
Employee compensation	\$ 283,164	\$ 165,073
Directors' remuneration	79,286	49,522

If there is still any change in the amount of the annual parent only financial statements after the date of publication, it shall be handled according to the changes in accounting estimates and adjusted and recorded in the next year.

There is no difference between the amounts of appropriations of employee compensation and directors' remuneration and the amounts recognized in the parent only financial statements of 2023 and 2022, respectively.

The information about the appropriations of the Company's employee compensation and directors' remuneration is available at the Market Observation Post System website.

(7) Exchange gains and (losses)

	2024	2023
Gain on foreign exchange	\$ 197,524	\$ 88,919
Loss on foreign exchange	(23,060)	(66,555)
Net gain and loss	<u>\$ 174,464</u>	<u>\$ 22,364</u>

25. Income tax

(1) Key items of income tax expense recognized in profit or loss

	2024	2023
Current income tax expense		
Recognized in the current year	\$ 904,483	\$ 525,982
Tax on undistributed earnings	22,566	5,173
Adjustments on prior years	<u>86,492</u>	<u>3,202</u>
	<u>1,013,541</u>	<u>534,357</u>
Deferred income tax benefit		
Recognized in the current year	1,267	(15,110)
Adjustment on prior years	<u>-</u>	<u>(9,645)</u>
	<u>1,267</u>	<u>(24,755)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,014,808</u>	<u>\$ 509,602</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2024	2023
Income before tax	<u>\$ 5,300,828</u>	<u>\$ 3,086,862</u>
Income tax expense at the statutory rate	\$ 1,060,166	\$ 617,372
Tax-exempt income	(130,672)	(98,184)
Additional income tax on unappropriated earnings	22,566	5,173
Unrecognized deductible temporary difference	(4,607)	(9,644)
Investment Tax Credit	(19,137)	(8,317)
Income tax adjustments on prior years		
adjustments on current year	<u>86,492</u>	<u>3,202</u>
Income tax expense recognized in profit or loss	<u>\$ 1,014,808</u>	<u>\$ 509,602</u>

(2) Income tax expense recognized in other comprehensive income

	2024	2023
Deferred tax		
Recognized in the current period		
- Remeasurement of defined benefit obligation	(\$ 3,421)	\$ 3,237
Income tax expense recognized in other comprehensive income	<u>(\$ 3,421)</u>	<u>\$ 3,237</u>

(3) Income tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Income tax assets</u>		
Income tax refund receivable	\$ -	\$ 22,081
<u>Income tax liabilities</u>		
Income tax payable	\$ 606,705	\$ 515,664

(4) Deferred income tax assets and liabilities

The changes of the deferred income tax assets and liabilities were as follows:

2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Defined benefit and pension plans	\$ 1,022	(\$ 1,022)	\$ -	\$ -
Inventory valuation losses	2,731	(594)	-	2,137
Export income cost adjustment item	19,763	24,591	-	44,354
Unrealized exchange loss	4,945	(4,945)	-	-
Others	2,037	(663)	-	1,374
	<u>\$ 30,498</u>	<u>\$ 17,367</u>	<u>\$ -</u>	<u>\$ 47,865</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 40,621	\$ -	\$ -	\$ 40,621
Defined benefit retirement plan	-	6,832	3,421	10,253
Unrealized exchange gain	-	4,798	-	4,798
Share of profit or loss of subsidiaries accounted for using equity method	44,113	7,004	-	51,117
	<u>\$ 84,734</u>	<u>\$ 18,634</u>	<u>\$ 3,421</u>	<u>\$ 106,789</u>

2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Defined benefit and pension plans	\$ 8,523	(\$ 10,738)	\$ 3,237	\$ 1,022
Inventory valuation losses	8,753	(6,022)	-	2,731
Export income cost adjustment item	19,763	-	-	19,763
Unrealized exchange loss	461	4,484	-	4,945
Others	650	1,387	-	2,037
	<u>\$ 38,150</u>	<u>(\$ 10,889)</u>	<u>\$ 3,237</u>	<u>\$ 30,498</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 40,621	\$ -	\$ -	\$ 40,621
Share of profit or loss of subsidiaries accounted for using equity method	79,757	(35,644)	-	44,113
	<u>\$ 120,378</u>	<u>(\$ 35,644)</u>	<u>\$ -</u>	<u>\$ 84,734</u>

(5) Income tax examination

The tax authorities have examined income tax of the Company prior to 2022.

26. Earnings per share

	2024	Units: NT\$ per Share 2023
Basic earnings per share	<u>\$ 14.93</u>	<u>\$ 8.97</u>
Diluted earnings per share	<u>\$ 14.90</u>	<u>\$ 8.96</u>

When calculating earnings per share, the effects of stocks distributed without compensation have been adjusted retrospectively. The base date of the stocks distributed without compensation is on August 2, 2024. The changes in basic and diluted earnings per share for the year ended December 31, 2023 resulting from the retrospective adjustments are as follows:

	Before the retrospectively adjustments	Units: NT\$ per Share After the retrospectively adjustments
Basic earnings per share	<u>\$ 9.87</u>	<u>\$ 8.97</u>
Diluted earnings per share	<u>\$ 9.85</u>	<u>\$ 8.96</u>

The earnings and weighted average number of ordinary shares outstanding used to calculate earnings per share are as below:

	2024	2023
Current year net income	<u>\$4,286,020</u>	<u>\$2,577,260</u>

Number of shares

Unit: Thousand shares

	2024	2023
Calculation of weighted average number of common stock shares	287,164	287,164
The effect of potentially dilutive ordinary shares:		
Employee compensation	<u>559</u>	<u>636</u>
The calculation of diluted EPS is based on the weighted average number of ordinary shares	<u>287,723</u>	<u>287,800</u>

When the Company chooses to pay employees in stock or cash, for the purpose of calculating diluted earnings per share, it is assumed that employee compensation will be paid in stock, and the weighted average number of shares outstanding will be included in the calculation of diluted earnings per share when the potential common stock has a dilutive effect. 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.

27. Capital management

The formulation of the Company's capital structure management strategy is based on the industry scale of the Company's business, the future growth and development prospects of the industry, to determine the Company's appropriate market share, and accordingly plan the required production capacity, plant equipment and corresponding capital expenditures required to achieve this production capacity. Then, based on the characteristics of the industry, the Company measures the required working capital and cash to make an overall plan for the scale of various assets required for the Company's long-term development.

The Company's management periodically examines the capital structure and weights the probable costs and risks associated with different capital structures. In general, the Company adopts a prudent risk management strategy.

28. Financial Instruments

(1) Fair value information: Financial instruments not measured at fair value

There is no significant difference between the book value and fair value of the Company's financial assets and financial liabilities not at fair value as of December 31, 2024 and 2023.

(2) Fair value information: Financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Private placement funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,260</u>	\$ <u>15,260</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment instrument				
- Unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>244,302</u>	\$ <u>244,302</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment instrument				
- Unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>288,752</u>	\$ <u>288,752</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2024 and 2023.

2. The reconciliation of financial instruments categorized within level 3
2024

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
Financial assets	Other financial instruments	Equity instruments	Total
Beginning balance	\$ -	\$ 288,752	\$ 288,752
Recognized in other comprehensive income	-	(91,701)	(91,701)
Purchases	15,260	47,251	62,511
Ending balance	<u>\$ 15,260</u>	<u>\$ 244,302</u>	<u>\$ 259,562</u>

2023

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
Financial assets	Other financial instruments	Equity instruments	Total
Beginning balance	\$ -	\$ 312,386	\$ 312,386
Recognized in other comprehensive income	-	(23,634)	(23,634)
Ending balance	<u>\$ -</u>	<u>\$ 288,752</u>	<u>\$ 288,752</u>

(3) Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 5,793,041	\$ 3,891,358
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	15,260	-
Financial assets measured at fair value through other comprehensive income		
Equity investment instrument	244,302	288,752
<u>Financial liabilities</u>		
Amortized cost (Note 2)	6,014,371	4,579,875
Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, trade receivable, trade receivable - related parties, other receivables, prepayments for investments, refundable deposits and other financial assets.		

Note 2: Including financial liabilities measured at amortized cost, such as trade payable, trade payable - related parties, other payables, and guaranteed deposits received.

(4) Financial risk management objectives

The Company's major financial instruments include cash and cash equivalents, equity instrument investment, trade receivables, trade payable, lease liabilities and borrowings. The Company'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 Company 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.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The Company is exposed to the financial market risks, primarily changes in foreign currency exchange rates (please refer to the following (1)) and in interest rates (please refer to the following (2)).

There is no change in the Company's exposure to market risks of financial instruments and its management and measurement of such exposure.

(1) Foreign currency risk

The Company manages exchange rate risk by using appropriate hedging tools. The Company 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 it 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.

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies and the carrying amounts of derivative instrument with exposure to exchange rate risks at the balance sheet date, please refer to Note 32.

Sensitivity Analysis

The Company is mainly affected by the fluctuation of US dollar exchange rate.

The following table details the sensitivity analysis of the Company when the exchange rate of NT\$1 (functional currency) increases and decreases 1% for each relevant foreign currency. One percent (1%) is the sensitivity ratio used when reporting exchange rate risk to major management within the Company, and also represents the management's evaluation of the

reasonable possible range of changes in foreign currency exchange rate. Sensitivity analysis only includes foreign currency circulating outside the Company, and adjusts the year-end translation by a 1% change in exchange rates. The positive value of the following table is the amount that will increase the net profit before tax when the New Taiwan dollar of the Company's net assets position depreciates 1% against the US dollar; when the New Taiwan dollar rises 1% against the US dollar, its impact on the net profit before tax will be negative of the same amount.

	Impact of US dollar	
	2024	2023
Profit or Loss (i)	<u>\$ 18,646</u>	<u>\$ 10,079</u>

- (i) It is mainly derived from the Company's bank deposits, and receivables and payables denominated in US dollar, which are still in circulation on the balance sheet date and are not for cash flow hedges.

The management believes that sensitivity analysis cannot represent the inherent risk of exchange rate, because the foreign currency exposure on the balance sheet date cannot reflect the midterm exposure.

- (2) Interest rate risk
As individuals in the Company loan at both fixed and floating rates, interest rate risk arises.
The Company's book value of financial assets and financial liabilities subject to interest rate exposure on the balance sheet date is as follows :

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate		
- Financial assets	\$ 1,693,977	\$ 32,414
- Financial liabilities	226,841	40,285
Cash flow interest rate risk		
- Financial assets	167,376	858,731

Sensitivity analysis

The following sensitivity analysis is determined by the interest rate risk of non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, the analysis method is to assume that the assets and liabilities that are outstanding at the balance sheet date are all circulating outside at the reporting period. The rate of change used in the internal reporting of interest rates to the executive management is 100 basis points increase or decrease of interest rates, which also represents the management's assessment of the reasonable range of possible changes in interest rates.

If the interest rate increases or decreases by 100 basis points, and all other variables remain unchanged, the Company's net profit before tax for 2024 and 2023 will decrease or increase by \$1,674 thousand and \$8,587 thousand mainly due to the changes in variable interest rate deposits.

(3) Other price risk

The Company has a risk of equity price risk due to equity securities investment. The Company has not actively traded such investments.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure at the balance sheet date.

If the price of other financial instruments rises or falls by 1%, the profit or loss before tax in 2024 will increase or decrease by \$153 thousand due to the change in fair value of financial assets measured at fair value through profit or loss. If the equity price rises or falls by 1%, the other comprehensive income before tax in 2024 and 2023 will increase or decrease by \$2,443 thousand and \$2,888 thousand due to the change in fair value of financial assets measured at fair value through other comprehensive income

2. Credit risk

Credit risk refers to the risk of the Company's financial loss caused by the default of the counterparty. As of the balance sheet date, the Company's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to perform their obligations and the financial guarantee provided by the Company mainly comes from the book value of financial assets recognized in the parent company only balance sheet.

In order to minimize credit risk, the management of the Company has delegated a team responsible for implementing monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company 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 Company's management believes that the Company's credit risk has been significantly reduced.

Trade receivable covers a large number of customers, scattered in different industries and geographical regions. The Company continuously evaluates the customers' financial situation of trade receivable

In addition, because the counterparty of liquidity capital and derivative financial instruments are financial institutions and companies with good credit rating, the credit risk is limited.

3. Liquidity risk

The Company manages and maintains sufficient cash to support operations and mitigate the impact of cash flow volatility. The management of the Company shall supervise the use of bank lines of credit and ensure the compliance with the terms of the loan agreement.

Bank loans are an important source of liquidity for the Company. As of December 31, 2024 and 2023, the unused bank loan and bill company financing lines were \$10,105,954 thousand and \$9,748,795 thousand respectively.

Table of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contract of non-derivative financial liabilities are prepared according to the undiscounted cash flow (including principal and estimated interest) of financial liabilities according to the date when the Company may be called for repayment immediately. Therefore, the following table is the bank loans that the Company may be called for repayment immediately without considering the probability of the bank immediately enforcing the right. Other non-derivative financial liabilities maturity analysis is prepared according to the agreed repayment dates.

For interest cash flow paid with floating rate, the amount of undiscounted interest is derived from the yield curve on the balance sheet date.

December 31, 2024

	Payable on demand less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years
<u>Non-derivatives</u>					
<u>financial</u>					
<u>liabilities</u>					
Non-interest- bearing liabilities	\$ 681,206	\$ 4,282,179	\$ 606	\$ -	\$ -
Lease liabilities	3,755	9,026	47,322	124,688	56,655
	<u>\$ 684,961</u>	<u>\$ 4,291,205</u>	<u>\$ 47,928</u>	<u>\$ 124,688</u>	<u>\$ 56,655</u>

Further information on the maturity analysis of lease liability is as follows:

	Less than 1 Year	1 – 5 Years	5 – 10 Years	10 – 15 Years
Lease liabilities	<u>\$ 60,103</u>	<u>\$124,688</u>	<u>\$ 56,655</u>	<u>\$ -</u>

December 31, 2023

	Payable on demand less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years
Non-derivatives financial liabilities				
Non-interest-bearing liabilities	\$ 448,285	\$ 2,867,925	\$ 427	\$ -
Lease liabilities	<u>1,443</u>	<u>2,886</u>	<u>12,040</u>	<u>24,846</u>
	<u>\$ 449,728</u>	<u>\$ 2,870,811</u>	<u>\$ 12,467</u>	<u>\$ 24,846</u>

Further information on the maturity analysis of lease liability is as follows:

	Less than 1 Year	1 – 5 Years	5 – 10 Years	10 – 15 Years
Lease liabilities	<u>\$ 16,369</u>	<u>\$ 24,846</u>	<u>\$ -</u>	<u>\$ -</u>

29. Related Party Transactions

The transactions between the Company and its related parties, other than those disclosed in other notes, are as follows :

(1) Related party name and categories

Related Party Name	Related Party Categories
Fortune Electric Value Co., Ltd. (Fortune Electric Value Company)	Subsidiary
Wuhan Fortune Electric Co., Ltd (Wuhan Fortune Company)	Subsidiary
Fortune Electric America Inc. (USA Fortune Company)	Subsidiary
Fortune Electric Extra High Voltage Co., Ltd. (Fortune Extra High Voltage Company)	Subsidiary
Fortune Electric Australia PTY LTD (Australian Fortune Company)	Subsidiary
E-Total Link	Associate
Hsin He Energy Co., Ltd. (Hsin He Energy Company)	Other related party
Hua Cheng Investment Co., Ltd. (Hua Cheng Company)	Other related party
Synergy Co., Ltd. (Synergy Company)	Other related party

(2) Operating revenue

Item	Related Party Categories/Name	2024	2023
Revenue from sales of goods	Subsidiaries	\$ 73,824	\$ 338,358
	Associates	<u>440</u>	<u>58</u>
		<u>\$ 74,264</u>	<u>\$ 338,416</u>

For other transactions with related parties, the price and payment and collection terms are equivalent to those of non-related parties.

(3) Purchases

Related Party Categories/Name	2024	2023
Subsidiaries		
Fortune Electric Extra High Voltage Company	\$ 2,214,675	\$ 1,350,304
Other	121,531	87,494
Associates	2,460	1,278
	<u>\$ 2,338,666</u>	<u>\$ 1,439,076</u>

The purchase price and payment terms are equivalent to those of non-related parties.

(4) Receivable from related parties (excluding loans to related parties and contract assets)

Items	Related Party Categories/Name	December 31, 2024	December 31, 2023
Receivables	Subsidiaries		
	USA Fortune Company	\$ -	\$ 24,277
	Australian Fortune Company	17,508	-
	Fortune Electric Value Company	8,277	-
	Others	<u>1,565</u>	<u>472</u>
		<u>\$ 27,350</u>	<u>\$ 24,749</u>
Other receivables (Classified under other current assets)	Subsidiaries		
	Wuhan Fortune Company	\$ 382	\$ 18
	Others	<u>38</u>	<u>-</u>
		<u>\$ 420</u>	<u>\$ 18</u>

The outstanding receivables from related parties are not guaranteed, and no allowance for losses is provided for account receivables from related parties in 2024 and 2023.

(5) Payable to related parties (Excluding loans from related parties)

Item	Related Party Categories/Name	December 31, 2024	December 31, 2023
Payable to related parties	Subsidiaries		
	Fortune Extra High Voltage Company	\$ 551,780	\$ 531,861
	USA Fortune Company	89,752	29,888
	Fortune Electric Value Company	1,620	312
	Wuhan Fortune Company	25,125	4,737
	Associates	<u>-</u>	<u>68</u>
		<u>\$ 668,277</u>	<u>\$ 566,866</u>

The balance of outstanding trade payable to related parties did not provide guarantees.

(6) Prepayment

Account	Related Party Categories/Name	December 31, 2024	December 31, 2023
Prepayments for goods	Fortune Extra High Voltage Company Wuhan Fortune Company	\$ 561,213 13,080 <u>\$ 574,293</u>	\$ 280,952 713 <u>\$ 281,665</u>

(7) Lease Agreement

Account	Related Party Categories/Name	December 31, 2024	December 31, 2023
Lease liabilities - current	Other related parties	<u>\$ -</u>	<u>\$ 170</u>

Related Party Categories/Name	2024	2023
<u>Finance costs</u>		
Other related parties	<u>\$ 1</u>	<u>\$ 3</u>
<u>Operating expenses</u>		
Other related parties	<u>\$ 168</u>	<u>\$ 168</u>

Rentals in the lease contracts with related parties are negotiated based on market prices, and paid in accordance with general terms.

(8) Lease agreement

Operating lease rentals

The Company operating leases the right to use the office to other related parties, Hua Cheng Investment Co., Ltd. and its subsidiary Fortune Energy CO., LTD, and the lease terms for both contracts are for one year. The Company operating leases the right to use the office to the subsidiary, Fortune Energy CO., LTD., and the lease term is for 3 years.

The total rental payments to be collected in the future are summarized as follows:

Related Party Categories/Name	December 31, 2024	December 31, 2023
Subsidiaries	\$ 24	\$ 133
Associates	57 <u>\$ 81</u>	5 <u>\$ 138</u>

The lease income is summarized as follows:

Related Party Categories/Name	2024	2023
Subsidiaries	\$ 114	\$ 114
Other associates	57 <u>\$ 171</u>	57 <u>\$ 171</u>

Rentals in the lease contracts with related parties are negotiated based on market prices, and collected in accordance with general terms.

(9) Acquisition of financial assets
2024

Related Party Categories/Name	Account	Number of shares in the transaction	Underlying target	Consideration of acquisition
Other related party - Hsin He Energy Co., Ltd.	Financial assets at fair value through other comprehensive income	4,725	Ordinary shares	<u>\$ 47,251</u>
Other related party - Synergy Co., Ltd.	Prepayments for investments	19,859	Ordinary shares	<u>\$ 198,585</u>

2023: None.

(10) Acquisition of other assets

Account	Related Party Name	2024	2023
Prepayments for equipment	Subsidiary Wuhan Fortune Company	<u>\$ 20,722</u>	<u>\$ 2,459</u>

(11) Acquisition of property, plant and equipment

Related Party Categories/Name	Consideration of acquisition	
	2024	2023
Wuhan Fortune Company	<u>\$ 10,172</u>	<u>\$ 9,105</u>

(12) Endorsement and guarantees for others

On the following balance sheet dates, the amount of endorsements and guarantees provided by the Company to related parties and endorsements and guarantees and line of credit signed with the banks approved by the board of directors are as follows:

Related Party Categories	December 31, 2024	December 31, 2023
Subsidiaries		
Fortune Electric Extra High Voltage Company	\$ 1,450,000	\$ 1,874,000
Wuhan Fortune Company	-	30,705
	<u>\$ 1,450,000</u>	<u>\$ 1,904,705</u>
Other related parties		
Hsin He Energy Company	<u>\$ 252,750</u>	<u>\$ 252,750</u>

(13) Other related party transaction

Related Party Categories/Name	Manufacturing Expense	
	2024	2023
Subsidiaries		
Wuhan Fortune Company	\$ 266	\$ 2,441
Fortune Electric Value Company	61	-
	<u>\$ 327</u>	<u>\$ 2,441</u>

Related Party Categories/Name	Operating Expense	
	2024	2023
Subsidiaries		
USA Fortune Company	\$ 199,494	\$ 78,304
Fortune Electric Value Company	229	208
	<u>\$ 199,723</u>	<u>\$ 78,512</u>

Related Party Categories/Name	Other Revenue	
	2024	2023
Subsidiaries		
Fortune Electric Value Company	\$ -	\$ 61

Related Party Categories/Name	Other Expenditures	
	2024	2023
Subsidiaries		
Fortune Extra High Voltage Company	<u>\$ 1,725</u>	<u>\$ -</u>

(14) Compensation of key management personnel

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 219,708	\$ 155,301
Post-employment benefits	<u>3,738</u>	<u>2,429</u>
	<u>\$ 223,446</u>	<u>\$ 157,730</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

30. Pledged asset

The following assets are pledged as collaterals for guarantees for credit lines, bid bonds, and performance bonds for sales :

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Refundable deposits (Current portion is included in other current assets)	\$ 67,564	\$ 44,122
Pledge of certificate of deposit (Financial assets at amortized cost)	32,700	32,414
Property, plant and equipment, net	<u>1,021,370</u>	<u>977,911</u>
	<u>\$ 1,121,634</u>	<u>\$ 1,054,447</u>

31. Significant Contingent liabilities and Unrecognized Commitments

Except for those explained in other notes, significant contingent liabilities and unrecognized commitments of the Company as of the end of balance sheet date were as follows:

- (1) As of December 31, 2023, the balance of unused L/C amount total US\$5,322 thousand, and EUR 2,264 thousand.
- (2) As of December 31, 2024, a total of \$1,914,957 thousand of financing bills has been issued as guarantees for bank financing, endorsement and sales fulfillment.

32. Significant exchange rate information of foreign currency financial assets and liabilities

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 75,394	32.79 (USD: NT dollar)	<u>\$ 2,471,804</u>
<u>Non-Monetary items</u>			
Investments accounted for using equity method			
USD	8,341	32.79 (USD: NT dollar)	<u>\$ 273,456</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	18,521	32.79 (USD: NT dollar)	<u>\$ 607,198</u>

December 31, 2023

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 42,637	30.71 (USD: NT dollar)	<u>\$ 1,309,174</u>
<u>Non-Monetary items</u>			
Investments accounted for using equity method			
USD	7,294	30.71 (USD: NT dollar)	<u>\$ 223,951</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	9,811	30.71 (USD: NT dollar)	<u>\$ 301,260</u>

Significant exchange gains and losses (realized and unrealized) were as follows:

	2024		2023	
Functional currency	Translation from the functional currency to the presentation currency	Net exchange gains and losses	Translation from the functional currency to the presentation currency	Net exchange gains and losses
NTD	(NTD : NTD)	<u>\$ 174,464</u>	1 (NTD : NTD)	<u>\$ 22,364</u>

33. Additional disclosures

(1) Information on significant transactions and (2) Information on investees:

1. Lending funds to others. (None)
2. Providing endorsements or guarantees for others. (See Table 1 attached)
3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (See Table 2 attached).
4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
5. Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (See Table 3 attached)
6. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (See Table 4 attached)
8. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (See Table 5 attached)
9. Trading in derivative instruments. (None)
10. Information on investee companies. (See Table 6 attached)

(2) Information on investments in Mainland China :

1. The name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in Mainland China. (See Table 7 attached)
2. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses : (See Tables 1, 6 and 7 attached and Note 29)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- (3) Information on major shareholders: the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the issuer's equity. (See Table 8 attached)

Fortune Electric Co., Ltd.
Providing endorsements or guarantees for others
For the year ended December 31, 2024

Table 1

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

No.	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements(%)	Maximum Endorsement/Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Fortune Electric Co., Ltd.	Fortune Electric Extra High Voltage Company	Subsidiary	\$ 4,341,395	\$ 2,174,000	\$ 1,450,000	\$ 46,890	\$ -	16.70	\$ 5,209,674	Y	N	N	
0	Fortune Electric Co., Ltd.	Wuhan Fortune Electric Co., Ltd	Sub-subsidiary	4,341,395	32,835	-	-	-	-	5,209,674	Y	N	Y	
0	Fortune Electric Co., Ltd..	Hsin He Energy Company	Joint venture	4,341,395	252,750	252,750	252,750	-	2.91	5,209,674	N	N	N	

Note 1 : The amount of endorsement or guarantee for a single enterprise shall not exceed 50% of the Company’s net worth, i.e., \$8,682,790×50% = \$4,341,395.

Note 2 : The total amount of endorsements or guarantees shall not exceed 60% of the Company’s net worth, i.e., \$8,682,790×60% = \$5,209,674.

Fortune Electric Co., Ltd.
Marketable Securities Held
December 31, 2024

Table 2

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	End of Year				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership(%)	Fair Value	
Fortune Electric Co., Ltd.	<u>Stock</u> Raynergy Tek Incorporation	-	Financial assets at fair value through other comprehensive income	727	\$ -	3.46	\$ -	(Note 2)
	ProMOS Technologies Inc.	-	Financial assets at fair value through other comprehensive income	26	-	0.06	-	
	Hsin He Energy Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	30,000	214,800	15.00	214,800	
	E-Formular Technologies. Inc	Other related party	Financial assets at fair value through other comprehensive income	1,200	12,600	4.49	12,600	
	Synergy Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	1,471	16,902	14.71	16,902	
	<u>Private placement fund</u> Blue magpie growth fund limited partnership	-	Financial assets at fair value through profit or loss	-	15,260	-	15,260	

Note 1: Information on investment in subsidiaries and associates, please refer to Table 6 and Table 7.

Note 2: The Company invested in Synergy Co., Ltd. by NT\$198,585 thousand on December 20, 2024. As of December 31, 2024, the capital increase procedures of the company haven't been completed; therefore, the payments are recognized as prepayments for investments. The capital increase procedures for the aforementioned prepayments for investments have been completed on February 25, 2025.

Fortune Electric Co., Ltd.
Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more
For the year ended December 31, 2024

Table 3

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

The acquiring company	Name of property	Date of factual occurrence	Transaction amount	Payment condition	Counterparty	Relationship	Information on the last preceding transfer, if the counterparty is the related party				Reference basis upon which the price was determined	The specific purpose of the acquisition or disposal and the usage status of the object	Other special stipulations
							Owner	Relationship with the company	Date of transfer	Amount			
The Company	Plant in Guanyin	2024/11/8	\$ 733,950	\$ -	IJIA Construction Engineering Co., Ltd.	None.	-	-	-	\$ -	N/A	For production	-

Note: The board of directors has resolved to approve the proposal for budget of expanding the third plant in Guanyin on September 30, 2024. Payments are made based on the progress of the construction in accordance with the property construction contract.

Fortune Electric Co., Ltd.
Purchase or sales of goods from or to related parties reaching NT\$100 million or more than 20 percent of paid-in capital or more
For the year ended December 31, 2024

Table 4

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Balance	% to Total	
Fortune Electric Co., Ltd.	Fortune Electric Extra High Voltage Co., Ltd.	Subsidiary	Purchases	\$ 2,214,675	20.27%	90 Days	-	-	(\$ 551,780)	(12.98%)	
Fortune Electric Co., Ltd.	Wuhan Fortune Company	Sub-subsidiary	Purchases	119,495	1.09%	90 Days	-	-	(25,125)	(0.59%)	
Fortune Electric Extra High Voltage Co., Ltd.	USA Fortune Company	Fellow subsidiary	Sales	(750,499)	(3.71%)	90 Days	-	-	246,968	30.76%	

Fortune Electric Co., Ltd.
Receivables from related parties reaching NT\$100 million or more than 20% of the paid-in capital
For the year ended December 31, 2024

Table 5

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Company with Accounts Receivables	Name of Counterparty	Relationship	Receivable from Related Parties Balance of Payment	Turnover Rate	Overdue amounts due from related parties		Accounts Overdue from Related Parties Accounts Received after overdue	Allowance for Loss
					Amount	Disposal		
Fortune Electric Extra High Voltage Co., Ltd.	Fortune Electric Co., Ltd.	Parent-subsiidiary	\$ 551,780	4.09	\$ -	-	\$ 551,780	\$ -
Fortune Electric Extra High Voltage Co., Ltd.	USA Fortune Company	Fellow subsidiary	246,968	3.33	-	-	88,436	-

Fortune Electric Co., Ltd.
Names, Locations, and related Information of Investees...related information
January 1 to December 31, 2024

Table 6

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				December 31, 2024	December 31, 2023	Number of Shares	Percentage of Ownership(%)	Carrying Value			
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	Importing and Trade business, investment holding, agent business	\$ 43,552	\$ 43,552	100 thousand	100.00	\$ 179,371	\$ 12,409	\$ 12,408	Subsidiary
	Fortune Electric America Inc.	23133 Hawthorne Blvd. Suite 200 Torrance, CA 90505	Agent business	2,949	2,949	1 thousand	100.00	94,085	22,094	22,094	Subsidiary
	Fortune Electric Extra High Voltage Co., Ltd.	No. 500, Nanheng 1st Rd., Wuqi Dist., Taichung City	Transformers manufacturing, machining and trading	564,800	564,800	110,000 thousand	100.00	1,903,647	680,444	680,444	Subsidiary (Note 2)
	E-TotalLink	Shin Osaka SONE Building No. 1204, Nish-Nakajima 7-chome No. 29, Yodogawa-ku, Osaka Prefecture	Transformers manufacturing, machining and trading	1,385	1,385	100	25.00	2,230	696	175	Associate
	Fortune Energy Co., Ltd.	No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City	Transformers, capacitors, power distribution equipment manufacturing, and sales of renewable electricity	29,000	1,000	2,900 thousand	100.00	28,610	(84)	(84)	Subsidiary (Note 3)
	Fortune Electric Australia Pty Ltd.	Level 7, 60 York. Street, Sydney NSW 2000, Australia	Trade business	10,173	10,173	500 thousand	100.00	11,925	345	345	Subsidiary
	Fortune Electric Value Co., LTD.	14F, No. 191, Fuxing N. Rd., Da'an Dist., Taipei City	Electric vehicle charging and operation services, design and establishment of charging stations, R&D of equipment, systems and technologies, and sales.	182,000	182,000	18,200 thousand	64.25	163,676	(42,026)	(27,002)	Subsidiary
Power Energy International Ltd.	Wuhan Fortune Electric Co., Ltd	NO. 2832 Dong Si Who Avenue, Wuhan, Hubei Province, China	Import and export business of various commodities and technologies	USD1,000 thousand	USD1,000 thousand	-	100.00	USD 1,948 thousand	USD386 thousand	USD386 thousand	Sub-subsidiary
Fortune Electric Value Co., LTD.	SQTek Co., Ltd.	2F., No. 423-5, Zhengguang Rd., Taoyuan Dist., Taoyuan City	Information software service	1,000	1,000	100 thousand	20.00	-	(1,219)	(199)	Associate (Note 4)

Note 1: It is calculated on the basis of the financial statements of the invested company that have not been reviewed by accountants during the same period and the shareholding ratio of the Company.

Note 2: Fortune Electric Extra High Voltage Co., Ltd. has resolved by the shareholders meeting on behalf of the board of directors on June 5, 2024 to implement capital increase by earnings by \$300,000 thousand.

Note 3: Fortune Energy Co., Ltd. has resolved by the shareholders meeting on behalf of the board of directors on June 15, 2024 to implement capital increase by \$28,000 thousand.

Note 4: As of December 31,2024,SQTek Co.,Ltd.is awaiting loss recovery. Fortune Electric Value Co., LTD. has already recognized the loss up to the original investment amount and has not recognized further investment losses.

Fortune Electric Co., Ltd.
Information on investments in Mainland China
January 1 to December 31, 2024

Table 7

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024(Note 3)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024(Note 3)	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024	Note
					Outflows	Inflows							
Wuhan Fortune Electric Co., Ltd	Import and export business of various commodities and technologies.	\$ 32,785 (USD1,000 thousand)	Reinvestment in mainland companies through reinvestment in existing companies in the third area	\$ 32,785 (USD1,000 thousand)	-	-	\$ 32,785 (USD1,000 thousand)	\$ 12,387 (USD386 thousand)	100%	\$ 12,387 (USD386 thousand)	63,865 (USD1,948 thousand)	-	

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Investment Limit for Mainland Area as Regulated by MOEAIC
\$ 30,818 (USD940 thousand)	\$ 32,785 (USD1,000 thousand)	\$ 5,209,674

Note 1: It is calculated on the basis of the financial statements audited by a CPA in the same period.

Note 2: Except that the profit and loss of the invested company in the current year and the investment profit and loss recognized in the current year are calculated at the average exchange rate from January 1 to December 31, 2024, the rest are calculated at the spot exchange rate at the end of December, 2024.

Fortune Electric Co., Ltd.
Information on major shareholders
December 31, 2024

Table 8

Major Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Hua Cheng Investment Co., Ltd.	26,489,029	9.22%
Hsu, Shou-Hsiung	24,863,760	8.65%
Hsu, Bang-Fu	18,601,823	6.47%

Note 1: The information of major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter. The shareholders hold more than 5% of the Company's common shares and preferred shares (including treasury shares) that have been completed registration of dematerialized. The share capital recorded in the consolidated financial statements of the Company and the number of shares actually registration of dematerialized may be different due to different calculation basis.

Note 2: The above information shall be disclosed by the trustee's opening of a trust account with individual subaccounts of the principal if the shareholder has delivered the shares to the trust. As for the shareholder's shareholding of more than 10% of insider shares reported under the Securities and Exchange Act, the shareholding includes his own shares plus shares delivered to the trust with the right to decide the use of the trust property, please refer to the Market Observation Post System for information on insider shareholding reporting.

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Fortune Electric Co., Ltd.
Statement of cash and cash equivalents
December 31, 2024

Statement 1

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Item	Amount
Petty cash	\$ 840
Check deposit	39,896
Demand deposit (Note 1)	167,376
Cash equivalents (Note 2)	<u>1,661,277</u>
Total	<u>\$ 1,869,389</u>

Note 1: Statement of foreign currency is as follows:

Currency Name	Foreign currency amount (NT\$)	Exchange rate for NT dollars
USD	\$ 4,944,341	32.785
CNY	106,520	4.5606
EUR	1,450	34.14
AUD	999	20.39
CAD	983	22.82
HKD	179	4.22
CHF	177	36.265
JPY	1	0.2099

Note 2: Statement of cash equivalents is as follows:

Type	Foreign currency amount(dollars)	Due date	Interest rate	Exchange rate to NTD	Amount
Time deposits	USD 11,200,000	2025/1	4.42%~4.86%	32.785	\$ 367,187
Time deposits	-	2025/2	1.65%	1	108,005
Bills with repurchase agreement	-	2025/1~ 2025/2	1.52%~1.53%	1	1,186,085

Fortune Electric Co., Ltd.
Statement of contract assets and contract liabilities
December 31, 2024

Statement 2

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Name	Recognized as construction contracts receivables					Recognized as construction contracts payables				Contract assets (Contract liabilities)
	Beginning balance	Construction costs	Gains (losses) on construction	Transfer for completion	Ending balance	Beginning balance	Construction costs	Gains (losses) on construction	Transfer for completion	
Contract assets										
Construction contracts receivables										
TK17001	\$ -	(\$ 8,000)	\$ 11,059	\$ 3,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TK22048	632,122	113,123	4,346	-	749,591	341,792	229,076	-	570,868	178,723
TK19001	209,556	954	8,291	218,801	-	165,657	-	165,657	-	-
TK22920	98,155	1,386	(3,109)	96,432	-	85,920	-	85,920	-	-
TK23001	34,830	146,250	12,890	-	193,970	40,586	5,159	-	45,745	148,225
TK23003	57	236,999	36,537	-	273,593	-	234,717	-	234,717	38,876
TK23902	110,942	2,300	438	113,680	-	79,576	-	79,576	-	-
TK23903	237,409	393,425	67,344	-	698,178	313,891	303,329	-	617,220	80,958
TK23905	101,416	16,184	3,200	120,800	-	96,640	-	96,640	-	-
TK23907	55,920	765	155	56,840	-	39,788	-	39,788	-	-
TK23904	97,663	22,927	7,010	127,600	-	89,320	-	89,320	-	-
TK24917	-	1,607	258	-	1,865	-	-	-	-	1,865
Total	<u>\$ 1,578,070</u>	<u>\$ 927,920</u>	<u>\$ 148,419</u>	<u>\$ 737,212</u>	<u>\$ 1,917,197</u>	<u>\$ 1,253,170</u>	<u>\$ 772,281</u>	<u>\$ 556,901</u>	<u>\$ 1,468,550</u>	448,647
Construction retainage receivables										92,594
Sales of goods										2,637,635
Total										<u>\$ 3,178,876</u>
Contract liabilities										
Construction contracts payables										
TK2280A	\$ 75,015	\$ 81,343	\$ 6,308	\$ -	\$ 162,666	\$ 94,408	\$ 83,021	\$ -	\$ 177,429	\$ 14,763
TK23002	400	15,858	1,372	-	17,630	-	56,481	-	56,481	38,851
TK23910	19,935	-	-	-	19,935	30,500	-	-	30,500	10,565
Total	<u>\$ 95,350</u>	<u>\$ 97,201</u>	<u>\$ 7,680</u>	<u>\$ -</u>	<u>\$ 200,231</u>	<u>\$ 124,908</u>	<u>\$ 139,502</u>	<u>\$ -</u>	<u>\$ 264,410</u>	64,179
Construction retainage payables										55,893
Sales of goods										4,416,226
Total										<u>\$ 4,536,298</u>

Fortune Electric Co., Ltd.
Statement of receivables
December 31, 2024

Statement 3

Unit: Amounts in Thousands of New Taiwan Dollar

<u>Customer Name</u>	<u>Amount</u>
Customer A	\$ 1,031,157
Customer B	625,573
Customer C	427,085
Customer D	248,546
Others (Note)	<u>906,737</u>
	3,239,098
Minus: Allowance for loss	<u>3,383</u>
	<u>\$ 3,235,715</u>

Note : The amount of individual customer does not exceed 5% of the account balance.

Fortune Electric Co., Ltd.
Statement of Inventories
December 31, 2024

Statement 4

Unit: Amounts in Thousands of New Taiwan Dollar

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 1,194,972	\$ 2,114,168
Work in process	3,665,210	11,408,971
Raw materials	797,601	796,280
Minus : Allowance for inventory valuation and obsolescence losses	<u>10,684</u>	<u>-</u>
	<u>\$ 5,647,099</u>	<u>\$14,319,419</u>

Fortune Electric Co., Ltd.
Statement of Prepayments
December 31, 2024

Statement 5

Customer Name	Unit: Amounts in Thousands of New Taiwan Dollar Amount
Related party - Fortune Electric Extra High Voltage Co., Ltd.	\$ 561,213
Others (Note)	<u>532,136</u>
	<u><u>\$1,093,349</u></u>

Note : The amount of individual account does not exceed 5% of the account balance.

Fortune Electric Co., Ltd.
Statement of changes in investments accounted for using equity method
For the year ended December 31, 2024

Statement 6

Unit: Amount in Thousands of New Taiwan Dollars
Unless Specified Otherwise

Investee company	Beginning balance			Changes in current year				Ending balance			
	Number of shares (thousand)	Percentage of ownership %	Amount	Number of shares (thousand)	Additions	Share of profit or loss of subsidiaries and associates accounted for using equity method	Exchange differences on translation of financial statements of foreign operations	Number of shares (thousand)	Percentage of ownership %	Amount	Note
Investments in subsidiaries											
Power Energy International Ltd.	100	100.00	\$ 156,961		\$ -	\$ 12,408	\$ 10,001	100	100.00	\$ 179,370	-
USA Fortune Company	1	100.00	66,990		-	22,094	5,001	1	100.00	94,085	-
Fortune Electric Extra High Voltage Co., Ltd	80,000	100.00	1,223,203	30,000	-	680,444	-	110,000	100.00	1,903,647	Note 2
Fortune Energy CO., LTD.	100	100.00	694	2,800	28,000	(84)	-	2,900	100.00	28,610	Note 3
Australian Fortune Company	500	100.00	11,929		-	345	(349)	500	100.00	11,925	-
Fortune Electric Value Co., LTD.	18,200	64.25	<u>190,678</u>		<u>-</u>	<u>(27,002)</u>	<u>-</u>	18,200	64.25	<u>163,676</u>	-
Subtotal			1,650,455		28,000	688,205	14,653			2,381,313	
Investments in associates											
E-Total Link	100 shares	25.00	<u>2,129</u>		<u>-</u>	<u>175</u>	<u>(73)</u>	100 shares	25.00	<u>2,231</u>	
Total			<u>\$ 1,652,584</u>		<u>\$ 28,000</u>	<u>\$ 688,380</u>	<u>\$ 14,580</u>			<u>\$ 2,383,544</u>	

Note 1 : As of the end of 2024, the company's investment accounted for using equity method had no pledge or guarantee.

Note 2: Fortune Electric Extra High Voltage Co., Ltd. has resolved by the shareholders meeting on behalf of the board of directors on June 5, 2024 to implement capital increase by earnings by \$300,000 thousand.

Note 3: Fortune Energy Co., Ltd. has resolved by the shareholders meeting on behalf of the board of directors on June 15, 2024 to implement capital increase by \$28,000 thousand.

Fortune Electric Co., Ltd.
Statement of trade payables
December 31, 2024

Statement 7

Unit : Amounts in Thousands of New Taiwan
Dollars

Vendor Name	Amount
Accounts payables	
Supplier A	\$ 322,638
Supplier B	195,208
Others (Note)	<u>3,063,691</u>
	<u>\$ 3,581,537</u>

Note : The amount of individual vendor does not exceed 5% of the account balance.

Fortune Electric Co., Ltd.
Statement of operating cost
For the year ended December 31, 2024

Statement 8

Unit : Amounts in Thousands of New Taiwan Dollars

Item	Amount
Direct raw materials	
Raw material, beginning of year	\$ 464,775
Add(less): material purchased	11,657,201
Raw materials, end of year	(790,542)
	11,331,434
Direct labor	320,923
Manufacturing expenses	1,298,317
Manufacturing cost	12,950,674
Add(less): Work in process, beginning of year	2,682,558
Transferred to R&D expenses	(65,070)
Work in process, end of year	(3,665,210)
Cost of finished goods	11,902,952
Add(less): Finished goods, beginning of year	984,748
Finished goods, end of year	(1,191,347)
Transferred to equipment	(15,568)
Transferred to R&D expenses	(27,302)
Income from sales of scraps	(2,742)
Subtotal	11,650,741
Electric sales cost	10,394
Subtotal of cost of goods sold	11,661,135
Construction cost	1,025,121
Total operating cost	<u>\$12,686,256</u>

Fortune Electric Co., Ltd.
Statement of operating expenses
For the year ended December 31, 2024

Statement 9

Unit : Amounts in Thousands of New
Taiwan Dollars

Item	Marketing Expenses	Administrative Expenses	R&D Expense	Total
Export expense	\$ 500,778	\$ -	\$ -	\$ 500,778
Payroll and allowance (including pension)	187,636	573,651	133,654	894,941
Marketing expenses	199,883	-	-	199,883
Insurance expenses	83,709	10,530	9,214	103,453
Research expenses	-	-	98,933	98,933
Commission expenditures	58,370	-	-	58,370
Others (Note)	<u>127,568</u>	<u>92,295</u>	<u>39,104</u>	<u>258,967</u>
	<u>\$1,157,944</u>	<u>\$ 676,476</u>	<u>\$ 280,905</u>	2,115,325
Expected credit losses				<u>2,507</u>
Total				<u>\$2,117,832</u>

Note : The amount of each item in others does not exceed 5% of the account balance.

Fortune Electric Co., Ltd.
Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function
For the years ended December 31, 2024 and 2023

Statement 10

Unit : Amounts in Thousands of New Taiwan Dollars

	2024			2023		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee Benefit Expense						
Salary	\$ 967,849	\$ 789,542	\$1,757,391	\$ 732,413	\$ 535,584	\$1,267,997
Labor and health insurance	64,837	28,480	93,317	47,739	21,771	69,510
Pension						
Defined contribution plan	21,504	11,436	32,940	17,544	9,317	26,861
Defined benefit plan	1,562	645	2,207	2,187	943	3,130
Directors' compensation	-	93,318	93,318	-	62,462	62,462
Other employee benefit	<u>39,962</u>	<u>13,613</u>	<u>53,575</u>	<u>28,908</u>	<u>10,524</u>	<u>39,432</u>
	<u>\$1,095,714</u>	<u>\$ 937,034</u>	<u>\$2,032,748</u>	<u>\$ 828,791</u>	<u>\$ 640,601</u>	<u>\$1,469,392</u>
Depreciation	<u>\$ 104,486</u>	<u>\$ 19,889</u>	<u>\$ 124,375</u>	<u>\$ 74,665</u>	<u>\$ 14,917</u>	<u>\$ 89,582</u>
Amortization	<u>\$ 8,561</u>	<u>\$ 16,573</u>	<u>\$ 25,134</u>	<u>\$ 9,530</u>	<u>\$ 15,554</u>	<u>\$ 25,084</u>

Note:

1. As of December 31, 2024 and 2023, the Company had 1,044 and 863 employees respectively. The numbers of non-employee directors are 8 and 8, respectively.
2. The Company whose shares are listed on TWSE or traded on TPEx shall disclose the following information:
 - (1) The average employee benefit expense of this year is \$1,872 thousand (total employee benefit expense of this year - total directors' remuneration) / number of employees of this year - number of non-employee's directors).
The average employee benefit expense of the previous year was \$1,646 thousand (total employee benefit expense of the previous year - total directors' remuneration) / number of employees of the previous year - number of non-employee's directors).
 - (2) The average salary cost of this year is \$1,696 thousand (total salary cost of this year / "number of employees in this year - number of non-employees directors ").
The average salary cost of the previous year is \$1,483 thousand (total salary cost of the previous year / "number of employees in the previous year - number of non-employees directors ").
 - (3) The change of average employee salary expenses is 14.36% (average employee salary expenses of this year - average employee salary expenses of the previous year) / average employee salary expenses of the previous year).
 - (4) The Company has no supervisor, and the audit committee has replaced the supervisor in accordance with Article.

(5) The Company's salary and compensation policy are as follows :

A. Directors

In accordance with Article 27 of the Articles of Corporation, if the Company has made any profit in a given year (meaning any net profit before tax, minus employee and directors' compensation), the Company shall reserve a sufficient amount compensating any accumulated deficits (including adjustments to retained earnings), if any; then appropriate from the remaining amount no less than 3% for the employee compensation, and no more than 2% for the Directors' remuneration. The aforesaid employees' rewards can be in stock or cash and the remuneration of the directors is limited to cash. The total amount of appropriation shall be resolved by the Board of Directors.

B. Managers

The Company's compensation policy for managers should refer to the level of competitiveness prevailing in the same industry, so as to attract external talents. The Company should also consider that they devote their time, their responsibilities, their personal performance, operating performance and the rationality of future risks of the Company, and regularly performing compensation policy and related systems reviews.

C. Employees

In order to ensure that the Company's salary policy complies with relevant laws and regulations, the Company's overall salary policy not only takes into account the internal fairness and external market salary range, but also refers to the general level of payment in the same industry from time to time, and regularly evaluates the organization's operating performance and external environment competitiveness, timely implements various salary adjustment and reward systems, and shares the Company's operating results, so as to attract, motivate and retain talents .