

(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, 2025 and 2024 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.

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Statements and Report Originally Issued in Chinese)

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, 2025 and 2024, 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, 2025 and 2024, 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, 2025. 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, 2025 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, 2025, the sales revenue from new customers among top ten customers accounted for 18% 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's signed receipt, 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 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
CPA Lee, Suei-Chin

CPA Lee, Tung-Feng

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

Reference number of the FSC approval letter,
No. Taiwan-Financial-
Securities-VI-0930128050

March 9, 2026

(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, 2025 and 2024

Unit: In Thousands of New Taiwan Dollar

Assets	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Current assets (Note 4)				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,650,004	15	\$ 1,869,389	9
Financial assets at amortized cost - current (Notes 4, 9 and 31)	250,242	1	17,235	-
Contract assets (Notes 4, 22, 24 and 30)	2,017,196	8	3,178,876	16
Notes receivables, net (Notes 4, 10 and 24)	131,550	1	222,135	1
Trade receivables, net (Notes 4, 10 and 23)	3,643,700	15	3,235,715	16
Trade receivables from related parties (Notes 4 and 30)	360,417	2	27,350	-
Inventories, net (Notes 4 and 11)	5,909,616	24	5,647,099	28
Prepayments (Note 30)	800,606	3	1,093,349	5
Other current assets (Notes 22, 30 and 31)	258,829	1	169,179	1
Total current assets	17,022,160	70	15,460,327	76
Non-current assets				
Financial assets at fair value through profit or loss -non-current (Note 4, 7 and 29)	47,563	-	15,260	-
Financial assets at fair value through other comprehensive income-non-current (Note 4, 8, 29 and 30)	568,795	2	244,302	1
Non-current financial assets at amortized cost (Notes 4, 9 and 31)	5,529	-	15,465	-
Investments accounted for using equity method (Notes 4 and 12)	3,833,626	16	2,383,544	12
Property, plant and equipment (Notes 4, 13, 30 and 31)	2,273,200	9	1,492,719	8
Right-of-use assets (Notes 4 and 14)	193,744	1	224,634	1
Intangible assets (Notes 4 and 15)	46,069	-	53,312	-
Deferred tax assets (Notes 4 and 26)	86,020	1	47,865	-
Prepayments for equipment (Note 30)	210,047	1	80,256	1
Refundable deposits (Note 31)	33,160	-	37,997	-
Prepaid investments (Notes 16 and 30)	-	-	198,585	1
Net defined benefit assets (Notes 4 and 21)	52,122	-	51,267	-
Total non-current assets	7,349,875	30	4,845,206	24
Total assets	\$ 24,372,035	100	\$ 20,305,533	100
Liabilities and equity				
Current Liabilities				
Contract liabilities - current (Notes 4, 22, 24 and 30)	\$ 5,061,136	21	\$ 3,231,799	16
Trade payables (Note 18)	2,995,739	13	3,581,537	18
Trade payables to related parties (Note 30)	789,178	3	578,631	3
Other payables (Note 19)	1,943,845	8	1,757,306	9
Other payables to related parties (Note 30)	98,589	1	89,646	-
Current tax liabilities (Notes 4 and 26)	305,389	1	606,705	3
Provisions (Notes 4 and 20)	7,370	-	36,395	-
Lease liabilities - current (Notes 4, 14 and 29)	62,498	-	54,165	-
Other current liabilities	65,133	-	95,344	-
Total current liabilities	11,328,877	47	10,031,528	49
Non-current liabilities				
Contract liabilities – non-current (Notes 4, 22 and 24)	1,623,885	7	1,304,499	6
Long-term borrowings (Notes 4, 17 and 31)	554,000	2	-	-
Deferred tax liabilities (Notes 4 and 26)	135,810	-	106,789	1
Lease liabilities- non-current (Notes 4, 14, and 29)	139,251	1	172,676	1
Guaranteed deposits received	7,041	-	7,251	-
Total non-current liabilities	2,459,987	10	1,591,215	8
Total liabilities	13,788,864	57	11,622,743	57
Equity (Notes 4 and 23)				
Share capital	3,158,808	13	2,871,644	14
Capital surplus	133,747	1	87,022	1
Retained earnings				
Legal reserve	1,246,315	5	816,345	4
Special reserve	165,746	1	88,625	-
Unappropriated retained earnings	6,001,313	24	4,984,900	25
Total retained earnings	7,413,374	30	5,889,870	29
Other equity				
Exchange difference on translation of foreign financial statements	(47,020)	-	(35,805)	-
Unrealized gains or losses on valuation of financial assets at fair value through other comprehensive income	(75,738)	(1)	(129,941)	(1)
Other equity interest	(122,758)	(1)	(165,746)	(1)
Total equity	10,583,171	43	8,682,790	43
Total liabilities and equity	\$ 24,372,035	100	\$ 20,305,533	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, 2025 and 2024

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

	2025		2024	
	Amount	%	Amount	%
Operating revenue (Notes 4, 24, and 30)				
Sales revenue	\$ 20,793,511	95	\$ 17,776,512	94
Construction revenue	<u>1,188,031</u>	<u>5</u>	<u>1,181,220</u>	<u>6</u>
Total operating revenue	<u>21,981,542</u>	<u>100</u>	<u>18,957,732</u>	<u>100</u>
Operating costs (Notes 4, 11, 21, 25, and 30)				
Costs of goods sold	14,217,064	64	11,661,135	62
Construction cost	<u>1,130,889</u>	<u>5</u>	<u>1,025,121</u>	<u>5</u>
Total operating costs	<u>15,347,953</u>	<u>69</u>	<u>12,686,256</u>	<u>67</u>
Gross profit from operations	<u>6,633,589</u>	<u>31</u>	<u>6,271,476</u>	<u>33</u>
Operating expenses (Notes 4, 21, 25, and 30)				
Selling and marketing expenses	2,058,705	9	1,157,944	6
General and administrative expenses	782,176	4	676,476	4
Research and development expense	339,515	2	280,905	1
Expected credit loss	<u>82,892</u>	<u>-</u>	<u>2,507</u>	<u>-</u>
Total operating expenses	<u>3,263,288</u>	<u>15</u>	<u>2,117,832</u>	<u>11</u>
Net operating income	<u>3,370,301</u>	<u>16</u>	<u>4,153,644</u>	<u>22</u>
Non-operating income and expenses (Note 4)				
Interest income (Note 25)	91,554	-	64,980	-
Compensation and indemnity income	261,259	1	126,037	1
Other income (Note 25)	95,662	1	91,971	-
Financial Cost (Note 25)	(24,685)	-	(24,791)	-
Other gains and losses (Notes 25 and 30)	1,854	-	26,143	-
Gain (loss) on foreign exchange (Notes 25 and 33)	(130,938)	(1)	174,464	1

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	2025		2024	
	Amount	%	Amount	%
Share of profit or loss of subsidiaries and associates accounted for using equity method (Note 12)				
Total non-operating income and expenses	<u>\$ 1,522,550</u>	<u>7</u>	<u>\$ 688,380</u>	<u>4</u>
	<u>1,817,256</u>	<u>8</u>	<u>1,147,184</u>	<u>6</u>
Profit before income tax	5,187,557	24	5,300,828	28
Income tax expense (Notes 4 and 26)	<u>768,121</u>	<u>4</u>	<u>1,014,808</u>	<u>6</u>
Net Profit For The Year	<u>4,419,436</u>	<u>20</u>	<u>4,286,020</u>	<u>22</u>
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit plans (Notes 4 and 21)	(30,360)	-	17,101	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Notes 4 and 23)	54,203	-	(91,701)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	<u>6,072</u>	<u>-</u>	<u>(3,421)</u>	<u>-</u>
	<u>29,915</u>	<u>-</u>	<u>(78,021)</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 (Notes 4 and 23)	(11,215)	-	14,580	-
Total other comprehensive income	<u>18,700</u>	<u>-</u>	<u>(63,441)</u>	<u>-</u>
Total comprehensive income	<u>\$ 4,438,136</u>	<u>20</u>	<u>\$ 4,222,579</u>	<u>22</u>
Earnings per share (Note 27)				
Basic	<u>\$ 13.99</u>		<u>\$ 13.57</u>	
Diluted	<u>\$ 13.97</u>		<u>\$ 13.54</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, 2025 and 2024

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

	Retained earnings						Other equity interest			
	Share capital	Capital surplus	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, 2024	\$ 2,610,585	\$ 86,956	\$ 559,914	\$ 59,483	\$ 2,798,183	\$ 3,417,580	(\$ 50,385)	(\$ 38,240)	(\$ 88,625)	\$ 6,026,496
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 of ordinary shares – NT\$1 per share	261,059	-	-	-	(261,059)	(261,059)	-	-	-	-
	261,059	-	256,431	29,142	(2,112,983)	(1,827,410)	-	-	-	(1,566,351)
Unclaimed cash dividends	-	66	-	-	-	-	-	-	-	66
Net profit for 2024	-	-	-	-	4,286,020	4,286,020	-	-	-	4,286,020
Other comprehensive income for 2024 after tax	-	-	-	-	13,680	13,680	14,580	(91,701)	(77,121)	(63,441)
Total comprehensive income for 2024	-	-	-	-	4,299,700	4,299,700	14,580	(91,701)	(77,121)	4,222,579
Balance, December 31, 2024	2,871,644	87,022	816,345	88,625	4,984,900	5,889,870	(35,805)	(129,941)	(165,746)	8,682,790
Appropriation of 2024 earnings										
Legal reserve appropriated	-	-	429,970	-	(429,970)	-	-	-	-	-
Special reserve appropriated	-	-	-	77,121	(77,121)	-	-	-	-	-
Cash dividends – NT\$9 per share	-	-	-	-	(2,584,480)	(2,584,480)	-	-	-	(2,584,480)
Stock dividends of ordinary shares – NT\$1 per share	287,164	-	-	-	(287,164)	(287,164)	-	-	-	-
	287,164	-	429,970	77,121	(3,378,735)	(2,871,644)	-	-	-	(2,584,480)
Unclaimed cash dividends	-	190	-	-	-	-	-	-	-	190
Changes in ownership interests in subsidiaries	-	46,535	-	-	-	-	-	-	-	46,535
Net profit for 2025	-	-	-	-	4,419,436	4,419,436	-	-	-	4,419,436
Other comprehensive income for 2025 after tax	-	-	-	-	(24,288)	(24,288)	(11,215)	54,203	42,988	18,700
Total comprehensive income for 2025	-	-	-	-	4,395,148	4,395,148	(11,215)	54,203	42,988	4,438,136
Balance, December 31, 2025	\$ 3,158,808	\$ 133,747	\$ 1,246,315	\$ 165,746	\$ 6,001,313	\$ 7,413,374	(\$ 47,020)	(\$ 75,738)	(\$ 122,758)	\$10,583,171

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, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

	2025	2024
Cash flows from operating activities		
Profit before tax	\$ 5,187,557	\$ 5,300,828
Adjustments for:		
Depreciation expense	184,281	124,375
Amortization expense	25,458	25,134
Expected credit loss	82,892	2,507
Net gains on financial assets and liabilities at fair value through profit or loss	(2,563)	-
Financial cost	24,685	24,791
Interest income	(91,554)	(64,980)
Share of profit or loss of subsidiaries and associates accounted for using equity method	(1,522,550)	(688,380)
Loss (gain) on disposal of property, plant and equipment	711	(27,825)
(Reversal) recognition of provisions	(29,025)	17,873
Reversal of inventories	(1,277)	(2,974)
Unrealized net gains on foreign exchange	(7,829)	(17,952)
Gain on remeasurement of lease arrangements	(2)	(44)
Changes in operating assets and liabilities, net		
Contract asset	1,159,974	(1,119,489)
Note receivable	45,827	(126,520)
Trade receivable	(407,645)	(1,107,381)
Trade receivable from related parties	(333,067)	(2,601)
Inventories	(261,240)	(1,512,044)
Prepayments	292,743	(515,511)
Other current assets	(89,841)	(73,196)
Contract liability	2,148,723	1,754,611
Trade payable	(588,400)	583,151
Trade payable to related parties	210,547	41,547
Other payable	160,111	737,604
Other payable to related parties	8,943	59,864
Other current liabilities	(30,211)	33,156
Net defined benefit liability	(31,215)	(39,270)
Cash generated from operations	6,136,033	3,407,274

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	2025	2024
Interest received	\$ 91,745	\$ 64,944
Interest paid	(24,594)	(24,791)
Income tax paid	(1,072,499)	(900,420)
Net cash flows generated from operating activities	<u>5,130,685</u>	<u>2,547,007</u>
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(71,705)	(47,251)
Acquisition of financial assets at amortized cost	(223,071)	(286)
Acquisition of financial assets at fair value through profit or loss	(29,740)	(15,260)
Increase in prepayments for investments	-	(198,585)
Investments accounted for using equity method	(568,212)	(28,000)
Acquisition of property, plant and equipment	(801,058)	(233,067)
Proceeds from disposal of property, plant and equipment	122	45,421
Increase in refundable deposits	-	(16,202)
Decrease in refundable deposits	4,837	-
Increase in other receivables	-	(36,115)
Acquisition of intangible assets	(16,428)	(20,780)
Increase in prepayments for business facilities	(219,471)	(103,261)
Dividends received from subsidiaries	<u>676,000</u>	<u>-</u>
Net cash flows used in investing activities	<u>(1,248,726)</u>	<u>(653,386)</u>
Cash flows from financing activities		
Increase in long-term loans	554,000	-
Guaranteed deposits received	-	880
Refund of guaranteed deposits received	(210)	-
Cash dividends paid	(2,584,480)	(1,566,351)
Payments of lease liabilities	(70,844)	(35,473)
Unclaimed cash dividends	<u>190</u>	<u>66</u>
Net cash flows used in financing activities	<u>(2,101,344)</u>	<u>(1,600,878)</u>
Net increase in cash and cash equivalents	1,780,615	292,743
Cash and cash equivalents at beginning of the year	<u>1,869,389</u>	<u>1,576,646</u>
Cash and cash equivalents at end of the year	<u>\$ 3,650,004</u>	<u>\$ 1,869,389</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, 2025 and 2024
(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 9, 2026.

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:

Amendments to IAS 21 “Lack of Exchangeability”

Application of Amendments to IAS 21 “Lack of Exchangeability” will not result insignificant changes in accounting policies of the Company.

(2) The IFRS accounting standards endorsed by the FSC for application starting from 2026

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the amendments in 2020 and 2021)	January 1, 2023

As of the date the financial statements were authorized for issue, the Company assessed that the amendments to the aforementioned standards will not have significant impact on the Company’s financial position and financial performance.

- (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 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above new, amended, or revised IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC has declared on September 25, 2025 that entities in Taiwan shall apply IFRS 18 since January 1, 2028, or elect to apply in advance after FSC endorses IFRS 18.

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- The Company shall evaluate whether it invests in particular type of assets and provides financing to customers as a specific main business activity, and classify items in the statement of profit or loss into categories: operating, investing, financing, income taxes and discontinued operations accordingly.
- 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.

In addition, IAS 7 “Statement of Cash Flows” was amended by the supporting measures:

- When the Company prepare the cash flows from operating activities by indirect method, operating profit or loss shall be used as the starting point.
- The Company shall classify interests and dividends received to investing activities, and interests and dividends paid to financing activities. If the Company has specified main operating activities after assessment, the types of dividend income, interest income and interest expenses in the statement of profit or loss shall be considered, to determine the categories of the dividends received, interests received, and interests paid in the statement of cash flows. However, the aforementioned each cash flow can be classified in a single activity in the statement of cash flows separately.

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 freehold 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 29 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, the management includes the possible impact from reciprocal tariffs of the U.S., etc. into consideration of significant estimates associated with cash flow forecast, growth rate, discount rate, profitability, and will keep assessing estimates and basic assumptions .

6. Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand	\$ 1,040	\$ 840
Checking accounts and demand deposits	226,662	207,272
Cash equivalents (investments due within 3 months)		
Time deposits	3,422,302	475,192
Bills with repurchase agreements	-	1,186,085
	<u>\$3,650,004</u>	<u>\$1,869,389</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank deposits	0.00%~4.04%	0.001%~4.86%
Bills with repurchase agreements	-	1.52%~1.53%

7. Financial instruments at Fair Value Through Profit or Loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets – Non-current</u>		
Mandatorily measured at FVTPL		
Private placement funds	<u>\$ 47,563</u>	<u>\$ 15,260</u>

8. Financial assets at fair value through other comprehensive income

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Domestic investment		
Emerging shares		
Yiho. International Co., Ltd	\$ 43,000	\$ -
Unlisted shares		
Synergy Co., Ltd. (Note)		
(Note 16)	297,360	16,902
Hsin He Energy Co., Ltd.		
(Hsin He Energy)	216,000	214,800
E-Formula Technologies Inc		
(E-Formula Technologies)	<u>12,435</u>	<u>12,600</u>
	<u>\$ 568,795</u>	<u>\$ 244,302</u>

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

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, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Pledged time deposits	\$ 243,987	\$ 17,235
Financial bonds	<u>6,255</u>	<u>-</u>
	<u>\$ 250,242</u>	<u>\$ 17,235</u>
<u>Non-current</u>		
Pledged time deposits	<u>\$ 5,529</u>	<u>\$ 15,465</u>

As of December 31, 2025 and 2024, the annual interest rate intervals of pledged deposits are 0.730%~1.705%, and 0.575%~1.705%, respectively.

For information on pledged financial assets measured at amortized cost, please refer to Note 31.

10. Notes receivables and trade receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes Receivables</u>		
At amortized cost		
Total Carrying Amount	\$ 176,308	\$ 222,135
Less: Loss Allowance	(<u>44,758</u>)	<u>-</u>
	<u>\$ 131,550</u>	<u>\$ 222,135</u>
<u>Trade Receivables</u>		
At amortized cost		
Total Carrying Amount	\$ 3,680,250	\$ 3,239,098
Less: Loss Allowance	(<u>36,550</u>)	(<u>3,383</u>)
	<u>\$ 3,643,700</u>	<u>\$ 3,235,715</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 receivables, including trade receivables-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, 2025

	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	0.01%	0.84%	0.27%	2.93%	11.05%	50.03%	
Total carrying amount	\$ 2,392,732	\$ 556,664	\$ 79,017	\$ 508,519	\$ 141,533	\$ 1,785	\$ 3,680,250
Loss allowance (Lifetime expected credit losses)	(<u>215</u>)	(<u>4,667</u>)	(<u>217</u>)	(<u>14,913</u>)	(<u>15,645</u>)	(<u>893</u>)	(<u>36,550</u>)
At amortized cost	<u>\$ 2,392,517</u>	<u>\$ 551,997</u>	<u>\$ 78,800</u>	<u>\$ 493,606</u>	<u>\$ 125,888</u>	<u>\$ 892</u>	<u>\$ 3,643,700</u>

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>

Movements of the loss allowance for accounts receivable:

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 3,383	\$ 876
Add: provision of expected credit loss	<u>77,925</u>	<u>2,507</u>
Balance, end of the year	<u>\$ 81,308</u>	<u>\$ 3,383</u>

11. Net balance of inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Work in process	\$ 4,139,403	\$ 3,665,210
Raw materials	935,030	790,542
Finished goods	<u>835,183</u>	<u>1,191,347</u>
	<u>\$ 5,909,616</u>	<u>\$ 5,647,099</u>

In 2025 and 2024, the cost of goods sold related to inventory was NT\$14,217,064 thousand and NT\$11,661,135 thousand respectively. The cost of goods sold in 2025 and 2024 includes reversal of write-down of inventories of NT\$1,277 thousand and NT\$2,974 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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	\$ 3,831,678	\$ 2,381,314
Associates	<u>1,948</u>	<u>2,230</u>
	<u>\$ 3,833,626</u>	<u>\$ 2,383,544</u>

(1) Investments in subsidiaries

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Power Energy International Ltd. (Power Energy Company)	\$ 83,783	\$ 179,371
Fortune Electric America Inc. (USA Fortune Company)	334,477	94,085
Fortune Electric Extra High Voltage Co., Ltd. (Fortune Extra High Voltage Company)	2,705,113	1,903,647
Fortune Energy Co., Ltd. (Fortune Energy Company)	29,003	28,610
Fortune Electric Australia Pty Ltd (Australian Fortune Company)	12,615	11,925
Fortune Electric Value Co., Ltd. (Fortune Electric Value Company)	329,709	163,676
Fortune NEV Co., Ltd. (Fortune NEV Company)	136,450	-
Foresee Energy Co., Ltd. (Foresee Energy Company)	<u>200,528</u>	<u>-</u>
	<u>\$3,831,678</u>	<u>\$2,381,314</u>

Subsidiaries	% of Ownership and Voting Rights Held by the Company	
	December 31, 2025	December 31, 2024
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	60.95%	64.25%
Fortune NEV Company	76.44%	-
Foresee Energy Company	100.00%	-

For the years of 2025 and 2024, 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 5 "information of the invested company, location and other related information."

The Company provides endorsement and guarantee for bank loans of the subsidiary, Fortune Extra High Voltage Company. Please refer to Note 30 for the balance as of December 31, 2025 and 2024.

(2) Investments in associates

	December 31, 2025	December 31, 2024
<u>Individual insignificant associates</u>		
E-Total Link	<u>\$ 1,948</u>	<u>\$ 2,230</u>

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:

	2025	2024
Share of profit of the Company		
Net Profit	(\$ 192)	\$ 174
Other comprehensive income	(90)	(73)
Total comprehensive income	<u>(\$ 282)</u>	<u>\$ 101</u>

For details of the investment subsidiaries indirectly owned by the Company, please refer to Appendix Table 5 "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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets used by the Company	\$ 2,273,029	\$ 1,492,527
Assets subject to operating leases	<u>171</u>	<u>192</u>
	<u>\$ 2,273,200</u>	<u>\$ 1,492,719</u>

(1) Assets used by the Company

	<u>Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Solar Equipment</u>	<u>Other Equipment</u>	<u>Properties under construction</u>	<u>Total</u>
<u>Cost</u>							
Balance at January 1, 2025	\$ 635,827	\$ 794,215	\$ 1,070,818	\$ 149,219	\$ 279,550	\$ 100,873	\$ 3,030,502
Additions	-	42,458	92,049	-	46,704	619,847	801,058
Disposals	-	-	(7,568)	-	(4,187)	-	(11,755)
Transfer (Note 1)	-	7,224	47,489	-	33,180	-	87,893
Balance at January 1, 2025	<u>\$ 635,827</u>	<u>\$ 843,897</u>	<u>\$ 1,202,788</u>	<u>\$ 149,219</u>	<u>\$ 355,247</u>	<u>\$ 720,720</u>	<u>\$ 3,907,698</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2025	\$ -	\$ 436,905	\$ 864,037	\$ 91,749	\$ 145,284	\$ -	\$ 1,537,975
Depreciation expenses	-	28,044	41,970	7,349	30,253	-	107,616
Disposals	-	-	(7,408)	-	(3,514)	-	(10,922)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 464,949</u>	<u>\$ 898,599</u>	<u>\$ 99,098</u>	<u>\$ 172,023</u>	<u>\$ -</u>	<u>\$ 1,634,669</u>
Net balance at January 1, 2025	<u>\$ 635,827</u>	<u>\$ 378,948</u>	<u>\$ 304,189</u>	<u>\$ 50,121</u>	<u>\$ 183,224</u>	<u>\$ 720,720</u>	<u>\$ 2,273,029</u>
<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 1)	-	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 December 31, 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>

Note 1: 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, 2025 and 2024. 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 31.

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. The plant has been completed in January 2025. In addition to increase production capacity, the productions the complete product lines of 11kV to 500kV are integrated in the optimal plants, to fulfill the delivery requirements of each voltage level and capacity.

(2) Operating leases

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2025	\$ 1,191
Balanced at December 31, 2025	<u>\$ 1,191</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2025	\$ 999
Depreciation expenses	<u>21</u>
Balance at December 31, 2025	<u>\$ 1,020</u>
Net Balance at January 1, 2025	<u>\$ 192</u>
Net Balance at December 31, 2025	<u>\$ 171</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	<u>\$ 213</u>
Net Balance at December 31, 2024	<u>\$ 192</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 31.

14. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount		
Land	\$ 3,608	\$ 1,340
Buildings	180,622	215,745
Transportation equipment	<u>9,514</u>	<u>7,549</u>
	<u>\$193,744</u>	<u>\$224,634</u>
	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets	<u>\$ 45,897</u>	<u>\$228,815</u>
Depreciation of right-of use assets		
Land	\$ 600	\$ 95
Buildings	71,255	32,963
Transportation equipment	<u>4,789</u>	<u>4,482</u>
	<u>\$ 76,644</u>	<u>\$ 37,540</u>

(2) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount		
Current	<u>\$ 62,498</u>	<u>\$ 54,165</u>
Non-current	<u>\$139,251</u>	<u>\$172,676</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	1.75%	1.75%
Buildings	1.26%~2.00%	1.26%~2.00%
Transportation equipment	1.75%~2.00%	1.26%~2.00%

(3) Other lease information

	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	<u>\$ 27,652</u>	<u>\$ 25,206</u>
Expenses relating to low-value asset leases	<u>\$ 1,389</u>	<u>\$ 207</u>
Total cash (outflow) for leases	<u>(\$104,172)</u>	<u>(\$ 62,454)</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, 2025	\$ 99,968
Acquired separately	16,428
Reclassified	1,787
Disposal	(12,850)
Balance at December 31, 2025	<u>\$ 105,333</u>
<u>Accumulated amortization</u>	
Balance January 1, 2025	\$ 46,656
Amortized expense	25,458
Disposal	(12,850)
Balance at December 31, 2025	<u>\$ 59,264</u>
Net amount at December 31, 2025	<u>\$ 46,069</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, 2025 and 2024. 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, 2025</u>	<u>December 31, 2024</u>
Prepayments for investments	<u>\$ -</u>	<u>\$ 198,585</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. Borrowings

<u>Long-term borrowings</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Secured borrowings</u>		
Bank of Taiwan	<u>\$ 554,000</u>	<u>\$ -</u>

Borrowings provided by Bank of Taiwan may be drawn down revolvingly during the credit period as agreements. The borrowing period is from October 2, 2025 to August 28, 2035. As of December 31, 2025, the annual interest rate is 1.97%.

18. Trade Payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Arising from operations	<u>\$ 2,995,739</u>	<u>\$ 3,581,537</u>

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

19. Other Payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salary payables	\$ 705,349	\$ 680,679
Remuneration to employees and directors	444,970	362,450
Export expense payables	308,661	275,428
Commission payables	97,365	49,767
Design expense payables	43,041	83,273
Labor and health insurance payables	15,132	13,700
Construction payables	2,633	85,872
Others	<u>326,694</u>	<u>206,137</u>
	<u>\$1,943,845</u>	<u>\$1,757,306</u>

19. Provisions

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Warranty	\$ 3,690	\$ 36,395
Onerous contracts	<u>3,680</u>	<u>-</u>
	<u>\$ 7,370</u>	<u>\$ 36,395</u>

- (1) Obligations related to warranties provide with assurance that the related product will comply with agreed-upon specifications is the management's best estimate on the expenditures required to repay the obligation, which are recognized when the revenue from related products is recognized.
- (2) Provisions for onerous contracts are the differences between the present value of existing future payment obligations less the revenue expected to be earned from the contracts under non-cancellable agreements.

21. 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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present Value of a Defined Benefit Obligation	\$ 502,934	\$ 454,342
Fair value of plan assets	(<u>555,056</u>)	(<u>505,609</u>)
Net defined benefit assets	(<u>\$ 52,122</u>)	(<u>\$ 51,267</u>)

Movements of the net defined benefit liability (assets) are as follows:

	Present Value of a defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance, January 1, 2024	\$ 448,785	(\$ 443,680)	\$ 5,105
Current service cost	2,272	-	2,272
Interest expense (income)	5,204	(5,269)	(65)
Recognized in profit or loss	7,476	(5,269)	2,207
Remeasurement			
Return on plan assets	-	(38,521)	(38,521)
Actuarial gain or loss arising from changes in assumptions	(10,940)	-	(10,940)
Actuarial gain or loss arising from experience adjustments	32,360	-	32,360
Recognized in other comprehensive income	21,420	(38,521)	(17,101)
Contributed by the Company	-	(41,478)	(41,478)
Benefits paid	(23,339)	23,339	-
Balance, December 31, 2024	454,342	(505,609)	(51,267)
Current service cost	1,711	-	1,711
Interest expense (income)	6,764	(7,728)	(964)
Recognized in profit or loss	8,475	(7,728)	747
Remeasurement			
Return on plan assets	-	(35,062)	(35,062)
Actuarial gain or loss arising from changes in assumptions	7,323	-	7,323
Actuarial gain or loss arising from experience adjustments	58,099	-	58,099
Recognized in other comprehensive income	65,422	(35,062)	30,360
Contributed by the Company	-	(31,962)	(31,962)
Benefits paid	(25,305)	25,305	-
Balance, December 31, 2025	\$ 502,934	(\$ 555,056)	(\$ 52,122)

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

	2025	2024
Operating cost	\$ 527	\$ 1,562
Selling expenses	105	310
Administrative expenses	67	199
Research and Development Expenses	48	136
	<u>\$ 747</u>	<u>\$ 2,207</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, 2025</u>	<u>December 31, 2024</u>
Discounted rate	1.30%	1.55%
Expected return rate on plan assets	1.30%	1.55%
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, 2025</u>	<u>December 31, 2024</u>
Discount Rate		
Increase 0.25%	(\$ 7,323)	(\$ 7,559)
Decrease 0.25%	<u>\$ 7,519</u>	<u>\$ 7,770</u>
Future salary increase rate		
Increase 0.25%	<u>\$ 7,199</u>	<u>\$ 7,509</u>
Decrease 0.25%	(<u>\$ 7,049</u>)	(<u>\$ 7,345</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, 2025</u>	<u>December 31, 2024</u>
Forecast amount within one year	<u>\$ 22,385</u>	<u>\$ 21,793</u>
Average maturity period of defined benefit obligations	5.94 years	6.78 years

22. 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 :

	December 31, 2025		
	Within 1 Year	Longer than 1 Year	Total
<u>Assets</u>			
Refundable deposits (included in other current assets)	\$ 1,294	\$ -	\$ 1,294
Contract assets	\$ 268,032	\$ -	\$ 268,032
<u>Liabilities</u>			
Contract liabilities	\$ 350,599	\$ -	\$ 350,599
	December 31, 2024		
	Within 1 Year	Longer than 1 Year	Total
<u>Assets</u>			
Refundable deposits (included in other current assets)	\$ 279	\$ -	\$ 279
Contract assets	\$ 541,241	\$ -	\$ 541,241
<u>Liabilities</u>			
Contract liabilities	\$ 112,889	\$ 7,183	\$ 120,072

22. Equity

(1) Capital - common stock

	December 31, 2025	December 31, 2024
Authorized shares (in thousands)	500,000	500,000
Authorized capitals	\$ 5,000,000	\$ 5,000,000
Issued and paid shares (in thousands)	315,881	287,164
Issued capital	\$ 3,158,808	\$ 2,871,644

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, 2025 to implement capital increase by the unappropriated earnings of NT\$287,164 thousand. 28,717 thousand new shares have been issued with par value of NT\$10. The base date of the capital increase is August 2, 2025. 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, 2025	December 31, 2024
<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	1,059	869
<u>Can be used to offset a deficit (2)</u>		
Recognition of changes in ownership interests in subsidiaries	131,655	85,120
	\$ 133,747	\$ 87,022

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 25 (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 2024 and 2023 earnings proposed by the Company's shareholders meeting held on June 13, 2025, and June 13, 2024 are as follows:

	2024	2023
Legal reserve	<u>\$ 429,970</u>	<u>\$ 256,431</u>
Special reserve	<u>\$ 77,121</u>	<u>\$ 29,142</u>
Cash dividends	<u>\$ 2,584,480</u>	<u>\$ 1,566,351</u>
Stock dividends	<u>\$ 287,164</u>	<u>\$ 261,059</u>
Cash dividends per share (NT\$)	<u>\$ 9.00</u>	<u>\$ 6.00</u>
Stock dividends per share (NT\$)	<u>\$ 1.00</u>	<u>\$ 1.00</u>

The appropriations of earnings for 2025 proposed by the Company's Board of Directors on March 9, 2026 are as follows:

	<u>2025</u>
Appropriation of legal reserve	<u>\$ 439,515</u>
Reversal of special reserve	<u>(\$ 42,988)</u>
Cash dividends	<u>\$ 3,474,689</u>
Stock dividends	<u>\$ 315,881</u>
Cash dividends per share (NT\$)	<u>\$ 11.00</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 12, 2026.

(4) Other equity items

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	(\$ 35,805)	(\$ 50,385)
Occurred in the current year		
Exchange differences arising on translation of foreign operations	(<u>11,215</u>)	<u>14,580</u>
Balance, end of year	(<u>\$ 47,020</u>)	(<u>\$ 35,805</u>)

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	(\$ 129,941)	(\$ 38,240)
Unrealized gain or losses		
Equity instruments		
Equity instrument	<u>54,203</u>	(<u>91,701</u>)
Balance, end of year	(<u>\$ 75,738</u>)	(<u>\$ 129,941</u>)

24. Revenue

	<u>2025</u>	<u>2024</u>
Revenue from contract with customers		
Revenue from sale of goods		
Transformer	\$ 16,148,805	\$ 13,840,280
Distribution switchboards	1,780,726	1,641,651
Electrical distribution equipment	901,909	574,559
Electricity sales	12,764	14,269
Other	1,949,307	1,705,753
Construction revenue	<u>1,188,031</u>	<u>1,181,220</u>
	<u>\$ 21,981,542</u>	<u>\$ 18,957,732</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, 2025	December 31, 2024	January 1, 2024
Notes receivable (Note 10)	<u>\$ 176,308</u>	<u>\$ 222,135</u>	<u>\$ 95,615</u>
Trade receivable (Note 10)			
Sale of goods	<u>\$ 3,680,250</u>	<u>\$ 3,239,098</u>	<u>\$ 2,103,522</u>
Contract asset			
Sale of goods	\$ 1,751,760	\$ 2,637,635	\$ 1,643,649
Construction	<u>268,032</u>	<u>541,241</u>	<u>414,531</u>
	<u>\$ 2,019,792</u>	<u>\$ 3,178,876</u>	<u>\$ 2,058,180</u>
Contract liabilities			
Sale of goods	\$ 6,334,422	\$ 4,416,226	\$ 2,609,462
Construction	<u>350,599</u>	<u>120,072</u>	<u>172,225</u>
	<u>\$ 6,685,021</u>	<u>\$ 4,536,298</u>	<u>\$ 2,781,687</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.

Information on changes in loss allowances for contract assets is as follows:

	2025	2024
Beginning balance	\$ -	\$ -
Add: impairment losses appropriated in current year	4,967	-
Less: actual write-off in current year	(2,371)	-
Ending balance	<u>\$ 2,596</u>	<u>\$ -</u>

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:

	2025	2024
<u>From beginning contract liabilities</u>		
Sale of goods	\$ 2,518,041	\$ 1,035,894
Construction	<u>75,205</u>	<u>101,631</u>
	<u>\$ 2,593,246</u>	<u>\$ 1,137,525</u>

(3) Revenue from Contracts with Customers

2025

	Electrical & Mechanical Department	Turnkey Department	Total
Sales revenue	\$ 20,793,511	\$ -	\$ 20,793,511
Construction revenue	<u>-</u>	<u>1,188,031</u>	<u>1,188,031</u>
	<u>\$ 20,793,511</u>	<u>\$ 1,188,031</u>	<u>\$ 21,981,542</u>

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>

25. Net Income

(1) Interest income

	2025	2024
Bank deposits	\$ 78,056	\$ 41,070
Repurchase agreements	7,255	23,241
Others	<u>6,243</u>	<u>669</u>
	<u>\$ 91,554</u>	<u>\$ 64,980</u>

(2) Other income

	2025	2024
Export tax rebate	\$ 75,150	\$ 74,081
Commission revenue	12,780	1,144
Government grant revenue	1,719	14,938
Others	<u>6,013</u>	<u>1,808</u>
	<u>\$ 95,662</u>	<u>\$ 91,971</u>

(3) Other gains and losses

	2025	2024
Financial assets and liabilities interest		
Gain on financial assets mandatorily measured at fair value through profit or loss	\$ 2,563	\$ -
(Loss) gain on disposal of property, plant and equipment	(711)	27,825
Others	<u>2</u>	(<u>1,682</u>)
	<u>\$ 1,854</u>	<u>\$ 26,143</u>

(4) Financial cost

	2025	2024
Bank loan interest	\$ 20,365	\$ 22,454
Interest of lease liabilities	4,287	1,568
Other financial cost	<u>33</u>	<u>769</u>
	<u>\$ 24,685</u>	<u>\$ 24,791</u>

(5) Depreciation, Amortization, and Employee benefits expenses

	2025			2024		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Employee benefits expenses						
Salary	\$1,053,511	\$ 932,328	\$1,985,839	\$ 967,849	\$ 789,542	\$1,757,391
Labor and Health Insurance	80,170	34,246	114,416	64,837	28,480	93,317
Pension						
Defined contribution plan	25,651	13,206	38,857	21,504	11,436	32,940
Defined benefit plan	527	220	747	1,562	645	2,207
Compensation to directors	-	93,209	93,209	-	93,318	93,318
Other employee benefits	45,353	15,106	60,459	39,962	13,613	53,575
	<u>\$1,205,212</u>	<u>\$1,088,315</u>	<u>\$2,293,527</u>	<u>\$1,095,714</u>	<u>\$ 937,034</u>	<u>\$2,032,748</u>
Depreciation	<u>\$ 141,582</u>	<u>\$ 42,699</u>	<u>\$ 184,281</u>	<u>\$ 104,486</u>	<u>\$ 19,889</u>	<u>\$ 124,375</u>
Amortization	<u>\$ 8,620</u>	<u>\$ 16,838</u>	<u>\$ 25,458</u>	<u>\$ 8,561</u>	<u>\$ 16,573</u>	<u>\$ 25,134</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.

In accordance with amendments to the Securities and Exchange Act in August 2024, the Company has resolved by the shareholders meeting of 2025 to approve the amendments to Articles of Incorporation, to stipulate no less than 20% of employee compensation shall be allocated to non-executive employees. The resolutions of estimated employee compensation and Directors' remuneration for 2025 and 2024 by the Board of Directors on March 9, 2026 and March 10, 2025 respectively as follows:

Estimated percentage

	<u>2025</u>	<u>2024</u>
Employee compensation	6.50%	5.00%
Directors' remuneration	1.40%	1.40%

Amount

	<u>2025</u>	<u>2024</u>
	<u>Cash</u>	<u>Cash</u>
Employee compensation	\$ 366,114	\$ 283,164
Directors' remuneration	78,856	79,286

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 2024 and 2023, 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 (losses) and gains

	<u>2025</u>	<u>2024</u>
Gain on foreign exchange	\$ 186,669	\$ 197,524
Loss on foreign exchange	(<u>317,607</u>)	(<u>23,060</u>)
Net gain and loss	(<u>\$ 130,938</u>)	\$ <u>174,464</u>

26. Income tax

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

	<u>2025</u>	<u>2024</u>
Current income tax expense		
Recognized in the current year	\$ 769,207	\$ 904,483
Tax on unappropriated earnings	5,468	22,566
Adjustments on prior years	(<u>3,492</u>)	<u>86,492</u>
	<u>771,183</u>	<u>1,013,541</u>
Deferred income tax benefit		
Recognized in the current year	(<u>3,062</u>)	<u>1,267</u>
Income tax expense recognized in profit or loss	<u>\$ 768,121</u>	<u>\$ 1,014,808</u>

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

	<u>2025</u>	<u>2024</u>
Income before tax	<u>\$5,187,557</u>	<u>\$5,300,828</u>
Income tax expense at the statutory rate	\$ 1,037,512	\$ 1,060,166
Non-deductible expense and loss	60	-
Tax-exempt income	(259,025)	(130,672)
Income tax on unappropriated earnings	5,468	22,566
Unrecognized deductible temporary difference	(801)	(4,607)
Investment Tax Credit	(11,601)	(19,137)
Income tax adjustments on prior years adjustments on current year	(3,492)	86,492
Income tax expense recognized in profit or loss	<u>\$ 768,121</u>	<u>\$ 1,014,808</u>

- (3) Income tax expense recognized in other comprehensive income

	<u>2025</u>	<u>2024</u>
<u>Deferred tax</u>		
Recognized in the current period		
- Remeasurement of defined benefit obligation	\$ 6,072	(\$ 3,421)
Income tax expense recognized in other comprehensive income	<u>\$ 6,072</u>	<u>(\$ 3,421)</u>

- (4) Income tax liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Income tax liabilities</u>		
Income tax payable	<u>\$ 305,389</u>	<u>\$ 606,705</u>

(5) Deferred income tax assets and liabilities

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

2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred income tax assets</u>				
Inventory valuation losses	\$ 2,137	(\$ 255)	\$ -	\$ 1,882
Allowance for doubtful accounts	-	8,347	-	8,347
Export income cost adjustment item	44,354	29,963	-	74,317
Others	1,374	100	-	1,474
	<u>\$ 47,865</u>	<u>\$ 38,155</u>	<u>\$ -</u>	<u>\$ 86,020</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 40,621	\$ -	\$ -	\$ 40,621
Defined benefit retirement plan	10,253	6,243	(6,072)	10,424
Unrealized exchange gain	4,798	(2,948)	-	1,850
Share of profit or loss of subsidiaries accounted for using equity method	51,117	31,285	-	82,402
Financial assets at fair value through profit or loss	-	513	-	513
	<u>\$ 106,789</u>	<u>\$ 35,093</u>	<u>(\$ 6,072)</u>	<u>\$ 135,810</u>

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>

(6) Income tax examination

The tax authorities have examined income tax of the Company prior to 2023.

27. Earnings per share

	2025	Units: NT\$ per Share 2024
Basic earnings per share	<u>\$ 13.99</u>	<u>\$ 13.57</u>
Diluted earnings per share	<u>\$ 13.97</u>	<u>\$ 13.54</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, 2025. The changes in basic and diluted earnings per share for the year ended December 31, 2024 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>\$ 14.93</u>	<u>\$ 13.57</u>
Diluted earnings per share	<u>\$ 14.90</u>	<u>\$ 13.54</u>

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

	2025	2024
Current year net income	<u>\$4,419,436</u>	<u>\$4,286,020</u>

Number of shares

Unit: Thousand shares

	2025	2024
Calculation of weighted average number of common stock shares	315,881	315,881
The effect of potentially dilutive ordinary shares:		
Employee compensation	<u>565</u>	<u>559</u>
The calculation of diluted EPS is based on the weighted average number of ordinary shares	<u>316,446</u>	<u>316,440</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.

28. 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.

29. 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, 2025 and 2024.

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

1. Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Private placement funds	\$ -	\$ -	\$ 47,563	\$ 47,563
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment instrument				
- Domestic emerging market shares	\$ 43,000	\$ -	\$ -	\$ 43,000
- Domestic unlisted shares	\$ -	\$ -	\$ 525,795	\$ 525,795

December 31, 2024

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

There were no transfers between Level 1 and Level 2 fair value measurements in 2025 and 2024.

2. The reconciliation of financial instruments categorized within level 3

2025

	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	\$ 15,260	\$ 244,302	\$ 259,562
Recognized in profit or loss	2,563	-	2,563
Recognized in other comprehensive income	-	56,203	56,203
Prepayments for investments	-	198,585	198,585
Purchases	29,740	26,705	56,445
Ending balance	<u>\$ 47,563</u>	<u>\$ 525,795</u>	<u>\$ 573,358</u>

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>

(3) Categories of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 8,333,423	\$ 5,793,041
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	47,563	15,260
Financial assets measured at fair value through other comprehensive income		
Equity investment instrument	568,795	244,302
<u>Financial liabilities</u>		
Amortized cost (Note 2)	6,388,392	6,014,371

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, notes receivables, trade receivables, trade receivables from 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 payables, trade payables to related parties, other payables, other payables to related parties, long-term borrowings, and guaranteed deposits received.

(4) Financial risk management objectives

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

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 33.

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	
	2025	2024
Profit or Loss (i)	\$ 24,742	\$ 18,646

- (i) It is mainly derived from the Company's bank deposits, financial bonds, 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 :

	December 31, 2025	December 31, 2024
Fair value interest rate		
- Financial assets	\$ 3,678,073	\$ 1,693,977
- Financial liabilities	201,749	226,841
Cash flow interest rate risk		
- Financial assets	198,353	167,376
- Financial liabilities	554,000	-

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 2025 and 2024 will decrease or increase by \$3,556 thousand and \$1,674 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 2025 and 2024 will increase or decrease by \$476 thousand and \$153 thousand due to the change in fair value of financial assets measured at fair value through profit or loss, respectively. If the equity price rises or falls by 1%, the other comprehensive income before tax in 2025 and 2024 will increase or decrease by \$5,688 thousand and \$2,443 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.

Risks associated with operation

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

Financial credit risk

The investing policies of the Company pursues an appropriate return on investments, under the principles of guaranteeing the safety of principal and maintaining sufficient liquidity. As a result, the Company selects transaction counterparties with investment grade, and continuously pays attention to the financial market conditions, the changes in external credit rating of issuers of debt instruments, and other significant information, to evaluate whether the credit risk of the debt instruments has significantly increased since initial recognition.

Social bonds held by the Company are debt instruments with above investment grade of credit rating and lower estimated impairment risk. There are no changes in interest rate or contract terms and conditions result from significant increase in credit risk since initial recognition, and no indication that there are significant changes in the issuers' operating condition which affect the performance capability. Therefore, the Company judges no expected credit loss for the investments.

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, 2025 and 2024, the unused bank loan and bill company financing lines were \$12,314,398 thousand and \$10,105,954 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, 2025

	Weighted average effective interest rate (%)	Payable on demand less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years
<u>Non-derivatives financial liabilities</u>						
Non-interest- bearing liabilities		\$ 727,736	\$ 3,943,126	\$ 6,170	\$ -	\$ -
Lease liabilities		5,777	11,554	50,051	108,091	37,690
Floating interest rate instruments	1.97	-	-	-	235,380	329,533
		<u>\$ 733,513</u>	<u>\$ 3,954,680</u>	<u>\$ 56,221</u>	<u>\$ 343,471</u>	<u>\$ 367,223</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>\$ 67,382</u>	<u>\$108,091</u>	<u>\$ 37,690</u>	<u>\$ -</u>

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 financial 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>

30. 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 Company	Subsidiary
Wuhan Fortune Electric Co., Ltd (Wuhan Fortune Company)	Subsidiary
USA Fortune Company	Subsidiary
Fortune Extra High Voltage Company	Subsidiary
Fortune NEV Company	Subsidiary
Australian Fortune Company	Subsidiary
E-Total Link	Associate
Hsin He Energy Co., Ltd.	Other related party
Hua Cheng Investment Co., Ltd. (Hua Cheng Company)	Other related party
Synergy Co., Ltd.	Other related party

(2) Operating revenue

Item	Related Party Categories/Name	2025	2024
Revenue from sales of goods	USA Fortune Company	\$ 2,336,960	\$ 31,760
	Subsidiaries	4,963	42,064
	Associates	-	440
		<u>\$ 2,341,923</u>	<u>\$ 74,264</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	2025	2024
Subsidiaries		
Fortune Electric Extra High Voltage Company	\$ 3,864,776	\$ 2,214,675
Other	292,733	121,531
Associates	<u>2,325</u>	<u>2,460</u>
	<u>\$ 4,159,834</u>	<u>\$ 2,338,666</u>

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

(4) Contract assets

Related Party Categories/Name	December 31, 2025	December 31, 2024
Subsidiary	<u>\$ 80,825</u>	<u>\$ -</u>

No allowance for losses was recognized for contract assets from related parties in 2025.

(5) Contract liabilities

<u>Related Party Categories/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary	<u>\$ 392,871</u>	<u>\$ -</u>

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

<u>Items</u>	<u>Related Party Categories/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Receivables	Subsidiaries	<u>\$ 360,417</u>	<u>\$ 27,350</u>
Other receivables (Classified under other current assets)	Subsidiaries Subsidiaries	<u>\$ 1</u>	<u>\$ 420</u>

The outstanding receivables from related parties are not guaranteed, and no allowance for losses is provided for account receivables from related parties in 2025 and 2024.

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

<u>Item</u>	<u>Related Party Categories/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payable to related parties	Subsidiaries		
	Fortune Extra High Voltage Company	\$ 770,724	\$ 551,780
	Others	18,360	26,851
	Associates	94	-
		<u>\$ 789,178</u>	<u>\$ 578,631</u>
Other payables	Subsidiaries	<u>\$ 98,589</u>	<u>\$ 89,646</u>

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

(8) Prepayment

<u>Account</u>	<u>Related Party Categories/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments for goods	Fortune Extra High Voltage Company	\$ 231,039	\$ 561,213
	Subsidiaries	27,845	13,080
		<u>\$ 258,884</u>	<u>\$ 574,293</u>

(9) Lease Agreement

<u>Related Party Categories/Name</u>	<u>2025</u>	<u>2024</u>
<u>Finance costs</u>		
Other related parties	<u>\$ -</u>	<u>\$ 1</u>
<u>Operating expenses</u>		
Other related parties	\$ 171	\$ 168
Subsidiaries	114	114
	<u>\$ 285</u>	<u>\$ 282</u>

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

(10) Lease agreement

Operating lease rentals

The Company operating leases the right to use the office to other related parties, Hua Cheng Investment Co., Ltd. ,the subsidiary, Fortune Energy Company, and the subsidiary, Fortune NEV Company, and the lease terms for both contracts are for one year. The lease term of Fortune Electric Value Company is until April 1, 2025.

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

<u>Related Party Categories/Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	\$ 52	\$ 24
Associates	57	57
	<u>\$ 109</u>	<u>\$ 81</u>

The lease income is summarized as follows:

<u>Related Party Categories/Name</u>	<u>2025</u>	<u>2024</u>
Subsidiaries	\$ 129	\$ 114
Other associates	57	57
	<u>\$ 186</u>	<u>\$ 171</u>

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

(11) Acquisition of financial assets

2025

<u>Related Party Categories/Name</u>	<u>Account</u>	<u>Number of shares in the transaction</u>	<u>Underlying target</u>	<u>Consideration of acquisition</u>
Other related party -Synergy Co., Ltd.	Financial assets at fair value through other comprehensive income	2,670	Ordinary shares	<u>\$ 26,705</u>

2024

<u>Related Party Categories/Name</u>	<u>Account</u>	<u>Number of shares in the transaction</u>	<u>Underlying target</u>	<u>Consideration of acquisition</u>
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>

(12) Acquisition of other assets

<u>Account</u>	<u>Related Party Name</u>	<u>2025</u>	<u>2024</u>
Prepayments for equipment	Subsidiaries	<u>\$ 109,958</u>	<u>\$ 20,722</u>

(13) Acquisition of property, plant and equipment

<u>Related Party Categories/Name</u>	<u>Consideration of acquisition</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries	<u>\$ 13,731</u>	<u>\$ 10,172</u>

(14) 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:

<u>Related Party Categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries		
Fortune Electric Extra High Voltage Company	<u>\$ -</u>	<u>\$ 1,450,000</u>
Other related parties		
Hsin He Energy Co., Ltd.	<u>\$ 300,000</u>	<u>\$ 252,750</u>

(15) Other related party transaction

<u>Related Party Categories/Name</u>	<u>Manufacturing Expense</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
Wuhan Fortune Company	\$ 3,072	\$ 266
Fortune Electric Value Company	<u>510</u>	<u>61</u>
	<u>\$ 3,582</u>	<u>\$ 327</u>

<u>Related Party Categories/Name</u>	<u>Operating Expense</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
USA Fortune Company	\$ 199,646	\$ 199,494
Fortune Electric Value Company	<u>103</u>	<u>115</u>
	<u>\$ 199,749</u>	<u>\$ 199,609</u>

<u>Related Party Categories/Name</u>	<u>Other Expenditures</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
Fortune Extra High Voltage Company	<u>\$ -</u>	<u>\$ 1,725</u>

(16) Compensation of key management personnel

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 222,295	\$ 219,708
Post-employment benefits	<u>3,775</u>	<u>3,738</u>
	<u>\$ 226,070</u>	<u>\$ 223,446</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.

31. Pledged asset

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Refundable deposits (Current portion is included in other current assets)	\$ 78,148	\$ 67,564
Pledge of certificate of deposit (Financial assets at amortized cost)	249,516	32,700
Property, plant and equipment, net	<u>1,043,144</u>	<u>1,021,370</u>
	<u>\$ 1,370,808</u>	<u>\$ 1,121,634</u>

32. 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, 2025, the balance of unused L/C amount total US\$3,276 thousand, JPY 295,078, and EUR 1,702 thousand.
- (2) As of December 31, 2025, a total of \$1,799,140 thousand of financing bills has been issued as guarantees for bank financing, endorsement and sales fulfillment.

33. 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, 2025

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 103,208	31.43 (USD: NT dollar)	<u>\$ 3,243,828</u>
<u>Non-Monetary items</u>			
Investments accounted for using equity method			
USD	13,308	31.43 (USD: NT dollar)	<u>\$ 418,260</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	24,487	31.43 (USD: NT dollar)	<u>\$ 769,627</u>

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>

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

	2025		2024	
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>(\$ 130,938)</u>	(NTD : NTD)	<u>\$ 174,464</u>

34. Additional disclosures

(1) Information on significant transactions:

1. Lending funds to others. (None)
2. Providing endorsements or guarantees for others. (See Table 1 attached)
3. Holding of significant 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. 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 3 attached)
5. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (See Table 4 attached)

(2) Information on investee companies. (See Table 5 attached)

(3) 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 6 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 5 and 6 attached and Note 30)
 - (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.

Fortune Electric Co., Ltd.
Providing endorsements or guarantees for others
For the year ended December 31, 2025

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	The Company	Fortune Electric Extra High Voltage Company	Subsidiary	\$ 5,291,585	\$ 1,450,000	\$ -	\$ -	\$ -	-	\$ 6,349,902	Y	N	N	
0	The Company	Hsin He Energy Co., Ltd.	Joint venture	5,291,585	300,000	300,000	300,000	-	2.83%	6,349,902	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., \$10,583,171×50% = \$5,291,585.

Note 2 : The total amount of endorsements or guarantees shall not exceed 60% of the Company’s net worth, i.e., \$10,583,171×60% = \$6,349,902.

Fortune Electric Co., Ltd.
Significant Marketable Securities Held
December 31, 2025

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> <u>Emerging market stocks</u> Yiho International Co., Ltd	-	Financial assets at fair value through other comprehensive income	2,500	\$ 43,000	2.04%	\$ 43,000	(Note 3)
	<u>Non-listed stocks</u> Hsin He Energy Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	30,000	216,000	15.00%	216,000	
	Synergy Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	24,000	297,360	15.00%	297,360	
	<u>Private placement fund</u> Blue magpie growth fund limited partnership	-	Financial assets at fair value through profit or loss	-	47,563	-	47,563	

Note 1: Marketable securities presented in the table are determined based on the materiality principle.

Note 2: Information on investment in subsidiaries and associates, please refer to Table 5 and Table 6.

Note 3: Synergy Co., Ltd. changes its name. on March 24, 2025. The registration of change has been approved by the New Taipei City Government and on file.

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, 2025

Table 3

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	
The Company	Fortune Electric Extra High Voltage Co., Ltd.	Subsidiary	Purchases	\$ 3,864,776	36.34%	90 Days	-	-	(\$ 770,724)	(20.36%)	
The Company	Wuhan Fortune Company	Sub-subsidiary	Purchases	292,733	2.75%	90 Days	-	-	(12,971)	(0.34%)	
The Company	USA Fortune Company	Subsidiary	Sales	(2,336,960)	(9.57%)	90 Days	-	-	359,631	8.70%	
Fortune Electric Extra High Voltage Co., Ltd.	USA Fortune Company	Fellow subsidiary	Sales	(1,515,665)	(6.21%)	90 Days	-	-	166,277	17.73%	

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, 2025

Table 4

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.	The Company	Parent-subsiidiary	\$ 770,724	5.84	\$ -	-	\$ 708,585	\$ -
Fortune Electric Extra High Voltage Co., Ltd.	USA Fortune Company	Fellow subsidiary	166,277	7.34	-	-	-	-
The Company	USA Fortune Company	Parent-subsiidiary	359,631	13	-	-	165,466	

Fortune Electric Co., Ltd.
Names, Locations, and related Information of Investees...related information
January 1 to December 31, 2025

Table 5

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, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				December 31, 2025	December 31, 2024	Number of Shares	Percentage of Ownership(%)	Carrying Value			
The Company	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 shares	100.00	\$ 83,783	(\$ 15,030)	(\$ 15,030)	Subsidiary
	Fortune Electric America Inc.	23133 Hawthorne Blvd. Suite 200 Torrance, CA 90505	Agent business	2,949	2,949	1 thousand shares	100.00	334,477	242,336	242,336	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 shares	100.00	2,705,113	1,406,466	1,406,466	Subsidiary
	E-Total Link	Shin Osaka SONE Building No. 1204, Nish-Nakajima 7-chome No. 29, Yodogawa-ku, Osaka Prefecture	Transformers manufacturing, machining and trading	1,385	1,385	100 shares	25.00	1,948	(768)	(192)	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	29,000	2,900 thousand shares	100.00	29,003	393	393	Subsidiary
	Fortune Electric Australia Pty Ltd.	Level 7, 60 York. Street, Sydney NSW 2000, Australia	Trade business	10,173	10,173	500 thousand shares	100.00	12,615	313	313	Subsidiary
	Fortune Electric Value Co., LTD.	12 F., No. 66, Sanchong Rd., Nangang Dist., Taipei City	Electric vehicle charging and operation services, design and establishment of charging stations, R&D of equipment, systems and technologies, and sales.	382,000	182,000	21,836 thousand shares	60.95	329,709	(126,363)	(80,045)	Subsidiary (Note 2)
	Fortune NEV Company	10 F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City	Department store industry	167,712	-	16,771 thousand shares	76.44	136,450	(41,493)	(31,719)	Subsidiary (Note 3)
	Foresee Energy Company	2 F., No. 228, Sec. 3, Huanshi Rd., Zhunan Township, Miaoli County	Green energy, renewable energy, hydrogen energy related business	200,500	-	20,050 thousand shares	100.00	200,528	28	28	Subsidiary (Note 4)
Power Energy International Ltd.	Wuhan Fortune Company	NO. 2832 Dong Si Who Avenue, Wuhan, Hubei Province, China	Import and export business of various commodities and technologies	USD 1,000 thousand	USD 1,000 thousand	-	100.00	USD 2,605 thousand	USD 602 thousand	USD 602 thousand	Sub-subsiidiary
Fortune Electric Value Co., LTD.	SQTek Co., Ltd.	3F., No. 423-13, Zhengguang Rd., Taoyuan Dist., Taoyuan City	Information software service	1,800	1,000	180 thousand shares	20.00	-	(1,149)	(800)	Associate (Note 5)
	Fortune NEV Company	10 F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City	Department store industry	20,000	-	2,000 thousand shares	9.12	16,280	(41,493)	(3,784)	Subsidiary (Note 3)

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 Value Company resolved by the boards of directors on August 6, 2025 to implement cash capital increase of NT\$412,500 thousand, and the register of change has been completed on November 19, 2025. The Company did not subscribe NT\$200,000 thousand in proportion to percentage of ownership.

Note 3: The establishment of Fortune NEV Company has been approved on January 6, 2025.

Note 4: The establishment of Foresee Energy Company has been approved on November 5, 2025.

Note 5: As of December 31, 2025, SQTek Co., Ltd. implemented cash capital increase on July 21, 2025 to cover up accumulated deficit. Fortune Electric Value Company subscribed NT\$800 thousand in proportion to percentage of ownership.

Note 6: Please refer to Table 6 for relevant information on investee companies in Mainland China.

Fortune Electric Co., Ltd.
Information on investments in Mainland China
January 1 to December 31, 2025

Table 6

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, 2025(Note 3)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025(Note 3)	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Note
					Outflows	Inflows							
Wuhan Fortune Company	Import and export business of various commodities and technologies.	\$ 31,430 (USD1,000 thousand)	Reinvestment in mainland companies through reinvestment in existing companies in the third area	\$ 31,430 (USD1,000 thousand)	-	-	\$ 31,430 (USD1,000 thousand)	\$ 18,766 (USD602 thousand)	100%	\$ 18,766 (USD602 thousand)	81,875 (USD2,605 thousand)	-	

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Investment Limit for Mainland Area as Regulated by MOEAIC
\$ 29,544 (USD940 thousand)	\$ 31,430 (USD1,000 thousand)	\$ 6,349,902

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, 2025, the rest are calculated at the spot exchange rate at the end of December, 2025.

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Fortune Electric Co., Ltd.
Statement of cash and cash equivalents
December 31, 2025

Statement 1

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

Item	Amount
Petty cash	\$ 1,040
Check deposit	28,308
Demand deposit (Note 1)	198,354
Cash equivalents (Note 2)	<u>3,422,302</u>
Total	<u>\$ 3,650,004</u>

Note 1: Statement of foreign currency is as follows:

Currency Name	Foreign currency amount (NT\$)	Exchange rate for NT dollars
USD	\$ 5,233,089	31.43
CNY	336,151	4.4716
EUR	403	36.90
AUD	1,607	21.01
CAD	709	22.94
HKD	179	4.038
CHF	177	39.615
JPY	1	0.2008

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 11,470,000	2026/1	3.73%~4.04%	31.43	\$ 360,502
Time deposits	-	2026/1	1.54%~1.65%	1	3,061,800

Fortune Electric Co., Ltd.
Statement of contract assets and contract liabilities
December 31, 2025

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	\$ -	\$ 4,000	(\$ 4,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TK13003	-	810	(810)	-	-	-	-	-	-	-
TK22048	749,591	119,891	4,697	-	874,179	570,868	299,897	-	870,765	3,415
TK23001	193,970	126,412	(78,571)	-	241,811	45,745	147,929	-	193,674	48,137
TK23003	273,593	442,776	68,297	-	784,666	234,717	463,349	-	698,066	86,600
TK23903	698,178	82,048	17,481	797,707	-	617,220	-	617,220	-	-
TK24917	1,865	27,840	4,895	-	34,600	-	8,096	-	8,096	26,503
TK24916	-	183,260	29,662	-	212,922	-	182,505	-	182,505	30,417
TK2280A	162,666	97,754	7,629	-	268,049	177,429	81,750	-	259,179	8,870
Total	<u>\$ 2,079,863</u>	<u>\$ 1,084,791</u>	<u>\$ 49,280</u>	<u>\$ 797,707</u>	<u>\$ 2,416,227</u>	<u>\$ 1,645,979</u>	<u>\$ 1,183,526</u>	<u>\$ 617,220</u>	<u>\$ 2,212,285</u>	203,942
Construction retainage receivables										64,090
Sales of goods										1,751,760
Less: loss allowances										(2,596)
Total										<u>\$ 2,017,196</u>
Contract liabilities										
Construction contracts payables										
TK23910	\$ 19,935	\$ 3,214	\$ 444	\$ -	\$ 23,593	\$ 30,500	\$ -	\$ -	\$ 30,500	\$ 6,907
TK23002	17,630	7,073	1,870	-	26,573	56,481	-	-	56,481	29,908
TK25915	-	3,000	546	-	3,546	-	25,144	-	25,144	21,598
TK2580A	-	32,532	5,282	-	37,814	-	330,000	-	330,000	292,186
Total	<u>\$ 37,565</u>	<u>\$ 45,819</u>	<u>\$ 8,142</u>	<u>\$ -</u>	<u>\$ 91,526</u>	<u>\$ 86,981</u>	<u>\$ 355,144</u>	<u>\$ -</u>	<u>\$ 442,125</u>	350,599
Sales of goods										6,334,422
Total										<u>\$ 6,685,021</u>

Fortune Electric Co., Ltd.
Statement of trade receivables
December 31, 2025

Statement 3

Unit: Amounts in Thousands of New Taiwan Dollar

Customer Name	Amount
Customer A	\$ 431,435
Customer B	365,139
Customer C	319,812
Customer D	279,588
Customer E	196,133
Customer F	190,425
Customer G	186,057
Others (Note)	<u>1,711,661</u>
	3,680,250
Minus: Allowance for loss	<u>36,550</u>
	<u>\$ 3,643,700</u>

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

Fortune Electric Co., Ltd.
Statement of Inventories
December 31, 2025

Statement 4

Unit: Amounts in Thousands of New Taiwan Dollar

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 838,808	\$ 1,478,404
Work in process	4,139,403	17,264,214
Raw materials	940,812	951,929
Minus : Allowance for inventory valuation and obsolescence losses	<u>9,407</u>	<u>-</u>
	<u>\$ 5,909,616</u>	<u>\$19,694,547</u>

Fortune Electric Co., Ltd.
Statement of Prepayments
December 31, 2025

Statement 5

Customer Name	Unit: Amounts in Thousands of New Taiwan Dollar Amount
Related party - Fortune Electric Extra High Voltage Co., Ltd.	\$ 231,039
Company A	140,565
Company B	44,839
Others (Note)	<u>384,163</u>
	<u>\$ 800,606</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, 2025

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	Changes in ownership interests in subsidiaries	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	\$ 179,371		\$ -	(\$ 71,000)	(\$ 15,030)	(\$ 9,558)	100	100.00	\$ 83,783	-
USA Fortune Company	1	100.00	94,085		-	-	242,336	(1,944)	1	100.00	334,477	-
Fortune Electric Extra High Voltage Co., Ltd	110,000	100.00	1,903,647		-	(605,000)	1,406,466	-	110,000	100.00	2,705,113	-
Fortune Energy CO., LTD.	2,900	100.00	28,610		-	-	393	-	2,900	100.00	29,003	-
Australian Fortune Company	500	100.00	11,925		-	-	313	377	500	100.00	12,615	-
Fortune Electric Value Co., LTD.	18,200	64.25	163,676	3,636	200,000	46,078	(80,045)	-	21,836	60.95	329,709	-
Fortune NEV Company	-	-	-	16,771	167,712	457	(31,719)	-	16,771	76.44	136,450	-
Foresee Energy Company	-	-	-	20,050	<u>200,500</u>	<u>-</u>	<u>28</u>	<u>-</u>	20,050	100.00	<u>200,528</u>	-
Subtotal			2,381,314		568,212	(629,465)	1,522,742	(11,125)			3,831,678	
Investments in subsidiaries												
E-Total Link	100 shares	25.00	<u>2,230</u>		<u>-</u>	<u>-</u>	(<u>192</u>)	(<u>90</u>)	100 株	25.00	<u>1,948</u>	-
Total			<u>\$ 2,383,544</u>		<u>\$ 568,212</u>	(<u>\$ 629,465</u>)	<u>\$ 1,522,550</u>	(<u>\$ 11,215</u>)			<u>\$ 3,833,626</u>	

Note 1 : As of the end of 2025, the company's investment accounted for using equity method had no pledge or guarantee.

Fortune Electric Co., Ltd.
Statement of trade payables
December 31, 2025

Statement 7

Unit : Amounts in Thousands of New Taiwan
Dollars

<u>Vendor Name</u>	<u>Amount</u>
Accounts payables	
Supplier A	\$ 174,668
Others (Note)	<u>2,821,071</u>
	<u>\$ 2,995,739</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, 2025

Statement 8

Unit : Amounts in Thousands of New Taiwan Dollars

Item	Amount
Direct raw materials	
Raw material, beginning of year	\$ 790,542
Add(less): material purchased	12,722,283
Raw materials, end of year	(935,030)
	12,577,795
Direct labor	342,751
Manufacturing expenses	1,501,811
Manufacturing cost	14,422,357
Add(less): Work in process, beginning of year	3,665,210
Transferred to R&D expenses	(62,228)
Work in process, end of year	(4,139,403)
Cost of finished goods	13,885,936
Add(less): Finished goods, beginning of year	1,191,347
Finished goods, end of year	(835,183)
Transferred to construction costs	(10,182)
Transferred to R&D expenses	(27,013)
Income from sales of scraps	(2,552)
Subtotal	14,202,353
Electric sales cost	14,711
Subtotal of cost of goods sold	14,217,064
Construction cost	1,130,889
Total operating cost	<u>\$ 15,347,953</u>

Fortune Electric Co., Ltd.
Statement of operating expenses
For the year ended December 31, 2025

Statement 9

Unit : Amounts in Thousands of New
Taiwan Dollars

Item	Marketing Expenses	Administrative Expenses	R&D Expense	Total
Export expense	\$1,265,239	\$ -	\$ -	\$1,265,239
Payroll and allowance (including pension)	210,853	657,466	170,645	1,038,964
Marketing expenses	199,646	-	-	199,646
Insurance expenses	107,579	12,516	12,096	132,191
Research expenses	-	-	91,952	91,952
Commission expenditures	105,464	-	-	105,464
Others (Note)	<u>169,924</u>	<u>112,194</u>	<u>64,822</u>	<u>346,940</u>
	<u>\$2,058,705</u>	<u>\$ 782,176</u>	<u>\$ 339,515</u>	3,180,396
Expected credit losses				<u>82,892</u>
Total				<u>\$3,263,288</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, 2025 and 2024

Statement 10

Unit : Amounts in Thousands of New Taiwan Dollars

	2025			2024		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee Benefit Expense						
Salary	\$1,053,511	\$ 932,328	\$1,985,839	\$ 967,849	\$ 789,542	\$1,757,391
Labor and health insurance	80,170	34,246	114,416	64,837	28,480	93,317
Pension						
Defined contribution plan	25,651	13,206	38,857	21,504	11,436	32,940
Defined benefit plan	527	220	747	1,562	645	2,207
Directors' compensation	-	93,209	93,209	-	93,318	93,318
Other employee benefit	<u>45,353</u>	<u>15,106</u>	<u>60,459</u>	<u>39,962</u>	<u>13,613</u>	<u>53,575</u>
	<u>\$1,205,212</u>	<u>\$1,088,315</u>	<u>\$2,293,527</u>	<u>\$1,095,714</u>	<u>\$ 937,034</u>	<u>\$2,032,748</u>
Depreciation	<u>\$ 141,582</u>	<u>\$ 42,699</u>	<u>\$ 184,281</u>	<u>\$ 104,486</u>	<u>\$ 19,889</u>	<u>\$ 124,375</u>
Amortization	<u>\$ 8,620</u>	<u>\$ 16,838</u>	<u>\$ 25,458</u>	<u>\$ 8,561</u>	<u>\$ 16,573</u>	<u>\$ 25,134</u>

Note:

1. As of December 31, 2025 and 2024, the Company had 1,165 and 1,044 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 \$1,902 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 \$1,872 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 \$1,716 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 \$1,696 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 1.18% (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 (of which, no less than 20% shall be allocated to non-executive employees), 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 .