

# Fortune Information Systems Corporation

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Fortune Information Systems Corp.

### **Opinion**

We have audited the accompanying parent company only financial statements of Fortune Information Systems Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, parent company only statements of changes in equity and parent company only statements of cash flows for the years then ended, and the related notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 ROC, 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 for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole,

and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the 2024 parent company only financial statements are as follows:

Revenue recognition of service income based on the percentage-of-completion method

The revenue generated by the Company from providing services under contracts includes sales revenue and service income recognized using the percentage-of-completion method. The service income recognized using the percentage-of-completion method is calculated based on the degree of completion of the contract, which is measured by the ratio of costs incurred to total estimated costs. Since the estimated total costs are determined by management's judgment based on the nature of the contracts, as well as internal and external relevant information, this could have a significant impact on the accuracy of revenue recognition. Therefore, the recognition of the aforementioned revenue has been considered a key audit matter.

We designed our audit procedures to address the above key audit matter, including understanding and evaluating the processes related to the accuracy of revenue recognition under the percentage-of-completion method; performing detailed testing of uncompleted contracts at the period-end to verify the accuracy of costs incurred; and reviewing whether there are significant adjustments to the estimated total costs and degree of completion of contracts after the reporting period.

**Important Notes**

As disclosed in Note 9 to the financial statements, the Company pursuant to a resolution of its Board of Directors in November 2023, approved the absorption of its wholly owned subsidiary, IPAC Technology CO. LTD., Ltd., through a simplified merger. This merger is regarded as a reorganization under common control. In accordance with the IFRS Q&A and related interpretations issued by the Financial Accounting Standards Foundation of the Republic of China, the comparative individual financial statements have been retrospectively restated as if the merger had occurred from the beginning of the earliest period presented. This matter did not affect the auditor's opinion.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements**

Financial Statements 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 statements, management is responsible for assessing the Company'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 its 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.

## **Auditors' 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 auditing standards generally accepted in the ROC 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 auditing standards generally accepted in the ROC, 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists and is related to events or conditions that may cast significant doubt on the Company'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 statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cai, You-Ling and Lin, Wen-Qin

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
Mar. 11, 2025

Notice to Readers

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

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

**FORTUNE INFORMATION SYSTEMS CORPORATION**

**PARENT COMPANY ONLY BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 433,333	24	\$ 298,263	17
Contract assets (Note 16)	221,210	12	279,505	16
Notes receivable (Note 7)	2,780	-	885	-
Accounts receivables (Note 7, 16 and 22)	116,613	6	118,672	7
Other receivables (Note 7 and 22)	2,774	-	38,618	2
Inventories (Note 8)	106,003	6	67,221	4
Prepayments	26,222	2	30,325	2
Other current assets	1,056	-	2,024	-
Total current assets	<u>909,991</u>	<u>50</u>	<u>835,513</u>	<u>48</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Note 9)	524,359	29	516,128	30
Property, plant and equipment (Note 10)	210,548	11	214,680	12
Right-of-use assets (Note 11)	18,391	1	9,321	1
Investment properties (Note 12)	60,253	3	60,917	4
Other intangible assets	143	-	229	-
Deferred tax assets (Note 18)	729	-	834	-
Refundable deposits	75,071	4	78,000	4
Long-term accounts receivables (Note 7)	5,176	-	7,997	-
Net defined benefit assets (Note 14)	28,203	2	20,763	1
Total non-current assets	<u>922,873</u>	<u>50</u>	<u>908,869</u>	<u>52</u>
<b>TOTAL</b>	<b>\$ 1,832,864</b>	<b>100</b>	<b>\$ 1,744,382</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities (Note 16)	\$ 44,432	3	\$ 49,844	3
Notes payable	20	-	20	-
Accounts payables (Note 22)	335,121	18	293,938	17
Other payables (Note 13 and 22)	122,391	7	129,208	7
Current tax liabilities	11,441	1	6,513	-
Lease liabilities (Note 11 and 22)	6,450	-	7,321	1
Other current liabilities	36,185	2	13,536	1
Total current liabilities	<u>556,040</u>	<u>31</u>	<u>500,380</u>	<u>29</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 18)	5,642	-	4,153	-
Lease liabilities (Note 11 and 22)	11,985	1	2,098	-
Other non-current liabilities	4,101	-	4,130	-
Total non-current liabilities	<u>21,728</u>	<u>1</u>	<u>10,381</u>	<u>-</u>
Total liabilities	<u>577,768</u>	<u>32</u>	<u>510,761</u>	<u>29</u>
<b>EQUITY (Note 15)</b>				
Common stock	<u>699,612</u>	<u>38</u>	<u>699,612</u>	<u>40</u>
Capital surplus	<u>62,361</u>	<u>3</u>	<u>62,361</u>	<u>4</u>
Retained earnings				
Legal reserve	190,121	11	182,351	10
Special reserve	3,480	-	3,279	-
Unappropriated earnings	298,168	16	289,498	17
Total retained earnings	<u>491,769</u>	<u>27</u>	<u>475,128</u>	<u>27</u>
Other equity interests	1,354	-	(3,480)	-
Total equity	<u>1,255,096</u>	<u>68</u>	<u>1,233,621</u>	<u>71</u>
<b>TOTAL</b>	<b>\$ 1,832,864</b>	<b>100</b>	<b>\$ 1,744,382</b>	<b>100</b>

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

**FORTUNE INFORMATION SYSTEMS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 16 and 22)	\$ 1,243,701	100	\$ 1,428,000	100
OPERATING COSTS (Notes 8, 17 and 22)	<u>1,087,734</u>	<u>87</u>	<u>1,269,887</u>	<u>89</u>
GROSS PROFIT FROM OPERATIONS	155,967	13	158,113	11
OPERATING EXPENSES (Notes 17 and 22)	<u>114,126</u>	<u>9</u>	<u>121,959</u>	<u>9</u>
OPERATING INCOME	<u>41,841</u>	<u>4</u>	<u>36,154</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES ( Note 17 and 22 )				
Interest income	1,676	-	1,265	-
Other income	10,239	1	10,144	1
Other gains and losses, net	1,799	-	289	-
Finance costs	( 502 )	-	( 1,691 )	-
Share of profit or loss of subsidiaries accounted for using the equity method (Note 9)	<u>28,145</u>	<u>2</u>	<u>42,824</u>	<u>3</u>
Total non-operating income and expenses	<u>41,357</u>	<u>3</u>	<u>52,831</u>	<u>4</u>
INCOME BEFORE INCOME TAX	83,198	7	88,985	6
INCOME TAX EXPENSE (Note 18)	<u>16,333</u>	<u>2</u>	<u>10,607</u>	<u>1</u>
NET INCOME	<u>66,865</u>	<u>5</u>	<u>78,378</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) ( Note 14 and 18 )				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	\$ 5,745	1	( \$ 674 )	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	4,834	-	( 197 )	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>( 5 )</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>10,579</u>	<u>1</u>	<u>( 876 )</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 77,444</u>	<u>6</u>	<u>\$ 77,502</u>	<u>5</u>
EARNINGS PER SHARE (NT\$, Note 19)				
Basic earnings per share	<u>\$ 0.96</u>		<u>\$ 1.12</u>	
Diluted earnings per share	<u>\$ 0.95</u>		<u>\$ 1.12</u>	

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

**FORTUNE INFORMATION SYSTEMS CORPORATION**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Earnings			Others		Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE, JANUARY 1, 2023	69,961	\$ 699,612	\$ 62,361	\$ 175,261	\$ 9,690	\$ 254,449	(\$ 3,283)	\$ 5	\$ 1,198,095
Distribution of 2022 earnings									
Legal capital reserve	-	-	-	7,090	-	( 7,090)	-	-	-
Special capital reserve	-	-	-	-	( 6,411)	6,411	-	-	-
Cash dividends to shareholders	-	-	-	-	-	( 41,976)	-	-	( 41,976)
Net income for the year ended December 31, 2023	-	-	-	-	-	78,378	-	-	78,378
Other comprehensive income (loss), net of income tax for the year ended December 31, 2023	-	-	-	-	-	( 674)	( 197)	( 5)	( 876)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	77,704	( 197)	( 5)	77,502
BALANCE, DECEMBER 31, 2023	69,961	699,612	62,361	182,351	3,279	289,498	( 3,480)	-	1,233,621
Distribution of 2023 earnings									
Legal capital reserve	-	-	-	7,770	-	( 7,770)	-	-	-
Special capital reserve	-	-	-	-	201	( 201)	-	-	-
Cash dividends to shareholders	-	-	-	-	-	( 55,969)	-	-	( 55,969)
Net income for the year ended December 31, 2024	-	-	-	-	-	66,865	-	-	66,865
Other comprehensive income (loss), net of income tax for the year ended December 31, 2024	-	-	-	-	-	5,745	4,834	-	10,579
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	72,610	4,834	-	77,444
BALANCE, DECEMBER 31, 2024	69,961	\$ 699,612	\$ 62,361	\$ 190,121	\$ 3,480	\$ 298,168	\$ 1,354	\$ -	\$ 1,255,096

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

**FORTUNE INFORMATION SYSTEMS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
(In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 83,198	\$ 88,985
Adjustments for:		
Depreciation expense	12,399	14,606
Amortization expense	768	479
Expected credit loss (reversal of gain)	727	( 12)
Finance costs	502	1,691
Interest income	( 1,676)	( 1,265)
Share of gain of subsidiaries accounted for using the equity method	( 28,145)	( 42,824)
Gain on disposal or retirement of property, plant and equipment, net	-	( 458)
Gain on disposal of non-current assets held for sale	( 1,440)	-
Reversal of write-down of inventories	( 509)	( 360)
Gain on foreign exchange, net	( 221)	152
Changes in operating assets and liabilities		
Contract assets	58,295	85,550
Notes receivable	( 1,895)	16,281
Accounts receivable	4,153	137,760
Other receivables	35,844	( 8,879)
Inventories	( 39,372)	92,323
Prepayments	4,103	3,578
Other current assets	968	1,507
Net defined benefit assets	( 260)	790
Contract liabilities	( 5,412)	( 24,992)
Accounts payable	41,124	( 46,290)
Other payables	( 6,817)	3,902
Other current liabilities	<u>22,649</u>	<u>( 2,525)</u>
Cash generated from operations	178,983	319,999
Interest received	1,676	1,455
Interest paid	( 502)	( 1,487)
Income taxes paid	<u>( 11,246)</u>	<u>( 7,512)</u>
Net cash generated from operating activities	<u>168,911</u>	<u>312,455</u>

(Continued)

**FORTUNE INFORMATION SYSTEMS CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
(In Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from redemption upon maturity of financial assets at fair value through other comprehensive income	\$ -	\$ 6,062
Proceeds from the disposal of non-current assets held for sale	4,695	-
Acquisition of property, plant and equipment	( 2,758 )	( 2,663 )
Proceeds from disposal of property, plant and equipment	-	460
Refundable deposits paid	2,929	22,522
Acquisitions of Intangible assets	( 357 )	( 356 )
Dividends received	<u>24,748</u>	<u>18,000</u>
Net cash generated from investing activities	<u>29,257</u>	<u>44,025</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	-	( 65,000 )
Decrease in short-term bills payable	-	( 60,000 )
Repayment of the principal portion of lease liabilities	( 7,321 )	( 8,330 )
Decrease in other non-current liabilities	( 29 )	( 31 )
Cash dividends paid	<u>( 55,969 )</u>	<u>( 41,976 )</u>
Net cash used in financing activities	<u>( 63,319 )</u>	<u>( 175,337 )</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>221</u>	<u>( 71 )</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	135,070	181,072
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>298,263</u>	<u>117,191</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>\$ 433,333</u>	<u>\$ 298,263</u>

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

(Concluded)

**FORTUNE INFORMATION SYSTEMS CORPORATION**  
**NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

**1. GENERAL**

Fortune Information Systems Corp. (hereinafter referred to as the "Company") was established on April 11, 1977 in Taipei City. Its main business activities include: (1) buying, selling, leasing and repairing office machines, office automation equipment, computers and other information equipment, computer peripherals, microfilm equipment, devices, and their parts, accessories and supplies; (2) system analysis and programming of computer and other information software; (3) data processing services for clients, etc.

The Company's shares were listed on the Taipei Exchange since December 4, 1999. In September 17, 2001, its shares were transferred to list on the Taiwan Stock Exchange.

As of December 31, 2024, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

The Company merged, through a simplified merger, its wholly-owned subsidiary, IPAC TECHNOLOGY CO., LTD(IPAC). in December 31, 2023.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

**2. APPROVAL OF THE FINANCIAL STATEMENTS**

The Board of Directors approved the parent company only financial statements on March 11, 2025.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively as the "Company").

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025.

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” , including revisions to the application guidance on the classification of financial assets."	January 1, 2026 (Note 2)

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

Note 2: Effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted starting from January 1, 2025. Upon initial application of the amendments, entities shall apply them retrospectively without the need to restate comparative periods, and the impact of initial application shall be recognized on the date of initial application. However, if an entity can restate comparative periods without the use of hindsight, it may choose to do so.

As of the date the parent company only financial statements were authorized for issue, the Company had assessed that the application of above standards would not have a material impact on the Company’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” , including revisions to the application guidance related to the derecognition of financial liabilities.	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature -dependent Electricity”	January 1, 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified

by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of Compliance**

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

##### **b. Basis of Preparation**

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

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

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (3) Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the individual financial statements, the Company accounts for its investments in subsidiaries using the equity method. In order to align the current year's profit or loss, other comprehensive income, and equity attributable to owners of the Company in these individual financial statements with those presented in the consolidated financial statements, certain differences arising from accounting treatments under the individual basis and the consolidated basis have been adjusted through "Investments accounted for using the equity method," "Share of profit or loss of subsidiaries accounted for using the equity method," "Share of other comprehensive income of subsidiaries accounted for using the equity method," and the related equity items.

### **c. Current and Non-current Assets and Liabilities**

Current assets include:

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

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due to be settled within 12 months after the reporting period;  
and
- (3) It does not have substantive rights to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

### **d. Business combination under common control**

The Company accounts for business combinations under common control using the book value method, and retrospectively restates prior period comparative information as if the combination had occurred from the beginning.

### **e. Foreign Currencies**

When the Company prepares its financial statements, transactions denominated in currencies other than the Company's functional currency (foreign currencies) are recorded by translating the foreign currency amounts into the functional currency using the exchange rate at the date of the transaction.

Foreign currency monetary items are translated using the closing exchange rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or from the translation of monetary items at exchange rates different from those at which they were initially recorded are recognized in profit or loss in the period in which they arise.

Foreign currency non-monetary items measured at fair value are translated using the exchange rate at the date when the fair value is determined. Exchange differences arising from such translation are recognized in profit or loss for the period. However, if the changes in fair value are recognized in other comprehensive income, the related exchange differences are also recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated subsequently.

When preparing parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries whose functional currency is different from that of the parent company) are translated into New Taiwan Dollars using the exchange rate at each balance sheet date. Revenues and expenses are translated using the average exchange rate for the period, and the resulting exchange differences are recognized in other comprehensive income.

If the Company disposes of its entire interest in a foreign operation, the cumulative exchange differences related to that foreign operation are reclassified to profit or loss.

**f. Inventories**

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The weighted-average method is used in the calculation of cost.

**g. Investment in subsidiaries**

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

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments are initially recognized at cost. After the acquisition date, the carrying amount of the investment is adjusted to reflect the Company's share of the subsidiary's profit or loss and other comprehensive income, as well as distributions received. In addition, changes in the subsidiary's other equity items that are attributable to the Company are recognized proportionately based on the Company's ownership interest.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the investment accounted for using the equity method and any other long-term interests that, in

substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize losses to the extent of its shareholding.

Unrealized gains or losses resulting from downstream transactions between the Company and its subsidiaries are eliminated in the individual financial statements. For upstream and lateral transactions, only the portion of gains or losses that is unrelated to the Company's interest in the subsidiary is recognized in the individual financial statements.

#### **h. Property, Plant and Equipment**

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

Owned land is not depreciated.

Except for certain equipment, air conditioning systems, and renovation projects which are depreciated using the declining balance method, the Company depreciates all other assets on a straight-line basis over their estimated useful lives, with each significant component depreciated separately. The Company reviews the estimated useful lives, residual values, and depreciation methods at least at each financial year-end, and applies any changes in accounting estimates prospectively.

Upon derecognition of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

#### **i. Investment properties**

Investment properties are properties held to earn rental income, for capital appreciation, or both. Investment properties also include land held currently with an undetermined future use.

Owned investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company depreciates buildings and structures using the straight-line method, while other components continue to be depreciated using the declining balance method.

Property classified under property, plant and equipment is reclassified as investment property when it ceases to be owner-occupied, using the carrying amount at the date of change in use.

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

## **j. Intangible Assets**

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives. The Company reviews the estimated useful lives, residual values, and amortization methods at least at the end of each financial reporting period, and applies the effects of any changes in accounting estimates prospectively.

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

## **k. Impairment of property, plant and equipment, investment properties, right-of-use assets, and intangible assets**

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, investment properties, right-of-use assets, and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Shared assets are allocated to the smallest group of CGUs on a reasonable and consistent basis.

The recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an individual asset or a cash-generating unit (CGU) is less than its carrying amount, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

Inventory, property, plant and equipment, and intangible assets recognized under customer contracts are first assessed for impairment in accordance with the impairment provisions for inventory and the policies outlined above. Subsequently, if the carrying amount of contract cost assets exceeds the remaining amount of consideration expected to be received for the related goods or services, less the directly related costs, the excess is recognized as an impairment loss. The carrying amount of contract cost assets is then included in the cash-generating unit (CGU) to conduct the impairment assessment for the CGU.

If an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit (CGU), or contract cost asset is increased to its revised recoverable amount. However, the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss

been recognized in prior years, after adjusting for amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

## **1. 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.

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

### 1) Financial assets

The Company adopts trade-date accounting to recognize and derecognize financial assets.

#### a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost, and debt instrument investments measured at fair value through other comprehensive income (FVOCI).

##### i. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, Time deposits with original maturities of more than three months, notes and accounts receivable(including non-current), other receivables, refundable deposits, are measured at amortized cost, which equal to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

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

ii Debt instrument investments measured at fair value through other comprehensive income (FVOCI)

i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instrument investments measured at fair value through other comprehensive income (FVOCI) are measured at fair value. Changes in the carrying amount that relate to interest income calculated using the effective interest method, foreign exchange gains or losses, and impairment losses or reversals are recognized in profit or loss. Other changes in fair value are recognized in other comprehensive income and are reclassified to profit or loss upon disposal of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including notes and accounts receivables) , Debt instrument investments measured at fair value through other comprehensive income (FVOCI), contract assets.

The loss allowances for notes and accounts receivables, contract assets are measured at an amount equal to lifetime ECLs. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to 12-month ECLs. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to lifetime ECLs.

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

For the purpose of internal credit risk management, and without considering any collateral held, the Company considers a financial asset to be in default when any of the following conditions are met:

- i. Internal or external information indicates that the debtor is unlikely to repay its obligations in full.
- ii. The financial asset is more than one year past due, unless there is reasonable and supportable information demonstrating that a longer default criterion is more appropriate.

Impairment losses on all financial assets are recognized by reducing the carrying amount through an allowance account, except for debt instrument investments measured at fair value through other comprehensive income (FVOCI), for which the allowance is recognized in other comprehensive income and does not reduce the carrying amount of the asset.

#### c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt instrument investment measured at fair value through other comprehensive income (FVOCI), the difference between its carrying amount and the total of the consideration received and any cumulative gain or loss previously recognized in other comprehensive income is recognized in profit or loss.

#### 2) Equity instruments

Equity instruments issued by the Company are classified as equity based on the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Company are recognized at the amount of consideration received, net of directly attributable transaction costs.

#### 3) Financial liabilities

##### a) Recognition

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

##### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

#### **m. Provisions**

Provisions are recognized based on the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

Warranty obligations under sales contracts are recognized at the time the related revenue is recognized, based on management's best estimate of the expenditure required to settle the Company's obligations.

#### **n. Revenue Recognition**

After identifying the performance obligations in a customer contract, the Company allocates the transaction price to each performance obligation and recognizes revenue when the performance obligation is satisfied.

##### **1) Revenue from sale of goods**

Revenue from the sale of goods is derived from the sales of software, hardware, and electronic equipment products. Revenue and contract assets are recognized at the point in time when control of the goods is transferred to the customer, which occurs upon shipment, as the customer has agreed-upon pricing and rights to use the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence. Contract assets are subsequently reclassified as trade receivables when the remaining performance obligations are fulfilled. Advance payments for product sales are recognized as contract liabilities until the products are delivered.

##### **2) Revenue from the provision of services**

Service revenue is derived from software and hardware system integration services and maintenance services.

As the Company performs the services, the customer simultaneously receives and consumes the benefits of the performance, and therefore, the related revenue is recognized over time as the services are provided. Since the contract stipulates that payment is made upon customer acceptance, the Company recognizes a contract asset during service performance, which is reclassified as a trade receivable upon completion of acceptance.

#### **o. Leases**

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

1) The Company as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the lease term.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which includes the initial amount of the lease liability. Subsequently, they are measured at cost less accumulated depreciation. Right-of-use assets are presented separately in the parent company only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the asset's useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments, including fixed payments. If the interest rate implicit in the lease is readily determinable, lease payments are discounted using that rate. If not, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. If changes in the lease term or in an index or rate used to determine lease payments result in a change in future lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the parent company only balance sheet.

**p. Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred.

#### **q. Government Grants**

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

#### **r. Employee Benefits**

##### 1) Short-term employee benefits

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

##### 2) Post-employment benefits

Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

The defined benefit costs (including service cost, net interest, and remeasurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Remeasurement (including actuarial gains and losses and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income (loss) in retained earnings as it occurs, and is not reclassified to profit or loss subsequently.

Net defined benefit asset is the surplus of the contributions in a defined benefit retirement plan. The net defined benefit asset shall not exceed the present value of any future refunds from the plan or reductions in future contributions.

#### **s. Income Tax**

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

##### 1) Current taxes

Income tax payable (refundable) is based on taxable profit (loss) for the year determined in accordance with the applicable tax laws of each tax jurisdiction.

An additional surtax on undistributed earnings, computed in accordance with the Income Tax Act of the ROC, is recognized in current taxes in the year of approval by a stockholders' meeting resolution.

Adjustments to income tax payable for prior years are included in current income tax.

## 2) Deferred taxes

Deferred income tax is calculated based on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases used in the computation of taxable income.

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

Deferred income tax liabilities are recognized for all taxable temporary differences related to investments in subsidiaries, except to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets related to such investments are recognized only to the extent that it is probable that sufficient taxable profits will be available to utilize the temporary differences and that the temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset to be recovered in whole or in part. Previously unrecognized deferred income tax assets are also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profits will be available against which the assets can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when 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 balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

## 3) Current and deferred income tax

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, the current and deferred income tax is recognized in other comprehensive income or directly in equity, respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When adopting accounting policies, the management of the Company must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that is not readily available from other sources. The resulting accounting estimates and assumptions might be different from the actual results.

When the Company is developing significant accounting estimates, it incorporates the potential impact into considerations for significant estimates related to cash flow projections, growth rates, discount rates, profitability, and other relevant factors. The management will continuously review estimates and underlying assumptions.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 381	\$ 381
Checking accounts and demand deposits	243,607	108,364
Cash equivalents		
Repurchase agreements	<u>189,345</u>	<u>189,518</u>
	<u>\$ 433,333</u>	<u>\$ 298,263</u>

Interest rate range during reporting period

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Repurchase agreements	1.46% ~ 1.50%	1.00%

## 7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Gross carrying amount at amortized cost	<u>\$ 2,780</u>	<u>\$ 885</u>
<u>Accounts receivable</u>		
Gross carrying amount at amortized cost	\$ 122,972	\$ 127,067
Less: Unrealized interest income	( 306 )	( 248 )
Less: Allowance for impairment loss	( 877 )	( 150 )
	<u>\$ 121,789</u>	<u>\$ 126,669</u>
Current	<u>\$ 116,613</u>	<u>\$ 118,672</u>
Non-current	<u>\$ 5,176</u>	<u>\$ 7,997</u>
<u>Other receivables</u>		
Receivable for payment on behalf of others	\$ -	\$ 36,816
Other	<u>2,774</u>	<u>1,802</u>
	<u>\$ 2,774</u>	<u>\$ 38,618</u>

The average credit period of receivable was 60 to 120 days. In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Company reviews the recoverable amount of trade receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk could be reasonably reduced.

The Company provides for expected credit losses which permits the use of lifetime expected loss provision for all receivable. The expected credit losses on receivable are estimated using a provision matrix by reference to the past default experience of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. According to loss patterns for different customer segment, the provision of loss allowance is based on past due status.

The Company writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and receivables based on the Company's provision matrix.

#### December 31, 2024

	<u>Not Past Due</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-120 days</u>	<u>Overdue Over 120 days</u>	<u>Total</u>
Gross carrying amount (including unrealized interest income)	\$ 120,871	\$ 2,746	\$ 63	\$ -	\$ 1,766	\$ 125,446
Loss allowance (Lifetime ECLs)	( 119)	-	-	-	( 758)	( 877)
Amortized cost	<u>\$ 120,752</u>	<u>\$ 2,746</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 1,008</u>	<u>\$ 124,569</u>

#### December 31, 2023

	<u>Not Past Due</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-120 days</u>	<u>Overdue Over 120 days</u>	<u>Total</u>
Gross carrying amount (including unrealized interest income)	\$ 122,236	\$ 4,458	\$ -	\$ -	\$ 1,010	\$ 127,704
Loss allowance (Lifetime ECLs)	( 22)	-	-	-	( 128)	( 150)
Amortized cost	<u>\$ 122,214</u>	<u>\$ 4,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 882</u>	<u>\$ 127,554</u>

The movements of the loss allowance of receivable were as follow:

	For the Year Ended December 31	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 150	\$ 160
Add: Net remeasurement of (reversal) loss allowance	<u>727</u>	( <u>10</u> )
Balance at December 31	<u>\$ 877</u>	<u>\$ 150</u>

## 8. INVENTORIES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Merchandise	<u>\$ 106,003</u>	<u>\$ 67,221</u>

For the years ended December 31, 2024 and 2023, the cost of goods sold related to inventories amounted to \$774,729 thousand, 1,070,529 thousand, respectively, which including the inventory reversal of write-down totaling \$(509) thousand and \$(360) thousand, respectively.

## 9. SUBSIDIARIES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Investee subsidiary</u>		
Fortune Information System (Int'l) LTD. ( FIS HK )	\$ 34,858	\$ 57,737
SBAS (HK) LTD. ( SBAS )	18,031	14,862
Fortune Technology System Corp. ( FTSC )	<u>471,470</u>	<u>443,529</u>
	<u>\$ 524,359</u>	<u>\$ 516,128</u>

On reporting day, percentage of ownership and voting rights held by the Company are as below:

	% of Ownership	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
FIS HK	100%	100%
SBAS	100%	100%
FTSC	100%	100%

The Company invested to establish FTSC in January 2021. On August 8, 2022, the Board of Directors resolved to increase investment in FTSC by \$200 million, which will be fully invested by the Company. After the capital increase, FTSC's paid-in capital will be \$400 million.

In November 2023, the Company resolved at its Board of Directors meeting to carry out a simplified merger with IPAC. The merger's effective date was December 31, 2023. Following the merger, the Company is the surviving entity, and IPAC. is the dissolved entity.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Miscellaneous equipment	Total
<u>Cost</u>				
Balance, January 1, 2024	\$ 137,657	\$ 125,134	\$ 45,371	\$ 308,162
Additions	-	-	2,758	2,758
Disposals	-	-	( 49)	( 49)
Reclassification	( <u>1,141</u> )	( <u>2,603</u> )	<u>833</u>	( <u>2,911</u> )
Balance, December 31, 2024	<u>\$ 136,516</u>	<u>\$ 122,531</u>	<u>\$ 48,913</u>	<u>\$ 307,960</u>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2024	\$ -	\$ 51,901	\$ 41,581	\$ 93,482
Depreciation	-	1,810	2,658	4,468
Disposals	-	-	( 49)	( 49)
Reclassification	-	( <u>489</u> )	-	( <u>489</u> )
Balance, December 31, 2024	<u>\$ -</u>	<u>\$ 53,222</u>	<u>\$ 44,190</u>	<u>\$ 97,412</u>
Carrying amount, December 31, 2024	<u>\$ 136,516</u>	<u>\$ 69,309</u>	<u>\$ 4,723</u>	<u>\$ 210,548</u>

	Land	Buildings	Miscellaneous equipment	Total
<u>Cost</u>				
Balance, January 1, 2023	\$ 137,657	\$ 125,134	\$ 48,967	\$ 311,758
Additions	-	-	2,663	2,663
Disposals	-	-	( 6,910)	( 6,910)
Reclassification	-	-	<u>651</u>	<u>651</u>
Balance, December 31, 2023	<u>\$ 137,657</u>	<u>\$ 125,134</u>	<u>\$ 45,371</u>	<u>\$ 308,162</u>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2023	\$ -	\$ 49,757	\$ 45,227	\$ 94,984
Depreciation	-	2,144	3,343	5,487
Disposals	-	-	( 6,908)	( 6,908)
Reclassification	-	-	( <u>81</u> )	( <u>81</u> )
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 51,901</u>	<u>\$ 41,581</u>	<u>\$ 93,482</u>
Carrying amount, December 31, 2023	<u>\$ 137,657</u>	<u>\$ 73,233</u>	<u>\$ 3,790</u>	<u>\$ 214,680</u>

No impairment loss was recognized during the years ended December 31, 2024 and 2023.

The methods that property, plant and equipment are depreciated over the estimated useful life of the asset are as below:

	<u>Depreciation method</u>	<u>Useful life</u>
Buildings		
Primary building	Straight-line basis	50-60 years
Air conditioning systems and renovation	Fixed-percentage-on-declining-base	15-20 years
Miscellaneous equipment	Fixed-percentage-on-declining-base	3-25 years

As of December 31, 2024 and 2023, there are no cases of mortgages or pledges on property, plant and equipment.

## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Land	\$ -	\$ 424
Buildings	17,724	7,730
Machinery and equipment	<u>667</u>	<u>1,167</u>
	<u>\$ 18,391</u>	<u>\$ 9,321</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Additions to right-of-use assets	<u>\$ 16,337</u>	<u>\$ 1,501</u>
Depreciation charge for right-of-use assets		
Land	\$ 424	\$ 847
Buildings	6,343	7,154
Machinery and equipment	<u>500</u>	<u>334</u>
	<u>\$ 7,267</u>	<u>\$ 8,335</u>

Except for the recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2024 and 2023.

### b. Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Current	<u>\$ 6,450</u>	<u>\$ 7,321</u>
Noncurrent	<u>\$ 11,985</u>	<u>\$ 2,098</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	-	0.88%
Buildings	0.88% ~ 1.96%	0.88% ~ 1.19%
Machinery and equipment	1.90%	1.90%

### c. Material lease-in activities and terms

The significant leasing items of the Company involve renting land and buildings for use as offices and warehouses, with lease terms ranging from 3 to 5 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company applies the recognition exemption to leases of buildings and office equipment as short-term lease and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases. Other material information for leases is as follow:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Expenses related to short-term and low-value asset leases	<u>\$ 1,849</u> <u>(\$ 9,215)</u>	<u>\$ 1,202</u> <u>(\$ 9,656)</u>

## 12. INVESTMENT PROPERTIES

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>For the Year Ended December 31, 2024</u>			
<u>Cost</u>			
Balances at the beginning and end of the year	\$ 34,385	\$ 37,743	\$ 72,128
<u>Accumulated depreciation</u>			
Balance, January 1, 2024	\$ -	\$ 11,211	\$ 11,211
Depreciation	-	664	664
Balance, December 31, 2024	\$ -	\$ 11,875	\$ 11,875
Carrying amount, December 31, 2024	\$ 34,385	\$ 25,868	\$ 60,253
<u>For the Year Ended December 31, 2023</u>			
<u>Cost</u>			
Balances at the beginning and end of the year	\$ 34,385	\$ 37,743	\$ 72,128
<u>Accumulated depreciation</u>			
Balance, January 1, 2023	\$ -	\$ 10,427	\$ 10,427
Depreciation	-	784	784
Balance, December 31, 2023	\$ -	\$ 11,211	\$ 11,211
Carrying amount, December 31, 2023	\$ 34,385	\$ 26,532	\$ 60,917

Depreciation expenses are recognized according to depreciation methods and useful life as follow:

	<u>Depreciation method</u>	<u>Useful life</u>
Primary building	Straight-line basis	50 years
Air conditioning systems and renovation	Fixed-percentage-on-declining-base	5-15 years

The fair value of investment properties was measured using Level 3 inputs by an independent appraiser, Mr. Chung-Hsien Lee, as of each balance sheet date. The valuation was performed using the comparative approach and the direct capitalization method under the income approach. Significant unobservable inputs used in the valuation include the discount rate. The resulting fair values are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value	\$265,290	\$ 258,291
Discount rate	1.65%	1.65%

All investment properties of the Company are owned right and interest.

## 13. OTHER LIABILITIES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries and bonus payable	\$ 51,375	\$ 52,291
Payable for receipts under custody	38,265	40,836
Accrued annual leave payable	12,642	11,846
Insurance payable	4,171	4,859
Others	15,938	19,376
	<u>\$ 122,391</u>	<u>\$ 129,208</u>

## 14. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The pension scheme applicable to the Company, in accordance with the Labor Pension Act, is a government-managed defined contribution plan. Contributions equal to 6% of employees' monthly wages are made to individual pension accounts at the Bureau of Labor Insurance.

### b. Defined benefit plans

The pension plan adopted by the Company, in accordance with the Labor Standards Act of the Republic of China (Taiwan), is a government-managed defined benefit plan. Retirement benefits are calculated based on the employees' years of service and the average monthly salary over the six months prior to the approved retirement date. The Company contributes 2% of total monthly wages to a dedicated account with the Bank of Taiwan, in the name of the Labor Retirement Reserve Supervisory Committee. Before the end of each fiscal year, if the account balance is estimated to be insufficient to cover the pension payments for employees expected to meet retirement criteria in the following year, the Company is required to make a supplementary contribution for the shortfall by the end of March of the following year. The dedicated account is managed by the Bureau of Labor Funds, Ministry of Labor, and the Company does not have the right to influence the investment strategy.

The amounts recognized in the parent company only balance sheet in respect of the defined benefit plan are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 15,818	\$ 19,628
Fair value of plan assets	( 44,021 )	( 40,391 )
Net defined benefit assets	( \$ 28,203 )	( \$ 20,763 )

The movements in the net defined benefit asset are as follows

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit assets</u>
Balance, January 1, 2024	\$ 19,628	( \$ 40,391 )	( \$ 20,763 )
Interest expense (income)	134	( 394 )	( 260 )
Recognized in profit or loss	134	( 394 )	( 260 )
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	( 7,470 )	( 7,470 )
Actuarial loss (gain)			
Changes in financial assumptions	( 326 )	-	( 326 )
Experience adjustments	616	-	616
Recognized in other comprehensive income	290	( 7,470 )	( 7,180 )
Payments from plan assets	( 4,234 )	4,234	-

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance, December 31, 2024	<u>\$ 15,818</u>	<u>(\$ 44,021)</u>	<u>(\$ 28,203)</u>
Balance, January 1, 2023	<u>\$ 62,690</u>	<u>(\$ 85,085)</u>	<u>(\$ 22,395)</u>
Service cost			
Past service cost	2,624	-	2,624
Settlement	( 45,049)	43,523	( 1,526)
Interest expense (income)	<u>862</u>	<u>( 1,170)</u>	<u>( 308)</u>
Recognized in profit or loss	<u>( 41,563)</u>	<u>42,353</u>	<u>790</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest	\$ -	(\$ 284)	(\$ 284)
Actuarial loss			
Changes in financial assumptions	800	-	800
Experience adjustments	<u>326</u>	<u>-</u>	<u>326</u>
Recognized in other comprehensive income	<u>1,126</u>	<u>( 284)</u>	<u>842</u>
Payments from plan assets	<u>( 2,625)</u>	<u>2,625</u>	<u>-</u>
Balance, December 31, 2023	<u>\$ 19,628</u>	<u>(\$ 40,391)</u>	<u>(\$ 20,763)</u>

The Company is exposed to the following risks under the pension scheme governed by the Labor Standards Act:

- 1) Investment Risk: The Bureau of Labor Funds, Ministry of Labor, manages the labor retirement fund through both direct management and outsourcing, investing the fund in domestic (and foreign) equity securities, debt securities, and bank deposits, among other assets. However, the return on the Company's plan assets is calculated based on an amount not lower than the interest rate of a 2-year fixed deposit at a local bank.
- 2) Interest Rate Risk: A decrease in the interest rate on government bonds would increase the present value of the defined benefit obligation. However, the return on the debt investments within the plan assets would also increase, partially offsetting the impact on the net defined benefit asset.
- 3) Salary Risk: The calculation of the present value of the defined benefit obligation is based on the future salaries of plan members. Therefore, an increase in the salaries of plan members will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation is actuarially determined by a qualified actuary. The significant assumptions as of the measurement date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.50%	1.25%
Expected salary growth rate	3.00%	3.00%

If the significant actuarial assumptions were to change by a reasonable possible amount, with all other assumptions held constant, the effect on the present value of the defined benefit obligation would be as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase 0.25%	(\$ <u>317</u> )	(\$ <u>403</u> )
Decrease 0.25%	<u>\$ 326</u>	<u>\$ 416</u>
Expected salary growth rate		
Increase 0.25%	<u>\$ 316</u>	<u>\$ 402</u>
Decrease 0.25%	(\$ <u>309</u> )	(\$ <u>392</u> )

Since actuarial assumptions may be interrelated, the likelihood of a change in a single assumption alone is low. Therefore, the sensitivity analysis above may not fully reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contributions within one year	<u>\$ 487</u>	<u>\$ 338</u>
Average duration of the defined benefit obligation	8.1 years	8.3 years

## 15. EQUITY

### a. Common shares

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Number of shares authorized (in thousand)	<u>107,000</u>	<u>107,000</u>
Shares authorized	<u>\$ 1,070,000</u>	<u>\$ 1,070,000</u>
Number of shares issued and fully paid (in thousand)	<u>69,961</u>	<u>69,961</u>
Shares capital	<u>\$ 699,612</u>	<u>\$ 699,612</u>

### b. Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Arising from issuance of common shares	\$ 37,105	\$ 37,105
Arising from treasury share transactions	<u>25,256</u>	<u>25,256</u>
	<u>\$ 62,361</u>	<u>\$ 62,361</u>

Capital surplus generated from the excess of the issue price over the par value of capital stock (including the issuance of common stock and treasury share transactions above face value, etc.), may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, however, when capital is allocated, it is limited to a certain percentage of the Company's capital surplus and once a year.

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of Directors for approval at a stockholders' meeting. For the policies on distribution compensation of employees, please refer to Note 17(f).

The Company is currently in the growth phase of its industry life cycle, and in order to consider the future funding needs of the Company and meet the needs of shareholders for cash inflows, if there are undistributed profits after the annual settlement, not less than 60% of the net income shall be distributed as dividends to shareholders, of which cash dividends shall not exceed 50% of the total cash and stock dividends paid out during the year. However, when the earnings per share for the year are less than NT\$ 3, the proportion of cash dividends paid out may be increased to a maximum of 100%.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company has appropriated and reversed the special surplus reserve in accordance with the regulations specified in the Financial Supervisory Commission's letter No. 1010012865 and the 'Questions and Answers on the Application of Special Surplus Reserve after Adopting International Financial Reporting Standards (IFRS) Accounting Standards.

The appropriation of earnings for 2023 and 2022, which was resolved by the Company's shareholders' meeting on June 18, 2024 and June 19, 2023, was as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 7,770	\$ 7,090		
Special reserve	202	( 6,411)		
Cash dividends	55,969	41,976	\$ 0.8	\$ 0.6

The appropriation of earnings for 2024, which was proposed by the Board of Directors of the company was as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 7,261	
Special reserve	( 3,480)	
Cash dividends	62,965	\$ 0.9

The proposed earnings distribution for 2024 is subject to approval at the Annual General Meeting of shareholders scheduled to be held on June 30, 2025.

## 16. REVENUE

### a. Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivables (Note 7)	<u>\$ 121,789</u>	<u>\$ 126,669</u>	<u>\$ 264,419</u>
Contract assets	<u>\$ 221,210</u>	<u>\$ 279,505</u>	<u>\$ 365,055</u>
Contract liability	<u>\$ 44,432</u>	<u>\$ 49,844</u>	<u>\$ 74,836</u>

The Company measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk as the trade receivables. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Gross carrying amount	\$ 221,210	\$ 279,505
Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 221,210</u>	<u>\$ 279,505</u>

### b. Revenue from contracts with customers

	<u>For the Year Ended December 31</u>	
<u>Type of products or services</u>	<u>2024</u>	<u>2023</u>
Revenue from the sale of goods and system integration	\$ 878,823	\$ 1,206,959
Revenue from rendering of services	<u>364,878</u>	<u>221,041</u>
	<u>\$ 1,243,701</u>	<u>\$ 1,428,000</u>

## 17. NET INCOME

### a. Other gains and losses

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Net foreign exchange gain(loss)	\$ 359	(\$ 171)
Loss(gain) on disposal of property, plant and equipment	-	458
Gain on disposal of non-current assets held for sale	1,440	-
Others	<u>-</u>	<u>2</u>
	<u>\$ 1,799</u>	<u>\$ 289</u>

### b. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Bank deposits	\$ 1,306	\$ 930
Debt instrument at FVTOCI	-	21
Others	<u>370</u>	<u>314</u>
	<u>\$ 1,676</u>	<u>\$ 1,265</u>

c. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest expense on lease liabilities	\$ 61	\$ 129
Interest expense on bank loans	441	1,562
	<u>\$ 502</u>	<u>\$ 1,691</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	\$ 4,468	\$ 5,487
Right-of-use assets	7,267	8,335
Investment property	664	784
Other intangible assets	768	479
Total	<u>\$ 13,167</u>	<u>\$ 15,085</u>
An analysis of depreciation by function		
Operating costs	\$ 8,298	\$ 7,612
Operating expenses	4,101	6,994
	<u>\$ 12,399</u>	<u>\$ 14,606</u>
An analysis of amortization by function		
Operating costs	\$ 263	\$ 75
Operating expenses	505	404
	<u>\$ 768</u>	<u>\$ 479</u>

e. Employee benefits expenses

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits		
Salary	\$ 224,622	\$ 227,486
Labor and health insurance	20,618	22,817
Others	10,166	11,146
	<u>255,406</u>	<u>261,449</u>
Post-employment benefits(Note 14)		
Defined contribution plans	9,685	10,706
Defined benefit plans	( 260 )	790
	<u>9,425</u>	<u>11,496</u>
Total employee benefits expenses	<u>\$ 264,831</u>	<u>\$ 272,945</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 169,098	\$ 172,295
Operating expenses	95,733	100,650
	<u>\$ 264,831</u>	<u>\$ 272,945</u>

f. Compensation of employees

According to the Company's articles of incorporation, the Company do not have to accrue remuneration of directors. The compensation of employees is accrued at the rate of 6% of net profit before income tax. For the years ended December 31, 2024 and 2023, The estimate of compensation of employees was approved by the Board of Directors on March 11, 2025 and March 14, 2024, respectively, as follows:

	For the Year Ended December 31			
	2024		2023	
	Amount	Estimate Rate(%)	Amount	Estimate Rate(%)
Compensation of employees	<u>\$ 5,310</u>	6	<u>\$ 5,680</u>	6

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

There is no difference between the actual amounts of employees' compensation paid and amounts recognized in the parent company only financial statements for the years ended December 31, 2023 and 2022.

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

## 18. INCOME TAXES

- a. The major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the period	\$ 15,624	\$ 9,366
Income tax on unappropriated earnings	550	1,412
Prior years' adjustments	<u>-</u>	<u>( 32)</u>
	<u>16,174</u>	<u>10,746</u>
Deferred tax		
In respect of the period	<u>159</u>	<u>( 139)</u>
Income tax expense recognized in profit or loss	<u>\$ 16,333</u>	<u>\$ 10,607</u>

The reconciliation between accounting income and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax	<u>\$ 83,198</u>	<u>\$ 88,985</u>
Income tax expense calculated at the statutory tax rate on profit before tax	\$ 16,640	\$ 17,797
Adjustments for determining taxable income	-	201
Tax-exempt income	( 5,814)	( 8,188)
Income tax on unappropriated earnings	550	1,412
Land value increment tax	54	-
Unrecognized temporary differences	4,903	( 583)
Adjustment to current income tax expense of prior years recognized in the current year	<u>-</u>	<u>( 32)</u>
Income tax expense recognized in profit or loss	<u>\$ 16,333</u>	<u>\$ 10,607</u>

b. Income tax recognized in other comprehensive income(loss)

	For the Year Ended December 31	
	2024	2023
<u>Current deferred tax</u>		
Unrealized gain (loss) on financial assets at FVTOCI	\$ -	(\$ 1)
Remeasurements from defined benefit plans	<u>1,435</u>	<u>(168)</u>
Remeasurements from defined benefit plans	<u>\$ 1,435</u>	<u>(\$ 169)</u>

c. Deferred income tax assets and liabilities

The movements in deferred income tax assets and liabilities are as follows:

For the Year Ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary difference				
Allowance for inventory write-down	\$ 830	(\$ 101)	\$ -	\$ 729
Unrealized foreign exchange loss	<u>4</u>	<u>(4)</u>	<u>-</u>	<u>-</u>
	<u>\$ 834</u>	<u>(\$ 105)</u>	<u>\$ -</u>	<u>\$ 729</u>
<u>Deferred tax liability</u>				
Temporary difference				
Unrealized foreign exchange gain	\$ -	\$ 1	\$ -	\$ 1
Defined Benefit Retirement Plan	<u>4,153</u>	<u>53</u>	<u>1,435</u>	<u>5,641</u>
	<u>\$ 4,153</u>	<u>\$ 54</u>	<u>\$ 1,435</u>	<u>\$ 5,642</u>

For the Year Ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary difference				
Allowance for inventory write-down	\$ 903	(\$ 73)	\$ -	\$ 830
Unrealized foreign exchange loss	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
	<u>\$ 907</u>	<u>(\$ 73)</u>	<u>\$ -</u>	<u>\$ 834</u>
<u>Deferred tax liability</u>				
Temporary difference				
Unrealized foreign exchange gain	\$ 54	(\$ 54)	\$ -	\$ -
Defined Benefit Retirement Plan	4,479	(158)	(168)	4,153
Financial assets at FVTOCI	<u>1</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 4,534</u>	<u>(\$ 212)</u>	<u>(\$ 169)</u>	<u>\$ 4,153</u>

d. Income tax examinations

The Company's income tax returns have been assessed and approved by the tax authorities for all years up to and including the 2022 fiscal year.

## 19. EARNINGS PER SHARE

The earnings and weighted average number of common shares used for calculation of earnings per share were as follows:

Net income

	For the Year Ended December 31	
	2024	2023
Earnings used for calculation of basic and diluted earnings per share	<u>\$ 66,865</u>	<u>\$ 78,378</u>

Shares (in thousands)

	For the Year Ended December 31	
	2024	2023
Weighted average number of common shares used for calculation of basic earnings per share	69,961	69,961
Effect of potentially dilutive common shares:		
Employees' compensation	<u>254</u>	<u>234</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>70,215</u>	<u>70,195</u>

If the Company offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 20. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure the entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

The Company is not subject to any other external capital requirements.

## 21. FINANCIAL INSTRUMENTS

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

The management of the Company considers that the carrying amount of financial assets and financial liabilities, which are not measured at fair value, is close to their fair value.

### b. Category of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Amortized cost ( Note 1 )	\$ 635,747	\$ 542,435
<u>Financial liabilities</u>		
Amortized cost ( Note 2 )	458,293	423,927

Note 1: The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, note receivables, account receivables (including noncurrent), other receivables, and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost which comprise note payables, accounts payables, other payables and guarantee deposits.

### c. Financial risk management objectives and policies

The main financial instruments of the Company include debt instrument investments, notes and account receivables, account payables, loans, and lease liabilities. The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

#### (1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

##### (a) Foreign currency risk

The Company had foreign financial instrument investments, which exposed the Company to exchange rate risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities of non-functional currency calculated at the end of the reporting period are set out in Note 25.

### Sensitivity analysis

The Company was mainly exposed to USD fluctuations.

If the New Taiwan Dollar (the functional currency) appreciates or depreciates by 5% against the U.S. Dollar, the Company's profit before tax for the years 2024 and 2023 would increase or decrease by \$26 thousand and \$177 thousand, respectively. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis related to foreign currency exchange rate risk mainly focuses on the calculation of foreign currency monetary items as of the reporting period end date.

#### (b) Interest rate risk

The Company was exposed to interest rate risk because borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. The Company regularly assesses its hedging activities to ensure they align with interest rate views and established risk preferences, in order to ensure the use of the most cost-effective hedging strategies.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
— Financial assets	\$ 189,345	\$ 189,518
— Financial liabilities	18,435	9,419
Cash flow interest rate risk		
— Financial assets	20,814	21,506

### Sensitivity analysis

If interest rates had been 5% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would decrease/increase by \$1,041 thousands and \$1,075 thousands, respectively.

## (2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting years, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

- (a) The carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets
- (b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The policy that the Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

To lower the credit risk, management of the merged company appoints a specific team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Company would review the recoverable amount of each receivables on the parent company only balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Company's management concludes that the credit risk of the Company is significantly reduced.

The Company continuously evaluates the financial condition of accounts receivable customers and will purchase credit insurance contracts if necessary.

The Company does not hold any collateral or other credit enhancement instruments to mitigate credit risk of financial assets.

### (3) Liquidity risk

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

As of December 31, 2024 and 2023, the Company had available unutilized bank loan facilities set out in (b) below.

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

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the maturity analysis of non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

#### December 31, 2024

	<u>On Demand or Less than 1 Month</u>	<u>1-3 Months</u>	<u>3 Months to 1 Year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 41,222	\$ 256,183	\$ 156,078	\$ 761
Lease liabilities	561	1,122	5,050	12,199
	<u>\$ 41,783</u>	<u>\$ 257,305</u>	<u>\$ 161,128</u>	<u>\$ 12,960</u>

#### December 31, 2023

	<u>On Demand or Less than 1 Month</u>	<u>1-3 Months</u>	<u>3 Months to 1 Year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 194,897	\$ 91,676	\$ 130,692	\$ 761
Lease liabilities	669	1,339	5,375	2,125
	<u>\$ 195,566</u>	<u>\$ 93,015</u>	<u>\$ 136,067</u>	<u>\$ 2,886</u>

The operating capital of the Company is sufficient to support its operations, and therefore there is no concern of a shortage of funds.

#### b. Financing facilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank facilities		
– Amount used	\$ 69,679	\$ 54,556
– Amount unused	241,967	437,090
	<u>\$ 311,646</u>	<u>\$ 491,646</u>

## 22. RELATED-PARTY TRANSACTIONS

The ultimate parent company of the Company is Good Idea Global Limited. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
CECGP Electronics Corp. (CEC)	Investor with significant influence over the Company
Fullcourt Sports Ltd. (Fullcourt Sports)	Brother corporation
FTSC	Subsidiary
IPAC	Subsidiary(Note)

Note : In November 2023, the Company's Board of Directors resolved to carry out a simplified merger with IPAC. The effective date of the merger was December 31, 2023. Following the merger, the Company is the surviving entity, and IPAC is the dissolved entity.

### b. Operating revenue

<u>Account Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Operating revenue	Investor with significant influence over the Company	\$ 452	\$ 747
	Brother corporation	902	-
	Subsidiary	<u>12,534</u>	<u>8,674</u>
		<u>\$ 13,888</u>	<u>\$ 9,421</u>

The terms of the transactions with related parties were not significantly different from those with unrelated parties.

### c. Operating cost

<u>Account Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Operating cost	Subsidiary	<u>\$ 9,693</u>	<u>\$ 8,122</u>

Purchases are made at market prices less discounts to reflect the volume purchased and the nature of the relationship with the related party.

### d. Contract assets

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contract assets	Subsidiary	<u>\$ -</u>	<u>\$ 422</u>

The Company did not recognize allowance loss for the contract assets from related parties for the year ended December 31, 2023.

### e. Contract liabilities

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contract liabilities	Brother corporation	\$ 451	\$ -
	Subsidiary	-	8
		<u>\$ 451</u>	<u>\$ 8</u>

f. Receivables from related parties(Excluding loans to related parties)

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	Investor with significant influence over the Company	\$ 133	\$ 96
	Subsidiary	<u>8,621</u>	<u>4,290</u>
		<u>\$ 8,754</u>	<u>\$ 4,386</u>
Other receivable	Subsidiary	<u>\$ 2,695</u>	<u>\$ 1,599</u>

The Company did not obtain guarantees for receivables from related parties. The Company did not recognize allowance loss for receivables from related parties for the years ended December 31, 2024 and 2023.

g. Payables to related parties

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable	Subsidiary	<u>\$ -</u>	<u>\$ 188</u>
Other accounts payable	Subsidiary	<u>\$ 1,185</u>	<u>\$ 2,882</u>

The outstanding balance of amounts due to related parties is unsecured.

h. Others

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Other income	Subsidiary	<u>\$ 2,025</u>	<u>\$ 1,979</u>
Support service income (presented as a deduction from costs and expenses)	Subsidiary	<u>\$ 30,126</u>	<u>\$ 15,601</u>

The significant transactions between the Company and related parties were conducted at terms and conditions, including pricing and payment terms, comparable to those with other related parties.

i. Lease agreements

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>		
	<u>2024</u>	<u>2023</u>	
<u>Acquisition of right-of-use asset</u>			
Investor with significant influence over the Company	<u>\$ 16,337</u>	<u>\$ -</u>	
<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities	Investor with significant influence over the Company	<u>\$ 16,337</u>	<u>\$ 5,580</u>
<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Interest expenses	Investor with significant influence over the Company	<u>\$ 23</u>	<u>\$ 72</u>
Lease expenses	Investor with significant influence over the Company	<u>\$ 46</u>	<u>\$ 107</u>

The Company pays building rental to related parties once a month or every two months, with reference to local rental rates.

j. Endorsements/guarantees provided

The amount that the Company provides endorsements/guarantees for its subsidiary is as follow:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
FTSC	<u>\$300,000</u>	<u>\$300,000</u>

k. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 25,946	\$ 28,537
Post-employment benefits	<u>405</u>	<u>615</u>
	<u>\$ 26,351</u>	<u>\$ 29,152</u>

The compensation of the board members and the Company's management is determined by the remuneration committee based on personal performances and market conditions.

### 23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

End of the reporting period, the amount of the guarantee issued through financial institutions by the Company are as follow:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial institution guarantee	<u>\$ 69,679</u>	<u>\$ 54,556</u>

### 24. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

WPG Holdings Co., Ltd. (the Tender Offeror) resolved at its Board of Directors meeting on February 28, 2025 to launch a public tender offer for the common shares of the Company. The tender offer price is \$25 per share. The intended maximum number of shares to be acquired is 35,681,000 shares, representing 51% of the Company's total issued shares, and the intended minimum number of shares to be acquired is 33,340,281 shares, representing 48% of the Company's total issued shares. The tender offer period is from March 5, 2025 to April 23, 2025. On March 11, 2025, the Company convened both the Review Committee and the Board of Directors to review and verify the identity and financial status of the Tender Offeror, the fairness of the acquisition terms, and the reasonableness of the sources of acquisition funds. An independent expert was also engaged to issue an opinion letter providing recommendations to shareholders regarding this tender offer. For more information about the tender offer, please refer to the "Market Observation Post System" on the Taiwan Stock Exchange website.

## 25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2024			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 16	32.79 (USD : NTD)	\$ <u>525</u>
<u>Non-Monetary items</u>			
HKD	12,527	4.22 (HKD : NTD)	\$ <u>52,889</u>
December 31, 2023			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 115	30.71 (USD : NTD)	\$ <u>3,531</u>
<u>Non-Monetary items</u>			
HKD	18,478	3.93 (HKD : NTD)	\$ <u>72,599</u>

The unrealized foreign exchange gains and losses resulting from fluctuations in the U.S. Dollar exchange rate, which had a significant impact, were a gain of \$6 thousand and a loss of \$19 thousand for the years 2024 and 2023, respectively.

## 26. ADDITIONAL DISCLOSURES

### a. Information on significant transactions

- (1) Financings provided: Table 1.
- (2) Endorsement/guarantee provided: Table 2.
- (3) Marketable securities held (excluding investments in subsidiaries): None.
- (4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

(6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.

(7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.

(8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: None.

(9) Trading in derivative instruments: None.

b. Information on investees: Table 3.

c. Information on investments in mainland China

(1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: None.

(2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, and unrealized gain or loss: None

d. Information of major stockholders: The name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or great: Table 4.

FORTUNE INFORMATION SYSTEMS CORPORATION  
 FINANCINGS PROVIDED  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (Amounts in Thousands of New Taiwan Dollars)

No (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 4)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)	Note
													Item	Value			
0	The Company	FTSC	Other receivables	Yes	\$ 300,000	\$ 300,000	\$ -	The interest on funds lent shall be calculated on a daily basis and shall not be lower than the Company's cost of funds on the day of the loan.	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 376,529	\$ 376,529	

Note 1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'

(2) The subsidiaries are numbered in order starting from '1'

Note 2 : The maximum balance of funds lent to others during the year, in response to the funding needs of its subsidiaries, FTSC, the Company intends to lend up to NT\$300,000 thousands respectively, and such loans may be made in installments.

Note 3 : In accordance with the Company's policy, limit on total loans shall not exceed 30% of the Company's net assets based on the latest financial statements, and limit on loans to its subsidiaries shall not exceed 30% of the limit on total loans. Limit on loans to others shall not exceed 10% of the limit on total loans.

Note 4 : Nature for Financing:

(1) Business dealings.

(2) Short-term financing needs.

FORTUNE INFORMATION SYSTEMS CORPORATION  
 ENDORSEMENTS/GUARANTEES PROVIDED  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (Amounts in Thousands of New Taiwan Dollars)

No (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	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 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
0	The Company	FTSC	2	\$ 627,548	\$ 300,000	\$ 300,000	\$ -	\$ -	23.90	\$ 1,255,096	Y	N	N	

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'
- (2) The subsidiaries are numbered in order starting from '1'

Note2 : Nature for endorsement/ guarantee provided:

- (1) Business dealings.
- (2) Companies with direct and indirect ownership of voting shares exceeding 50%.

Note 3 : In accordance with the Company's policy, limit on endorsement/ guarantee provided to a single party shall not exceed 50% of the Company's net assets based on the latest financial statements, and limit on total endorsement/ guarantee provided shall not exceed 100% of the Company's net assets based on the latest financial statements.

## FORTUNE INFORMATION SYSTEMS CORPORATION

## NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

## FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note (Note 1)
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
The Company	HK FIS	Hong Kong	Information	\$ 38,484	\$ 38,484	8,426,000	100%	\$ 34,858	(\$ 1,804)	(\$ 1,804)	Subsidiary
	SBAS	Hong Kong	Information	1,452	1,452	20,000	100%	18,031	2,008	2,008	Subsidiary
	FTSC	Taipei	Information Service	400,000	400,000	43,700,000	100%	471,470	27,939	27,941	Subsidiary

Table 4

FORTUNE INFORMATION SYSTEMS CORPORATION  
INFORMATION ON MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Standard Plastics LTD.	17,562,327	25.10%
CECGP Electronics Corp.	15,777,954	22.55%

Note 1: The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2024

STATEMENT 1

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Bank deposits		
Foreign currency deposits	The amounts are primarily USD 16 thousand and RMB 353 thousand, with exchange rates of 32.785 and 4.478, respectively.	\$ 2,078
Check deposits		222,793
Current deposits		18,736
Cash on hand and working capital		381
Cash equivalents		
Repurchase agreements		<u>189,345</u>
Total		<u>\$ 433,333</u>

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

DECEMBER 31, 2024

STATEMENT 2

(In Thousands of New Taiwan Dollars)

Customer name	Notes Receivable	Accounts Receivable	Amount
<b>Related Parties</b>			
CEC	\$ -	\$ 133	\$ 133
FTSC	-	<u>8,621</u>	<u>8,621</u>
Subtotal	<u>-</u>	<u>8,754</u>	<u>8,754</u>
<b>Non-Related parties</b>			
Company A	1,679	823	2,502
Company B	471	-	471
Company C	153	32	185
Company D	-	16,043	16,043
Company E	-	10,366	10,366
Company F	-	9,571	9,571
Company G	-	6,927	6,927
Others (Note)	<u>477</u>	<u>70,150</u>	<u>70,627</u>
Subtotal	<u>2,780</u>	<u>113,912</u>	<u>116,692</u>
Less: Allowances for impairment loss	<u>-</u>	<u>877</u>	<u>877</u>
Total	<u>\$ 2,780</u>	<u>\$ 121,789</u>	<u>\$ 124,569</u>

Note: The balances of all individual items did not exceed 5% of the total balance of this account.

FORTUNE INFORMATION SYSTEMS CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2024

STATEMENT 3

(In Thousands of New Taiwan Dollars)

Items	Book value	Net realizable value (Note)
Computer equipment	\$ 108,716	\$ 106,583
Imaging products	<u>930</u>	<u>996</u>
	109,646	<u>\$ 107,579</u>
Less: Allowance for inventory valuation losses	<u>3,643</u>	
Total	<u>\$ 106,003</u>	

Note: The market value is determined based on net realizable value.

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
DECEMBER 31, 2024

STATEMENT 4

(In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Addition		Decrease		Increase (Decrease) in Using the Equity Method (Note 1)	Ending Balance			Net value of equity	Note
	Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Amount		S h a r e s (In thousand)	Percentage of ownership%	Amount		
HK FIS	8,426	\$ 57,737	-	\$ -	-	\$ -	(\$ 22,879)	8,426	100	\$ 34,858	\$ 34,858	Note 2
SBAS	20	14,862	-	-	-	-	3,169	20	100	18,031	18,031	Note 2
FTSC	40,000	<u>443,529</u>	3,700	-	-	-	<u>27,941</u>	43,700	100	<u>471,470</u>	<u>471,443</u>	Note 2
Total		<u>\$ 516,128</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 8,231</u>			<u>\$ 524,359</u>	<u>\$ 524,332</u>	

Note 1: Including

1. Share of profit or loss of subsidiaries accounted for using the equity method \$ 28,145
  2. Exchange differences on translation of the financial statements of foreign operations 4,834
  3. Cash dividends received from subsidiaries (24,748)
- \$ 8,231

Note 2: As of December 31, 2024, there were no pledges or collateral arrangements. °

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
DECEMBER 31, 2024

STATEMENT 5

(In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Machinery and equipment	Total
<b>Cost</b>				
Balance, January 1, 2024	\$ 2,541	\$ 20,869	\$ 1,501	\$ 24,911
Additions	-	16,337	-	16,337
Disposal	( 2,541 )	( 17,896 )	-	( 20,437 )
Balance, December 31, 2024	<u>\$ -</u>	<u>\$ 19,310</u>	<u>\$ 1,501</u>	<u>\$ 20,811</u>
<b>Accumulated depreciation</b>				
Balance, January 1, 2024	\$ 2,117	\$ 13,139	\$ 334	\$ 15,590
Depreciation	424	6,343	500	7,267
Disposal	( 2,541 )	( 17,896 )	-	( 20,437 )
Balance, December 31, 2024	<u>\$ -</u>	<u>\$ 1,586</u>	<u>\$ 834</u>	<u>\$ 2,420</u>
Carrying amount, December 31, 2024	<u>\$ -</u>	<u>\$ 17,724</u>	<u>\$ 667</u>	<u>\$ 18,391</u>

FORTUNE INFORMATION SYSTEMS CORPORATION

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2024

STATEMENT 6

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-Related parties	
Company A	\$ 162,370
Company B	28,036
Company C	26,272
Company D	18,939
Others (Note)	99,504
Total	\$ 335,121

Note : The amount of individual company included in others does not exceed 5% of the account balance.

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2024

STATEMENT 7

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Lease Terms</u>	<u>Discount Rates</u>	<u>Amount</u>
Buildings	Used as an office	3~5 years	0.88%~1.96%	\$ 17,757
Machinery and equipment	Used for software development and testing	3 years	1.90%	<u>678</u>
Less: Classified as current portion due within one year				( <u>6,450</u> )
Lease liabilities – non-current				<u>\$ 11,985</u>

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024

STATEMENT 8

(In Thousands of New Taiwan Dollars)

<u>Items</u>	<u>Amount</u>
Revenue from the sale of goods and system integration	\$ 880,275
Less: Sales returns and allowances	<u>1,452</u>
Net sales	878,823
Revenue from rendering of services	<u>364,878</u>
Total	<u>\$ 1,243,701</u>

FORTUNE INFORMATION SYSTEMS CORPORATION

STATEMENT OF OPERATING COST

FOR THE YEAR ENDED DECEMBER 31, 2024

STATEMENT 9

(In Thousands of New Taiwan Dollars)

Item	Amount
Inventory, beginning of year	\$ 71,373
Add: Purchases	821,560
Less: Reclassified to other operating costs	7,172
Reclassified to property, plant and equipment and other assets	1,100
Inventory, ending of year	<u>109,647</u>
Subtotal	775,014
Indirect costs	( 92 )
Inventory reversal of write-down	( <u>193</u> )
Costs of goods sold	774,729
Costs of service	<u>313,005</u>
Total	<u>\$ 1,087,734</u>

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024

STATEMENT 10

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Salaries and pension	\$ 86,574
Insurance expense	6,333
Professional service fees	<u>6,226</u>
Others (Note)	<u>14,993</u>
Total	<u>\$ 114,126</u>

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

FORTUNE INFORMATION SYSTEMS CORPORATION  
STATEMENT OF EMPLOYEE BENEFIT BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

STATEMENT 11

(In Thousands of New Taiwan Dollars)

	FOR THE YEAR ENDED DECEMBER 31					
	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Salary and bonus	\$ 140,974	\$ 78,376	\$ 219,350	\$ 142,003	\$ 79,981	\$ 221,984
Labor and health insurance	14,285	6,333	20,618	15,213	7,604	22,817
Pension	6,499	2,926	9,425	6,921	4,575	11,496
Directors' compensation	-	5,272	5,272	-	5,502	5,502
Others	<u>7,340</u>	<u>2,826</u>	<u>10,166</u>	<u>8,158</u>	<u>2,988</u>	<u>11,146</u>
Total	<u>\$ 169,098</u>	<u>\$ 95,733</u>	<u>\$ 264,831</u>	<u>\$ 172,295</u>	<u>\$ 100,650</u>	<u>\$ 272,945</u>

Note 1: The average number of employees of the Company was 260 in 2024 and 278 in 2023, including 4 directors not concurrently serving as employees in both years.

Note 2: The average employee benefits expenses for the years 2024 and 2023 were \$1,014 thousand and \$976 thousand, respectively. The average employee salary expenses for the years 2024 and 2023 were \$857 thousand and \$810 thousand, respectively, representing a 6% increase in average employee salary expenses over the two years.

Note 3: a. Board of directors and managers

The independent directors and directors of the Company are entitled to a monthly transportation allowance. The compensation for the Chairman, directors concurrently holding other positions in the Company, and executives, is assessed and approved by the Compensation Committee based on the Company's operational performance and past compensation practices, and then recommended to the Board of Directors. The year-end bonus for the Chairman, directors concurrently holding other positions in the Company, and executives is equivalent to one month's base salary (including position allowances). For those who have not completed a full year of service, the bonus will be prorated (based on the number of months served divided by 12, multiplied by the base salary). The performance bonuses, employee compensation, and other irregular incentives for the Chairman, directors concurrently holding

other positions in the Company, and executives will be reviewed and determined by the Compensation Committee, taking into account the Company's operational performance and individual achievements.

b. Employees

The salaries of employees in the Company include base salary, meal allowances, bonuses, and other forms of compensation. The remuneration received by employees during normal working hours shall not be less than the minimum wage. The Company may adjust salaries based on factors such as the salary market, price levels, and the Company's operating conditions. If the Company makes a profit for the year, employee compensation will be allocated in accordance with the Company's Articles of Association, based on the pre-tax net income for the current period, before any distribution of employee compensation. However, if the Company has accumulated losses, a reserve amount should be set aside in advance for the purpose of covering such losses. When employee compensation is distributed in the form of stocks or cash, it must be decided by the Board of Directors in accordance with the law and reported to the shareholders' meeting.