

Fortune Information Systems Corporation and Subsidiaries

Consolidated Financial Statements for the Three
Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Fortune Information Systems Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Fortune Information Systems Corp. and its subsidiaries (collectively, the "Group") as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission(FSC) of the Republic of China(ROC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as stated in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of non-significant subsidiaries, included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2025 and 2024, the unreviewed assets were NT\$ 60,209 thousand and NT\$ 113,373 thousand, respectively, representing 3% and 6%, respectively, of the consolidated total assets, and the unreview liabilities were NT\$ 7,227 thousand and NT\$ 36,790 thousand, respectively, representing 1% and 5%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2025 and 2024, the amounts of the unreviewed comprehensive income or loss were NT\$ 93 thousand and NT\$ 3,984 thousand, respectively, representing 0% and 18%, respectively, of the consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cai, You-Ling and Lin, Wen-Qin.

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 14, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated 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 consolidated financial statements shall prevail.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 223,230	10	\$ 588,933	27	\$ 163,925	8
Financial assets at amortized cost (Note 7)	15,672	1	15,503	1	38,846	2
Contract assets (Note 19 and 25)	608,251	28	490,184	23	670,279	34
Notes receivable (Note 8)	2,262	-	4,097	-	2,024	-
Accounts receivables (Note 8, 19 and 25)	388,225	18	267,059	12	274,836	14
Other receivables (Note 8)	50	-	542	-	10,771	1
Inventories (Note 10)	225,642	10	182,633	8	216,674	11
Prepayments	73,483	3	43,636	2	59,813	3
Non-current assets held for sale (Note 9)	20,973	1	20,710	1	-	-
Other current assets	<u>7,753</u>	<u>-</u>	<u>14,606</u>	<u>1</u>	<u>7,821</u>	<u>1</u>
Total current assets	<u>1,565,541</u>	<u>71</u>	<u>1,627,903</u>	<u>75</u>	<u>1,444,989</u>	<u>74</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Note 12)	209,598	10	210,720	10	234,478	12
Right-of-use assets (Note 13)	20,430	1	20,859	1	10,821	1
Investment property (Note 14)	60,095	3	60,253	3	60,744	3
Other intangible assets	94	-	249	-	725	-
Deferred tax assets	829	-	826	-	1,543	-
Refundable deposits	215,483	10	203,071	10	180,424	9
Long-term accounts receivables (Note 8)	91,292	4	5,176	-	6,086	-
Net defined benefit assets	<u>28,203</u>	<u>1</u>	<u>28,203</u>	<u>1</u>	<u>20,763</u>	<u>1</u>
Total non-current assets	<u>626,024</u>	<u>29</u>	<u>529,357</u>	<u>25</u>	<u>515,584</u>	<u>26</u>
TOTAL	\$ 2,191,565	100	\$ 2,157,260	100	\$ 1,960,573	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ -	-	\$ -	-	\$ 30,000	2
Short-term bills payable (Note 15)	-	-	-	-	29,961	2
Contract liabilities (Note 19 and 25)	57,947	3	78,515	4	125,610	6
Notes payable	601	-	20	-	523	-
Accounts payables	560,808	25	572,423	27	338,856	17
Other payables (Note 16)	125,484	6	161,324	7	119,573	6
Current tax liabilities	18,120	1	13,323	1	18,941	1
Lease liabilities (Note 13 and 25)	8,390	-	7,800	-	6,942	-
Other current liabilities	<u>48,283</u>	<u>2</u>	<u>48,797</u>	<u>2</u>	<u>23,188</u>	<u>1</u>
Total current liabilities	<u>819,633</u>	<u>37</u>	<u>882,202</u>	<u>41</u>	<u>693,594</u>	<u>35</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	5,643	-	5,642	-	4,189	1
Lease liabilities (Note 13 and 25)	12,151	1	13,131	1	3,983	-
Other non-current liabilities	1,197	-	1,189	-	3,298	-
Long-term accounts payables	<u>78,300</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>97,291</u>	<u>5</u>	<u>19,962</u>	<u>1</u>	<u>11,470</u>	<u>1</u>
Total liabilities	<u>916,924</u>	<u>42</u>	<u>902,164</u>	<u>42</u>	<u>705,064</u>	<u>36</u>
EQUITY (Note 18)						
Common stock	<u>699,612</u>	<u>32</u>	<u>699,612</u>	<u>32</u>	<u>699,612</u>	<u>36</u>
Capital surplus	<u>62,361</u>	<u>3</u>	<u>62,361</u>	<u>3</u>	<u>62,361</u>	<u>3</u>
Retained earnings						
Legal reserve	190,121	9	190,121	9	182,351	9
Special reserve	3,480	-	3,480	-	3,279	-
Unappropriated earnings	<u>317,141</u>	<u>14</u>	<u>298,168</u>	<u>14</u>	<u>308,413</u>	<u>16</u>
Total retained earnings	<u>510,742</u>	<u>23</u>	<u>491,769</u>	<u>23</u>	<u>494,043</u>	<u>25</u>
Other equity interests	<u>1,926</u>	<u>-</u>	<u>1,354</u>	<u>-</u>	<u>(507)</u>	<u>-</u>
Total equity	<u>1,274,641</u>	<u>58</u>	<u>1,255,096</u>	<u>58</u>	<u>1,255,509</u>	<u>64</u>
TOTAL	\$ 2,191,565	100	\$ 2,157,260	100	\$ 1,960,573	100

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

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 19 and 25)	\$ 780,883	100	\$ 499,812	100
OPERATING COSTS (Notes 10 and 20)	<u>715,983</u>	<u>92</u>	<u>435,276</u>	<u>87</u>
GROSS PROFIT FROM OPERATIONS	<u>64,900</u>	<u>8</u>	<u>64,536</u>	<u>13</u>
OPERATING EXPENSES (Notes 20 and 25)	<u>47,398</u>	<u>6</u>	<u>46,175</u>	<u>9</u>
OPERATING INCOME	<u>17,502</u>	<u>2</u>	<u>18,361</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES(Note 20 and 25)				
Interest income	2,296	-	1,337	-
Other income	4,130	1	4,075	1
Other gains and losses, net	9	-	184	-
Finance costs	(101)	-	(389)	-
Total non-operating income and expenses	<u>6,334</u>	<u>1</u>	<u>5,207</u>	<u>1</u>
INCOME BEFORE INCOME TAX	23,836	3	23,568	5
INCOME TAX EXPENSE (Note 21)	<u>4,863</u>	<u>1</u>	<u>4,653</u>	<u>1</u>
NET INCOME	<u>18,973</u>	<u>2</u>	<u>18,915</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	\$ <u>572</u>	<u>-</u>	\$ <u>2,973</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>572</u>	<u>-</u>	<u>2,973</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 19,545</u>	<u>2</u>	<u>\$ 21,888</u>	<u>4</u>
EARNINGS PER SHARE (NT\$, Note 22)				
Basic earnings per share	<u>\$ 0.27</u>		<u>\$ 0.27</u>	
Diluted earnings per share	<u>\$ 0.27</u>		<u>\$ 0.27</u>	

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

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	<u>Capital Stock - Common Stock</u>		<u>Capital Surplus</u>	<u>Earnings</u>			<u>Other</u>	<u>Total Equity</u>
	<u>Shares (In Thousands)</u>	<u>Amount</u>		<u>Legal Capital Reserve</u>	<u>Special Capital Reserve</u>	<u>Unappropriated Earnings</u>	<u>Foreign Currency Translation Reserve</u>	
BALANCE, JANUARY 1, 2024	69,961	\$ 699,612	\$ 62,361	\$ 182,351	\$ 3,279	\$ 289,498	(\$ 3,480)	\$ 1,233,621
Net income for the three months ended March 31, 2024	-	-	-	-	-	18,915	-	18,915
Other comprehensive income (loss), net of income tax for the three months ended March 31, 2024	-	-	-	-	-	-	2,973	2,973
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	18,915	2,973	21,888
BALANCE, MARCH 31, 2024	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 182,351</u>	<u>\$ 3,279</u>	<u>\$ 308,413</u>	<u>(\$ 507)</u>	<u>\$ 1,255,509</u>
BALANCE, JANUARY 1, 2025	69,961	\$ 699,612	\$ 62,361	\$ 190,121	\$ 3,480	\$ 298,168	\$ 1,354	\$ 1,255,096
Net income for the three months ended March 31, 2025	-	-	-	-	-	18,973	-	18,973
Other comprehensive income (loss), net of income tax for the three months ended March 31, 2025	-	-	-	-	-	-	572	572
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	18,973	572	19,545
BALANCE, MARCH 31, 2025	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 190,121</u>	<u>\$ 3,480</u>	<u>\$ 317,141</u>	<u>\$ 1,926</u>	<u>\$ 1,274,641</u>

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 23,836	\$ 23,568
Adjustments for:		
Depreciation expense	3,392	3,681
Amortization expense	280	524
Expected credit loss	22	9
Finance costs	101	389
Interest income	(2,296)	(1,337)
Write-down of inventories	17	-
Gain on foreign exchange, net	(53)	(739)
Changes in operating assets and liabilities		
Contract assets	(118,067)	(100,735)
Notes receivable	1,835	(810)
Accounts receivable	(207,304)	(85,241)
Other receivables	492	26,876
Inventories	(43,026)	(4,674)
Prepayments	(29,847)	(12,577)
Other current assets	6,853	13,522
Contract liabilities	(20,568)	36,014
Notes payable	581	503
Accounts payable	66,560	(58,054)
Other payables	(35,840)	(37,811)
Other current liabilities	(514)	(2,980)
Cash used in operations activities	(353,546)	(199,872)
Interest received	2,296	1,337
Interest paid	(101)	(365)
Income taxes paid	(123)	(80)
Net cash used in operating activities	(351,474)	(198,980)

(Continued)

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at amortized cost	-	(12,063)
Proceeds from disposal of financial assets at amortized cost	-	25,332
Acquisition of property, plant and equipment	-	(627)
Refundable deposits paid	(12,412)	(12,050)
Acquisitions of Intangible assets	-	(116)
Net cash (used in) generated from investing activities	(12,412)	476
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bills payable	-	(20,000)
Repayment of the principal portion of lease liabilities	(2,073)	(2,314)
Increase in other non-current liabilities	8	103
Net cash used in financing activities	(2,065)	(22,211)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	248	959
NET DECREASE IN CASH AND CASH EQUIVALENTS	(365,703)	(219,756)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	588,933	383,681
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 223,230	\$ 163,925

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

(Concluded)

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Fortune Information Systems Corporation (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 March 31, 2025, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

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

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on May 14, 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).

Amendments to IAS 21 "Lack of Exchangeability"

The initial application of the amendments to IAS 21 "Lack of Exchangeability" did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively as the "Group").

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026.

New IFRSs	Effective Date Announced by IASB
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 1)

Note 1: Effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted from January 1, 2025.

As of the approval date of these consolidated financial statements, the Group is still assessing the impact of the amendments on its 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)
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
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 Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

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

b. Basis of Preparation

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

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective dates of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Please refer to Note 10 and Table 4 for the subsidiaries' name, percentage of shares owned by the Company and main businesses.

d. Other Material Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

(1) Retirement benefits

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

(2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When adopting accounting policies, the management of the Group 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.

In developing significant accounting estimates, the Group has taken into consideration the potential impact of the U.S. countervailing tariff measures on key estimates such as cash flow projections, growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions.

The accounting policies, estimates, and underlying assumptions adopted by the Group have been assessed by management, and no significant accounting judgments, estimates, or assumptions with uncertainty were identified.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and revolving funds	\$ 394	\$ 394	\$ 393
Checking accounts and demand deposits	153,044	299,576	103,438
Cash equivalents			
Time deposits with original maturities within 3 months	-	-	10,223
Repurchase agreements	<u>69,792</u>	<u>288,963</u>	<u>49,871</u>
	<u>\$ 223,230</u>	<u>\$ 588,933</u>	<u>\$ 163,925</u>

Interest rate range during reporting period

	March 31, 2025	December 31, 2024	March 31, 2024
Time deposits with original maturities within 3 months	-	-	4.00%
Repurchase agreements	1.48% ~ 1.52%	1.46% ~ 1.50%	1.27% ~ 1.36%

7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Time deposits with original maturity more than 3 months	<u>\$ 15,672</u>	<u>\$ 15,503</u>	<u>\$ 38,846</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, with yearly interest rates of time deposits with original maturity more than 3 months is 3.00%, 3.00% and 4.10% ~ 4.50%, respectively.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	<u>\$ 2,262</u>	<u>\$ 4,097</u>	<u>\$ 2,024</u>
<u>Accounts receivable</u>			
Gross carrying amount at amortized cost	\$ 485,565	\$ 273,523	\$ 281,537
Less: Unrealized interest income	(5,087)	(349)	(388)
Less: Allowance for impairment loss	(961)	(939)	(227)
	<u>\$ 479,517</u>	<u>\$ 272,235</u>	<u>\$ 280,922</u>
Current	<u>\$ 388,225</u>	<u>\$ 267,059</u>	<u>\$ 274,836</u>
Non-current	<u>\$ 91,292</u>	<u>\$ 5,176</u>	<u>\$ 6,086</u>
<u>Other receivables</u>			
Receivable for payment on behalf of others	\$ -	\$ -	\$ 10,091
Other	<u>50</u>	<u>542</u>	<u>680</u>
	<u>\$ 50</u>	<u>\$ 542</u>	<u>\$ 10,771</u>

The average credit period of receivable was 60 to 120 days. In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Group 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 Group's credit risk could be reasonably reduced.

The Group 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 Group 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 Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

March 31, 2025

	<u>Not Past Due</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-120 days</u>	<u>O v e r d u e Over 120 days</u>	<u>Total</u>
Gross carrying amount (including unrealized interest income)	\$ 475,769	\$ 5,620	\$ 47	\$ 104	\$ 1,200	\$ 482,740
Loss allowance (Lifetime ECLs)	(<u>156</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>805</u>)	(<u>961</u>)
Amortized cost	<u>\$ 475,613</u>	<u>\$ 5,620</u>	<u>\$ 47</u>	<u>\$ 104</u>	<u>\$ 395</u>	<u>\$ 481,779</u>

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>O v e r d u e Over 120 days</u>	<u>Total</u>
Gross carrying amount (including unrealized interest income)	\$ 268,090	\$ 6,681	\$ 688	\$ -	\$ 1,812	\$ 277,271
Loss allowance (Lifetime ECLs)	(<u>135</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>804</u>)	(<u>939</u>)
Amortized cost	<u>\$ 267,955</u>	<u>\$ 6,681</u>	<u>\$ 688</u>	<u>\$ -</u>	<u>\$ 1,008</u>	<u>\$ 276,332</u>

March 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>O v e r d u e Over 120 days</u>	<u>Total</u>
Gross carrying amount (including unrealized interest income)	\$ 261,881	\$ 20,216	\$ -	\$ 20	\$ 1,056	\$ 283,173
Loss allowance (Lifetime ECLs)	(<u>53</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>174</u>)	(<u>227</u>)
Amortized cost	<u>\$ 261,828</u>	<u>\$ 20,216</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 882</u>	<u>\$ 282,946</u>

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

	For the Three Months Ended March 31	
	2025	2024
Beginning balance	\$ 939	\$ 218
Add: Net remeasurement of (reversal) loss allowance	<u>22</u>	<u>9</u>
Ending balance	<u>\$ 961</u>	<u>\$ 227</u>

9. Non-current Assets Held for Sale

	March 31, 2025	December 31, 2024	March 31, 2024
	Property, plant and equipment held for sale	<u>\$ 20,973</u>	<u>\$ 20,710</u>

The Group plans to sell real estate located in Hong Kong, and is currently actively seeking buyers. Since the expected selling price is anticipated to exceed the book value of the related assets, no impairment loss has been recognized when classifying these assets as held for sale non-current assets.

10. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
	Merchandise	<u>\$ 225,642</u>	<u>\$ 182,633</u>

For the three months ended March 31, 2025 and 2024, the cost of goods sold related to inventories amounted to \$578,013 thousand and \$320,226 thousand, respectively, which including the inventory write-down totaling \$17 and \$0 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

Investor	Subsidiary	Main Business	Percentage of Ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Fortune Information System (In') LTD. (HK FIS)	Information Service	100%	100%	100%	Note 1 and 2
	SBAS (HK) LTD. (SBAS)	Information Service	100%	100%	100%	Note 1 and 2
	Fortune Technology System Corp. (FTSC)	Information Service	100%	100%	100%	-

Note 1: Non-significant subsidiaries, and their financial statements have not been reviewed.

Note 2: The company's board of directors resolved to approve the dissolution and liquidation of its subsidiaries, HK FIS and SBAS on May 9, 2024.

b. Subsidiaries excluded from the consolidated financial statements: None.

12. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2025	December 31, 2024	March 31, 2024
Land	\$ 136,516	\$ 136,516	\$ 137,657
Buildings	68,884	69,309	76,026
Miscellaneous equipment	<u>4,198</u>	<u>4,895</u>	<u>20,795</u>
	<u>\$ 209,598</u>	<u>\$ 210,720</u>	<u>\$ 234,478</u>

Except for the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the Group's property, plant and equipment for the three months ended March 31, 2025 and 2024.

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 March 31, 2025, December 31, 2024 and March 31, 2024, there are no cases of mortgages or pledges on property, plant and equipment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amount			
Land	\$ -	\$ -	\$ 212
Buildings	16,214	17,724	6,090
Machinery and equipment	<u>4,216</u>	<u>3,135</u>	<u>4,519</u>
	<u>\$ 20,430</u>	<u>\$ 20,859</u>	<u>\$ 10,821</u>

	<u>For the Three Months Ended March 31</u>	
	2025	2024
Additions to right-of-use assets	<u>\$ 1,683</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ -	\$ 212
Buildings	1,510	1,640
Machinery and equipment	<u>602</u>	<u>461</u>
	<u>\$ 2,112</u>	<u>\$ 2,313</u>

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2025 and 2024.

b. Lease liabilities

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Carrying amount			
Current	<u>\$ 8,390</u>	<u>\$ 7,800</u>	<u>\$ 6,942</u>
Noncurrent	<u>\$ 12,151</u>	<u>\$ 13,131</u>	<u>\$ 3,983</u>

Range of discount rates for lease liabilities was as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Land	-	-	0.88%
Buildings	1.19% ~ 1.96%	0.88% ~ 1.96%	0.88% ~ 1.19%
Machinery and equipment	1.90% ~ 1.99%	1.90% ~ 1.99%	1.90% ~ 1.99%

c. Material lease-in activities and terms

The significant leasing items of the Group involve renting land and buildings for use as offices and warehouses, with lease terms ranging from 3 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group 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 Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Expenses related to short-term and low-value asset leases	<u>\$ 598</u>	<u>\$ 447</u>
Total cash outflow for leases	<u>(\$ 2,421)</u>	<u>(\$ 2,909)</u>

14. INVESTMENT PROPERTIES

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Land	<u>\$ 34,385</u>	<u>\$ 34,385</u>	<u>\$ 34,385</u>
Buildings	<u>25,710</u>	<u>25,868</u>	<u>26,359</u>
	<u>\$ 60,095</u>	<u>\$ 60,253</u>	<u>\$ 60,744</u>

Except for the recognized depreciation, there was no significant purchase, disposal or impairment of the Group's investment properties for the three months ended March 31, 2025 and 2024.

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 held by the Group were \$265,290 thousand and \$258,291 thousand as of December 31, 2024 and 2023. The Group's management evaluated and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of March 31, 2025.

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

15. BORROWINGS

a. Short-term borrowings

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Unsecured loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the annual interest rates of bank unsecured loans are 0%, 0% and 2.08%, respectively.

b. Short-term bills payable

March 31, 2025: None.

December 31, 2024: None.

March 31, 2024

<u>Guarantor / accepting institution</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate</u>
<u>Commercial paper</u>				
Union Bank of Taiwan	<u>\$ 30,000</u>	<u>\$ 39</u>	<u>\$ 29,961</u>	1.91%

16. OTHER LIABILITIES

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Salaries and bonus payable	\$ 68,954	\$ 79,279	\$ 64,220
Payable for receipts under custody	20,358	38,265	20,358
Accrued annual leave payable	12,993	15,564	12,371
Insurance payable	5,592	5,685	5,220
Others	<u>17,587</u>	<u>22,531</u>	<u>17,404</u>
	<u>\$ 125,484</u>	<u>\$ 161,324</u>	<u>\$ 119,573</u>

17. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined person cost discount rate as of December 31, 2024 and 2023. For the three months ended March 31, 2025 and 2024, the recognized amounts were \$0 thousand.

18. EQUITY

a. Common shares

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Number of shares authorized (in thousand)	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>
Shares authorized	<u>\$ 1,070,000</u>	<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>	<u>69,961</u>
Shares capital	<u>\$ 699,612</u>	<u>\$ 699,612</u>	<u>\$ 699,612</u>

b. Capital surplus

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Arising from issuance of common shares	\$ 37,105	\$ 37,105	\$ 37,105
Arising from treasury share transactions	<u>25,256</u>	<u>25,256</u>	<u>25,256</u>
	<u>\$ 62,361</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 20(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 appropriated and reversed special reserve in accordance with the FSC Letter No. 1010012865 and the "Q&A on the Application of Special Reserve Appropriation under IFRS" and other related regulations.

The Board of Directors of the Company proposed, on March 11, 2025, and the shareholders approved, on June 18, 2024, the appropriation of earnings for the years ended December 31, 2024 and 2023, respectively, as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	2024	2023	2024	2023
Legal reserve	\$ 7,261	\$ 7,770		
Special reserve	(3,480)	201		
Cash dividends	62,965	55,969	\$ 0.9	\$ 0.8

The appropriation of earnings for the year 2024 is subject to approval at the shareholders' meeting scheduled to be held on June 30, 2025.

19. REVENUE

a. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Accounts receivables (Note 8)	<u>\$ 479,517</u>	<u>\$ 272,235</u>	<u>\$ 280,922</u>	<u>\$ 195,690</u>
Contract assets	<u>\$ 608,251</u>	<u>\$ 490,184</u>	<u>\$ 670,279</u>	<u>\$ 569,544</u>
Contract liability	<u>\$ 57,947</u>	<u>\$ 78,515</u>	<u>\$ 125,610</u>	<u>\$ 89,596</u>

The Group 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 Group concluded that the expected loss rates for trade receivables can be applied to the contract assets.

	March 31, 2025	December 31, 2024	March 31, 2024
Gross carrying amount	<u>\$ 608,251</u>	<u>\$ 490,184</u>	<u>\$ 670,279</u>

b. Revenue from contracts with customers

Type of products or services	For the Three Months Ended March 31	
	2025	2024
Revenue from the sale of goods and system integration	\$ 640,592	\$ 384,580
Revenue from rendering of services	<u>140,291</u>	<u>115,232</u>
	<u>\$ 780,883</u>	<u>\$ 499,812</u>

20. NET INCOME

a. Other gains and losses

	For the Three Months Ended March 31	
	2025	2024
Net foreign exchange (losses)gains	<u>\$ 9</u>	<u>\$ 184</u>

b. Interest income

	For the Three Months Ended March 31	
	2025	2024
Bank deposits	\$ 1,233	\$ 1,029
Others	<u>1,063</u>	<u>308</u>
	<u>\$ 2,296</u>	<u>\$ 1,337</u>

c. Finance costs

	For the Three Months Ended March 31	
	2025	2024
Interest expense on lease liabilities	\$ 101	\$ 40
Interest expense on bank loans	<u>-</u>	<u>349</u>
	<u>\$ 101</u>	<u>\$ 389</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2025	2024
Property, plant and equipment	\$ 1,122	\$ 1,195
Right-of-use assets	2,112	2,313
Investment property	158	173
Other intangible assets	<u>280</u>	<u>524</u>
Total	<u>\$ 3,672</u>	<u>\$ 4,205</u>

An analysis of depreciation by function

Operating costs	\$ 2,163	\$ 2,112
Operating expenses	<u>1,229</u>	<u>1,569</u>
	<u>\$ 3,392</u>	<u>\$ 3,681</u>

An analysis of amortization by function

Operating costs	\$ 44	\$ 17
Selling expenses	<u>236</u>	<u>507</u>
	<u>\$ 280</u>	<u>\$ 524</u>

e. Employee benefits expenses

	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits		
Salary	\$ 85,635	\$ 83,954
Labor and health insurance	7,983	7,516
Others	<u>3,886</u>	<u>3,530</u>
	<u>97,504</u>	<u>95,000</u>

	For the Three Months Ended March 31	
	2025	2024
Post-employment benefits Defined contribution plans	<u>3,560</u>	<u>3,588</u>
Total employee benefits expenses	<u>\$101,064</u>	<u>\$ 98,588</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 64,329	\$ 62,243
Operating expenses	<u>36,735</u>	<u>36,345</u>
	<u>\$101,064</u>	<u>\$ 98,588</u>

f. Compensation of employees

In accordance with the Company's Articles of Incorporation, no directors' remuneration is required to be accrued. Employee remuneration is allocated at 6% of the profit before tax for the year, prior to the deduction of employee remuneration. Pursuant to the amendment of the Securities and Exchange Act in August 2024, the Company plans to amend its Articles of Incorporation, subject to approval at the 2025 shareholders' meeting, to stipulate that no less than 40% of the total employee remuneration for the year shall be allocated to rank-and-file employees. The estimated employee remuneration for the periods ended March 31, 2025 and 2024, is as follows:

	For the Three Months Ended March 31			
	2025		2024	
	Cash	Estimate Rate (%)	Cash	Estimate Rate (%)
Compensation of employees	<u>\$ 1,326</u>	6	<u>\$ 1,334</u>	6

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

The compensation of employees for the years ended December 31, 2024 and 2023, which were resolved by the Company's board of directors on March 11, 2025 and March 14, 2024, respectively, are as follows:

	2024		2023	
	Cash	Estimate Rate (%)	Cash	Estimate Rate (%)
Compensation of employees	<u>\$ 5,310</u>	6	<u>\$ 5,680</u>	6

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

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.

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Current tax		
In respect of the period	\$ 4,865	\$ 4,548
Deferred tax		
In respect of the period	(<u>2</u>)	<u>105</u>
Income tax expense recognized in profit or loss	<u>\$ 4,863</u>	<u>\$ 4,653</u>

b. Income tax examinations

Income tax returns of the Company and its subsidiary have been assessed by the tax authorities were as follows:

<u>Company</u>	<u>Year</u>
The Company	2022
FTSC	2022

22. EARNINGS PER SHARE

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

Net income

	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Earnings used for calculation of basic and diluted earnings per share	<u>\$ 18,973</u>	<u>\$ 18,915</u>

Shares (in thousands)

	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
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>127</u>	<u>206</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>70,088</u>	<u>70,167</u>

If the Group 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.

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group 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 Group consists of equity of the Group (comprising issued capital, reserves, retained earnings, and other equity).

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

24. 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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Amortized cost (Note 1)	\$ 936,214	\$ 1,084,381	\$ 676,912
<u>Financial liabilities</u>			
Amortized cost (Note 2)	765,954	734,528	519,674

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

Note 2: The balance includes financial liabilities measured at amortized cost which comprise short-term loans and bills payables, note payables, accounts payables(including noncurrent), other payables and guarantee deposits.

c. Financial risk management objectives and policies

The main financial instruments of the Group include debt instrument investments, notes and account receivables, notes and account payables, loans, and lease liabilities. The financial management department of the Group 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 Group 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 Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities of non-functional currency calculated (including those eliminated on consolidation) at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to USD fluctuations.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars and the Hong Kong dollars (the functional currency) against the relevant foreign currencies 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.

	USD Impact		RMB Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2025	2024	2025	2024
Profit or loss	\$ <u>38</u>	\$ <u>371</u>	\$ <u>82</u>	\$ <u>66</u>

(b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. The Group 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 Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
– Financial assets	\$ 85,464	\$ 304,466	\$ 98,940
– Financial liabilities	20,541	20,931	70,886
Cash flow interest rate risk			
– Financial assets	103,301	53,518	51,260

Sensitivity analysis

If interest rates had been 5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2025 and 2024 would decrease/increase by \$1,291 thousands and \$641 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 Group. As at the end of the reporting years, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

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

The policy that the Group adopts is to only make transactions with reputable targets, and the Group will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Group 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 Group uses other publicly available financial information and its own trading records to rate its major customers. The Group'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 Group would review the recoverable amount of each receivables on the consolidated balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Group's management concludes that the credit risk of the Group is significantly reduced.

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

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

(3) Liquidity risk

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

As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group 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 Group 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.

March 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing	\$ 224,587	\$ 90,231	\$ 368,851	\$ 79,496
Lease liabilities	724	1,449	6,522	12,333
	<u>\$ 225,311</u>	<u>\$ 91,680</u>	<u>\$ 375,373</u>	<u>\$ 91,829</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing	\$ 51,731	\$ 427,641	\$ 246,989	\$ 1,190
Lease liabilities	676	1,353	6,089	13,353
	<u>\$ 52,407</u>	<u>\$ 428,994</u>	<u>\$ 253,078</u>	<u>\$ 14,543</u>

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing	\$ 156,208	\$ 99,495	\$ 200,011	\$ 3,298
Lease liabilities	784	1,570	4,688	4,035
Fixed interest rate instrument	30,052	30,094	-	-
	<u>\$ 187,044</u>	<u>\$ 131,159</u>	<u>\$ 204,699</u>	<u>\$ 7,333</u>

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

b. Financing facilities

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank facilities			
— Amount used	\$ 91,203	\$ 83,493	\$ 155,761
— Amount unused	578,797	468,153	435,885
	<u>\$ 670,000</u>	<u>\$ 551,646</u>	<u>\$ 591,646</u>

25. RELATED-PARTY TRANSACTIONS

The Company's ultimate parent company was Good Intent Global Limited until April 29, 2025, after which it became WPG Holdings Limited. For related information, please refer to Note 27. All intercompany transactions, account balances, income, and expenses among the consolidated entities have been eliminated in consolidation and are therefore not disclosed in this note. Except as otherwise disclosed in other notes, transactions between the consolidated entities and other related parties are as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
CECGP Electronics Corp. (CECGP)	Investor with significant influence over the Group
Fullcourt Sports Ltd. (Fullcourt Sports)	Brother corporation

b. Operating revenue

<u>Account Item</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
		<u>2025</u>	<u>2024</u>
Operating revenue	Investor with significant influence over the Group	\$ 452	\$ 638
	Brother corporation	-	429
		<u>\$ 452</u>	<u>\$ 1,067</u>

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

c. Contract assets

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Contract assets	Investor with significant influence over the Group	\$ -	\$ -	\$ 72

The Group did not recognize allowance loss for the contract assets from related parties for the three months ended March 31, 2025 and 2024.

d. Receivables from related parties

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable	Investor with significant influence over the Group	\$ 547	\$ 5,437	\$ 707

The Group did not obtain guarantees for receivables from related parties. The Group did not recognize allowance loss for receivables from related parties for the three months ended March 31, 2025 and 2024.

e. Contract liabilities

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Contract liabilities	Brother corporation	<u>\$ 1,804</u>	<u>\$ 451</u>	<u>\$ 924</u>

f. Lease agreements

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Lease liabilities	Investor with significant influence over the Group	<u>\$ 15,012</u>	<u>\$ 16,337</u>	<u>\$ 4,189</u>

		<u>For the Three Months Ended March 31</u>	
<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>2025</u>	<u>2024</u>
Interest expenses	Investor with significant influence over the Group	<u>\$ 75</u>	<u>\$ 10</u>
Lease expenses	Investor with significant influence over the Group	<u>\$ 15</u>	<u>\$ 15</u>

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

g. Endorsements/guarantees provided

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
FTSC	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

h. Compensation of key management personnel

	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	<u>\$ 9,736</u>	<u>\$ 5,205</u>
Post-employment benefits	<u>155</u>	<u>101</u>
	<u>\$ 9,891</u>	<u>\$ 5,306</u>

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

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial institution guarantee	<u>\$ 91,203</u>	<u>\$ 83,493</u>	<u>\$ 95,761</u>

27. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

WPG Holdings Limited became the Company's ultimate parent company in April 2025 through a public tender offer and held 47.67% of the Company's shares as of April 29, 2025. For details regarding the public tender offer, please refer to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' 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:

March 31, 2025			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 23	33.21 (USD : NTD)	\$ 764
RMB	356	4.57 (RMB : NTD)	<u>1,628</u>
			<u>\$ 2,392</u>
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)	\$ 525
USD	33	7.77 (USD : HKD)	1,082
RMB	356	4.48 (RMB : NTD)	<u>1,594</u>
			<u>\$ 3,201</u>
March 31, 2024			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 200	32.00 (USD : NTD)	\$ 6,400
USD	32	7.83 (USD : HKD)	1,024
RMB	299	4.41 (RMB : NTD)	<u>1,318</u>
			<u>\$ 8,742</u>

The Group is mainly exposed to the USD. The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant

(realized and unrealized) financial assets and liabilities denominated in foreign currencies were as follows:

Functional Currency	For the Three Months Ended March 31				
	2025			2024	
	Functional currency to presentation currency	Net exchange gains or losses	Functional currency to presentation currency	Net exchange gains or losses	
NTD	1 (NTD : NTD)	\$ 9	1 (NTD : NTD)	\$ 198	
HKD	4.23 (HKD : NTD)	-	4.02 (HKD : NTD)	(14)	
		<u>\$ 9</u>		<u>\$ 184</u>	

29. 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.
- (10) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 3.

b. Information on investees: Table 4.

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 5.

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were the operating segments of the Company and other operations.

a. Segment revenue and operating results

	Segment revenue		Segment profit or loss	
	For the Three Months Ended March 31			
	2025	2024	2025	2024
Reportable segments				
FIS operation	\$ 781,033	\$ 484,861	\$ 17,474	\$ 17,331
Other operations	5,178	22,511	(448)	532
Elimination of inter-segment revenue	(<u>5,328</u>)	(<u>7,560</u>)	<u>476</u>	<u>498</u>
Total of reportable segments	<u>\$ 780,883</u>	<u>\$ 499,812</u>	17,502	18,361
Non-operating income and expenses			<u>6,334</u>	<u>5,207</u>
Net profit before tax			<u>\$ 23,836</u>	<u>\$ 23,568</u>

Transactions between segments are priced based on market prices.

Segment profit referred to the profit before income tax earned by each segment excluding non-operating income and expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, there is no need to disclose the measurement amounts of those assets and liabilities.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
 FINANCINGS PROVIDED
 FOR THE THREE MONTHS ENDED MARCH 31, 2025
 (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	\$ -	—	\$ -	\$ 382,392	\$ 382,392	

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 AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE THREE MONTHS ENDED MARCH 31, 2025

(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
		Name	Nature of Relationship (Note 2)										
0	The Company	FTSC	2	\$ 637,321	\$ 300,000	\$ 300,000	\$ -	\$ -	23.54	\$ 1,274,641	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 AND SUBSIDIARIES
 INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE THREE MONTHS ENDED MARCH 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage of Consolidated Total Operating Revenue or Total Assets
				Financial Statements Item	Amount	Transaction Terms	
0	The Company	FTSC	1	Sales revenue	\$ 113	Note 2	-
			1	Service revenue	3,454	Note 2	-
			1	Other revenue	486	Note 2	-
			1	Cost of goods sold	15	Note 2	-
			1	Service cost	1,746	Note 2	-
			1	Accounts receivable	9,702	Note 2	-
			1	Other receivables	3,343	Note 2	-
			1	Accounts payable	16	Note 2	-
			1	Other payables	1,315	Note 2	-
			1	Logistic service revenue (recognized as deduction of costs and expenses)	9,714	Note 2	1%

Note1 : (1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

Note2 : The terms of the transactions with related parties are generally the same as those for unrelated parties.

Note3 : All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

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

FOR THE THREE MONTHS ENDED MARCH 31, 2025

(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 March 31, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
The Company	HK FIS	Hong Kong	Information	\$ 38,484	\$ 38,484	8,426,000	100%	\$ 33,878	(\$ 1,348)	(\$ 1,348)	Subsidiary
	SBAS	Hong Kong	Information	1,452	1,452	20,000	100%	19,104	869	869	Subsidiary
	FTSC	Taipei	Information Service	400,000	400,000	43,700,000	100%	483,602	12,136	12,132	Subsidiary

Note 1 : All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.