

Fortune Information Systems Corporation and
Subsidiaries

Consolidated Financial Statements for the Six Months
Ended June 30, 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 June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the six 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 June 30, 2025 and 2024, the unreviewed assets were NT\$ 54,416 thousand and NT\$ 91,005 thousand, respectively, representing 2% and 5%, respectively, of the consolidated total assets, and the unreview liabilities were NT\$ 8,790 thousand and NT\$ 13,696 thousand, respectively, representing 1% and 2%, respectively, of the consolidated total liabilities. For the three months and the six months ended June 30, 2025 and 2024, the amounts of the unreviewed comprehensive income or loss were NT\$ (7,356) thousand, NT\$ 725 thousand, NT\$ (7,263) thousand and NT\$ 4,709 thousand, respectively, representing (76)%, 5%, (25)% and 13%, 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 June 30, 2025 and 2024, and of its consolidated financial performance for the three months ended June 30, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2025 and 2024 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 Liu, Wen-Ling.

Deloitte & Touche
Taipei, Taiwan
Republic of China
August 8, 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	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 296,305	12	\$ 588,933	27	\$ 229,679	12
Financial assets at amortized cost (Note 7)	13,808	-	15,503	1	27,423	2
Contract assets (Note 19 and 25)	637,161	25	490,184	23	653,664	34
Notes receivable (Note 8)	1,546	-	4,097	-	2,508	-
Accounts receivables (Note 8, 19 and 25)	572,507	23	267,059	12	200,662	11
Other receivables (Note 8)	334	-	542	-	896	-
Inventories (Note 10)	274,776	11	182,633	8	215,141	11
Prepayments (Note 25)	55,702	2	43,636	2	51,351	3
Non-current assets held for sale (Note 9)	17,907	1	20,710	1	23,556	1
Other current assets	31,397	1	14,606	1	25,801	1
Total current assets	<u>1,901,443</u>	<u>75</u>	<u>1,627,903</u>	<u>75</u>	<u>1,430,681</u>	<u>75</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Note 12)	208,886	8	210,720	10	210,984	11
Right-of-use assets (Note 13)	19,065	1	20,859	1	8,508	1
Investment property (Note 14)	59,839	2	60,253	3	60,577	3
Other intangible assets	363	-	249	-	770	-
Deferred tax assets	837	-	826	-	1,304	-
Refundable deposits	217,605	9	203,071	10	177,965	9
Long-term accounts receivables (Note 8 and 19)	92,822	4	5,176	-	7,719	-
Net defined benefit assets	28,203	1	28,203	1	20,763	1
Total non-current assets	<u>627,620</u>	<u>25</u>	<u>529,357</u>	<u>25</u>	<u>488,590</u>	<u>25</u>
TOTAL	<u>\$2,529,063</u>	<u>100</u>	<u>\$2,157,260</u>	<u>100</u>	<u>\$1,919,271</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 70,000	3	\$ -	-	\$ -	-
Short-term bills payable (Note 15)	59,760	2	-	-	-	-
Contract liabilities (Note 19 and 25)	67,683	3	78,515	4	76,260	4
Notes payable	20	-	20	-	20	-
Accounts payables (Note 25)	722,956	29	572,423	27	364,650	19
Other payables (Note 16)	207,900	8	161,324	7	194,032	10
Current tax liabilities	9,320	-	13,323	1	9,089	1
Lease liabilities (Note 13 and 25)	8,729	-	7,800	-	5,235	-
Other current liabilities	48,827	2	48,797	2	45,176	2
Total current liabilities	<u>1,195,195</u>	<u>47</u>	<u>882,202</u>	<u>41</u>	<u>694,462</u>	<u>36</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	5,641	-	5,642	-	4,153	1
Lease liabilities (Note 13 and 25)	10,477	1	13,131	1	3,369	-
Other non-current liabilities	761	-	1,189	-	3,341	-
Long-term accounts payables (Note 25)	95,653	4	-	-	-	-
Total non-current liabilities	<u>112,532</u>	<u>5</u>	<u>19,962</u>	<u>1</u>	<u>10,863</u>	<u>1</u>
Total liabilities	<u>1,307,727</u>	<u>52</u>	<u>902,164</u>	<u>42</u>	<u>705,325</u>	<u>37</u>
EQUITY (Note 18)						
Common stock	699,612	28	699,612	32	699,612	36
Capital surplus	62,361	2	62,361	3	62,361	3
Retained earnings						
Legal reserve	197,382	8	190,121	9	190,121	10
Special reserve	-	-	3,480	-	3,481	-
Unappropriated earnings	266,658	10	298,168	14	257,666	14
Total retained earnings	464,040	18	491,769	23	451,268	24
Other equity interests	(4,677)	-	1,354	-	705	-
Total equity	<u>1,221,336</u>	<u>48</u>	<u>1,255,096</u>	<u>58</u>	<u>1,213,946</u>	<u>63</u>
TOTAL	<u>\$2,529,063</u>	<u>100</u>	<u>\$2,157,260</u>	<u>100</u>	<u>\$1,919,271</u>	<u>100</u>

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 June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 19 and 25)	\$ 662,186	100	\$ 596,188	100	\$1,443,069	100	\$1,096,000	100
OPERATING COSTS (Notes 10 and 20)	<u>601,995</u>	<u>91</u>	<u>533,879</u>	<u>89</u>	<u>1,317,978</u>	<u>92</u>	<u>969,155</u>	<u>88</u>
GROSS PROFIT FROM OPERATIONS	60,191	9	62,309	11	125,091	8	126,845	12
OPERATING EXPENSES (Notes 20 and 25)	<u>43,036</u>	<u>6</u>	<u>47,176</u>	<u>8</u>	<u>90,434</u>	<u>6</u>	<u>93,351</u>	<u>9</u>
OPERATING INCOME	<u>17,155</u>	<u>3</u>	<u>15,133</u>	<u>3</u>	<u>34,657</u>	<u>2</u>	<u>33,494</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Note 20 and 25)								
Interest income	2,588	-	1,525	-	4,884	-	2,862	-
Other income	1,822	-	2,726	-	5,952	1	6,801	1
Other gains and losses, net	(58)	-	(1,692)	-	(49)	-	(1,508)	-
Finance costs	(589)	-	(403)	-	(690)	-	(792)	-
Total non-operating income and expenses	<u>3,763</u>	<u>-</u>	<u>2,156</u>	<u>-</u>	<u>10,097</u>	<u>1</u>	<u>7,363</u>	<u>1</u>
INCOME BEFORE INCOME TAX	20,918	3	17,289	3	44,754	3	40,857	4
INCOME TAX EXPENSE (Note 21)	<u>4,654</u>	<u>1</u>	<u>4,095</u>	<u>1</u>	<u>9,517</u>	<u>1</u>	<u>8,748</u>	<u>1</u>
NET INCOME	<u>16,264</u>	<u>2</u>	<u>13,194</u>	<u>2</u>	<u>35,237</u>	<u>2</u>	<u>32,109</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	(6,603)	(1)	1,212	-	(6,031)	-	4,185	-
Other comprehensive income, net of income tax	(6,603)	(1)	1,212	-	(6,031)	-	4,185	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 9,661</u>	<u>1</u>	<u>\$ 14,406</u>	<u>2</u>	<u>\$ 29,206</u>	<u>2</u>	<u>\$ 36,294</u>	<u>3</u>
EARNINGS PER SHARE (NT\$, Note 22)								
Basic earnings per share	<u>\$ 0.23</u>		<u>\$ 0.19</u>		<u>\$ 0.50</u>		<u>\$ 0.46</u>	
Diluted earnings per share	<u>\$ 0.23</u>		<u>\$ 0.19</u>		<u>\$ 0.50</u>		<u>\$ 0.46</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)

	Capital Stock - Common Stock			Legal Capital Reserve	Earnings		Other Foreign Currency Translation Reserve	Total Equity
	Shares (In Thousands)	Amount	Capital Surplus		Special Capital Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2024	69,961	\$ 699,612	\$ 62,361	\$ 182,351	\$ 3,279	\$ 289,498	(\$ 3,480)	\$ 1,233,621
Distribution of 2023 earnings				7,770	-	(7,770)	-	-
Legal capital reserve				-	202	(202)	-	-
Special capital reserve				-	-	(55,969)	-	(55,969)
Cash dividends to shareholders								
Net income for the six months ended June 30, 2024	-	-	-	-	-	32,109	-	32,109
Other comprehensive income (loss), net of income tax for the six months ended June 30, 2024	-	-	-	-	-	-	4,185	4,185
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	32,109	4,185	36,294
BALANCE, JUNE 30, 2024	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 190,121</u>	<u>\$ 3,481</u>	<u>\$ 257,666</u>	<u>\$ 705</u>	<u>\$ 1,213,946</u>
BALANCE, JANUARY 1, 2025	69,961	\$ 699,612	\$ 62,361	\$ 190,121	\$ 3,480	\$ 298,168	\$ 1,354	\$ 1,255,096
Distribution of 2024 earnings				7,261	-	(7,261)	-	-
Legal capital reserve				-	-	3,480	-	-
Special capital reserve				-	(3,480)	-	-	-
Cash dividends to shareholders				-	-	(62,966)	-	(62,966)
Net income for the six months ended June 30, 2025	-	-	-	-	-	35,237	-	35,237
Other comprehensive income (loss), net of income tax for the six months ended June 30, 2025	-	-	-	-	-	-	(6,031)	(6,031)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	35,237	(6,031)	29,206
BALANCE, JUNE 30, 2025	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 197,382</u>	<u>\$ -</u>	<u>\$ 266,658</u>	<u>(\$ 4,677)</u>	<u>\$ 1,221,336</u>

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

**FORTUNE INFORMATION SYSTEMS CORPORATION AND
SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 44,754	\$ 40,857
Adjustments for:		
Depreciation expense	6,828	7,468
Amortization expense	429	1,054
Expected credit loss	100	760
Finance costs	690	792
Interest income	(4,884)	(2,862)
Write-down of inventories	11	354
Loss (gain) on foreign exchange, net	934	(880)
Changes in operating assets and liabilities		
Contract assets	(146,977)	(84,120)
Notes receivable	2,551	(1,294)
Accounts receivable	(393,194)	(13,451)
Other receivables	208	36,751
Inventories	(92,767)	(4,297)
Prepayments	(12,066)	(4,107)
Other current assets	(16,791)	(4,458)
Contract liabilities	(10,832)	(13,336)
Accounts payable	246,057	(32,260)
Other payables	(16,417)	(19,312)
Other current liabilities	30	19,008
Cash used in operations activities	(391,336)	(73,333)
Interest received	4,884	2,862
Interest paid	(903)	(738)
Income taxes paid	(13,578)	(13,832)
Net cash used in operating activities	(400,933)	(85,041)

(Continued)

**FORTUNE INFORMATION SYSTEMS CORPORATION AND
SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at amortized cost	(15,129)	(26,928)
Proceeds from disposal of financial assets at amortized cost	15,015	52,224
Acquisition of property, plant and equipment	-	(1,088)
Proceeds from disposal of property, plant and equipment	-	8
Refundable deposits paid	(14,534)	(9,591)
Acquisitions of Intangible assets	(<u>124</u>)	(<u>425</u>)
Net cash (used in) generated from investing activities	(<u>14,772</u>)	<u>14,200</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	70,000	-
Decrease in short-term borrowings	-	(30,000)
Increase in short-term bills payable	60,000	-
Decrease in short-term bills payable	-	(50,000)
Repayment of the principal portion of lease liabilities	(4,188)	(4,635)
Increase in other non-current liabilities	-	146
Decrease in other non-current liabilities	(<u>428</u>)	<u>-</u>
Net cash generated from (used in) financing activities	<u>125,384</u>	(<u>84,489</u>)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(<u>2,307</u>)	<u>1,328</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(292,628)	(154,002)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>588,933</u>	<u>383,681</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 296,305</u>	<u>\$ 229,679</u>

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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2025, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

WPG Holdings Co., Ltd. became the ultimate parent company of the Company through a public tender offer in April 2025, and as of June 30, 2025, held 47.67% of the Company's shares.

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 August 8, 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
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature -dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Standards – Volume 11	January 1, 2026
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

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. The related effects will be disclosed once the assessment is completed.

- 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 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and 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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cash on hand and revolving funds	\$ 392	\$ 394	\$ 393
Checking accounts and demand deposits	127,083	299,576	119,535
Cash equivalents			
Repurchase agreements	<u>168,830</u>	<u>288,963</u>	<u>109,751</u>
	<u>\$ 296,305</u>	<u>\$ 588,933</u>	<u>\$ 229,679</u>

Interest rate range during reporting period

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Repurchase agreements	1.45%~1.47%	1.46%~1.50%	1.36%~1.40%

7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Time deposits with original maturity more than 3 months	<u>\$ 13,808</u>	<u>\$ 15,503</u>	<u>\$ 27,423</u>

As of June 30, 2025, December 31, 2024 and June 30, 2024, with yearly interest rates of time deposits with original maturity more than 3 months is 1.30%, 3.00% and 4.00%~4.10%, respectively.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	\$ <u>1,546</u>	\$ <u>4,097</u>	\$ <u>2,508</u>
<u>Accounts receivable</u>			
Gross carrying amount at amortized cost	\$ 672,173	\$ 273,523	\$ 209,920
Less: Unrealized interest income	(5,805)	(349)	(561)
Less: Allowance for impairment loss	(<u>1,039</u>)	(<u>939</u>)	(<u>978</u>)
	<u>\$ 665,329</u>	<u>\$ 272,235</u>	<u>\$ 208,381</u>
Current	<u>\$ 572,507</u>	<u>\$ 267,059</u>	<u>\$ 200,662</u>
Non-current	<u>\$ 92,822</u>	<u>\$ 5,176</u>	<u>\$ 7,719</u>
<u>Other receivables</u>			
Other	<u>\$ 334</u>	<u>\$ 542</u>	<u>\$ 896</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.

June 30, 2025

	Not Past Due	Overdue 1-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$580,111	\$69,274	\$17,329	\$ -	\$ 1,200	\$667,914
Loss allowance (Lifetime ECLs)	(234)	-	-	-	(805)	(1,039)
Amortized cost	<u>\$579,877</u>	<u>\$69,274</u>	<u>\$17,329</u>	<u>\$ -</u>	<u>\$ 395</u>	<u>\$666,875</u>

December 31, 2024

	Not Past Due	Overdue 1-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$268,090	\$ 6,681	\$ 688	\$ -	\$ 1,812	\$277,271
Loss allowance (Lifetime ECLs)	(135)	-	-	-	(804)	(939)
Amortized cost	<u>\$267,955</u>	<u>\$ 6,681</u>	<u>\$ 688</u>	<u>\$ -</u>	<u>\$ 1,008</u>	<u>\$276,332</u>

June 30, 2024

	Not Past Due	Overdue 1-60 days	Overdue 61- 90 days	Overdue 91-120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$203,996	\$ 7,042	\$ 15	\$ -	\$ 814	\$211,867
Loss allowance (Lifetime ECLs)	(174)	-	-	-	(804)	(978)
Amortized cost	<u>\$203,822</u>	<u>\$ 7,042</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$210,889</u>

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

	For the Six Months Ended June 30	
	2025	2024
Beginning balance	\$ 939	\$ 218
Add: Net remeasurement of (reversal) loss allowance	100	760
Ending balance	<u>\$ 1,039</u>	<u>\$ 978</u>

9. Non-current Assets Held for Sale

	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment held for sale	<u>\$ 17,907</u>	<u>\$ 20,710</u>	<u>\$ 23,556</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

	June 30, 2025	December 31, 2024	June 30, 2024
Merchandise	<u>\$ 274,776</u>	<u>\$ 182,633</u>	<u>\$ 215,141</u>

For the three months and the six months ended June 30, 2025 and 2024, the cost of goods sold related to inventories amounted to \$470,991 thousand, \$377,984 thousand, \$1,049,004 thousand and \$698,210 thousand, respectively, which including the inventory write-down (reversal of write-down) totaling \$(6), \$354 thousand, \$11 thousand and \$354 thousand, respectively. The reversal of the write-down of inventories to net realizable value was attributable to the sale of those inventories previously written down.

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
			June 30, 2025	December 31, 2024	June 30, 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

	June 30, 2025	December 31, 2024	June 30, 2024
Land	\$ 136,516	\$ 136,516	\$ 136,516
Buildings	68,463	69,309	70,180
Miscellaneous equipment	<u>3,907</u>	<u>4,895</u>	<u>4,288</u>
	<u>\$ 208,886</u>	<u>\$ 210,720</u>	<u>\$ 210,984</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 six months ended June 30, 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 June 30, 2025, December 31, 2024 and June 30, 2024, there are no cases of mortgages or pledges on property, plant and equipment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Carrying amount			
Buildings	\$ 15,451	\$ 17,724	\$ 4,450
Machinery and equipment	<u>3,614</u>	<u>3,135</u>	<u>4,058</u>
	<u>\$ 19,065</u>	<u>\$ 20,859</u>	<u>\$ 8,508</u>
	<u>For the Three Months Ended June 30</u>	<u>For the Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>
	<u>2024</u>		<u>2024</u>
Additions to right-of-use assets	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 2,463</u>
			<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land	\$ -	\$ 211	\$ -
Buildings	1,543	1,640	3,053
Machinery and equipment	<u>602</u>	<u>462</u>	<u>1,204</u>
	<u>\$ 2,145</u>	<u>\$ 2,313</u>	<u>\$ 4,257</u>
			<u>\$ 4,626</u>

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2025 and 2024.

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amount			
Current	<u>\$ 8,729</u>	<u>\$ 7,800</u>	<u>\$ 5,235</u>
Noncurrent	<u>\$ 10,477</u>	<u>\$ 13,131</u>	<u>\$ 3,369</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	1.19%~2.71%	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:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Expenses related to short-term and low-value asset leases	<u>\$ 456</u>	<u>\$ 472</u>	<u>\$ 1,054</u>	<u>\$ 919</u>
Total cash outflow for leases	<u>(\$ 2,364)</u>	<u>(\$ 2,720)</u>	<u>(\$ 4,785)</u>	<u>(\$ 5,629)</u>

14. INVESTMENT PROPERTIES

	June 30, 2025	December 31, 2024	June 30, 2024
Land	<u>\$ 34,385</u>	<u>\$ 34,385</u>	<u>\$ 34,385</u>
Buildings	<u>25,454</u>	<u>25,868</u>	<u>26,192</u>
	<u>\$ 59,839</u>	<u>\$ 60,253</u>	<u>\$ 60,577</u>

Except for the recognized depreciation, there was no significant purchase, disposal or impairment of the Group's investment properties for the six months ended June 30, 2025 and 2024.

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

	Depreciation method	Useful life
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 property as of December 31, 2024 and 2023 was \$265,290 thousand and \$258,291 thousand, respectively. 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 June 30, 2025.

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

15. BORROWINGS

a. Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured loans	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2025, the annual interest rates of bank unsecured loans are 2.33%.

b. Short-term bills payable

June 30, 2025:

Guarantor / accepting institution	Face value	Discount amount	Carrying amount	Interest rate
<u>Commercial paper</u> Ta Ching Bills Finance Corporation	<u>\$ 60,000</u>	<u>\$ 240</u>	<u>\$ 59,760</u>	2.66%

December 31, 2024: None.

June 30, 2024: None.

16. OTHER LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Salaries and bonus payable	\$ 89,071	\$ 79,279	\$ 82,551
Dividends payable	62,965	-	55,969
Payable for receipts under custody	20,358	38,265	20,358
Accrued annual leave payable	14,234	15,564	12,992
Insurance payable	6,199	5,685	5,095
Others	<u>15,073</u>	<u>22,531</u>	<u>17,067</u>
	<u>\$ 207,900</u>	<u>\$ 161,324</u>	<u>\$ 194,032</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 and the six months ended June 30, 2025 and 2024, the recognized amounts were \$0 thousand.

18. EQUITY

a. Common shares

	June 30, 2025	December 31, 2024	June 30, 2024
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

	June 30, 2025	December 31, 2024	June 30, 2024
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 use to offset a deficit, in addition, when the Company have 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 appropriation of earnings for 2024 and 2023, which was resolved by the Company's shareholders' meeting on June 30, 2025 and June 18, 2024, was 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

19. REVENUE

a. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Accounts receivables (Note 8)	<u>\$ 665,329</u>	<u>\$ 272,235</u>	<u>\$ 208,381</u>	<u>\$ 195,690</u>
Contract assets	<u>\$ 637,161</u>	<u>\$ 490,184</u>	<u>\$ 653,664</u>	<u>\$ 569,544</u>
Contract liability	<u>\$ 67,683</u>	<u>\$ 78,515</u>	<u>\$ 76,260</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.

	June 30, 2025	December 31, 2024	June 30, 2024
Gross carrying amount	<u>\$ 637,161</u>	<u>\$ 490,184</u>	<u>\$ 653,664</u>

b. Revenue from contracts with customers

Type of products or services	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Revenue from the sale of goods and system integration	\$ 530,141	\$ 431,857	\$1,170,733	\$ 816,437
Revenue from rendering of services	<u>132,045</u>	<u>164,331</u>	<u>272,336</u>	<u>279,563</u>
	<u>\$ 662,186</u>	<u>\$ 596,188</u>	<u>\$1,443,069</u>	<u>\$1,096,000</u>

20. NET INCOME

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Net foreign exchange (losses)gains	(\$ 43)	\$ 151	(\$ 34)	\$ 335
Others	(<u>15</u>)	(<u>1,843</u>)	(<u>15</u>)	(<u>1,843</u>)
	<u>(\$ 58)</u>	<u>(\$ 1,692)</u>	<u>(\$ 49)</u>	<u>(\$ 1,508)</u>

b. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Bank deposits	\$ 1,014	\$ 1,340	\$ 2,247	\$ 2,369
Others	<u>1,574</u>	<u>185</u>	<u>2,637</u>	<u>493</u>
	<u>\$ 2,588</u>	<u>\$ 1,525</u>	<u>\$ 4,884</u>	<u>\$ 2,862</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest expense on lease liabilities	\$ 94	\$ 33	\$ 195	\$ 73
Interest expense on bank loans	470	370	470	719
Others	<u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>
	<u>\$ 589</u>	<u>\$ 403</u>	<u>\$ 690</u>	<u>\$ 792</u>

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Property, plant and equipment	\$ 1,035	\$ 1,307	\$ 2,157	\$ 2,502
Right-of-use assets	2,145	2,313	4,257	4,626
Investment property	256	167	414	340
Other intangible assets	<u>149</u>	<u>530</u>	<u>429</u>	<u>1,054</u>
Total	<u>\$ 3,585</u>	<u>\$ 4,317</u>	<u>\$ 7,257</u>	<u>\$ 8,522</u>
An analysis of depreciation by function				
Operating costs	\$ 2,262	\$ 2,236	\$ 4,425	\$ 4,348
Operating expenses	<u>1,174</u>	<u>1,551</u>	<u>2,403</u>	<u>3,120</u>
	<u>\$ 3,436</u>	<u>\$ 3,787</u>	<u>\$ 6,828</u>	<u>\$ 7,468</u>
An analysis of amortization by function				
Operating costs	\$ 108	\$ 96	\$ 152	\$ 113
Selling expenses	<u>41</u>	<u>434</u>	<u>277</u>	<u>941</u>
	<u>\$ 149</u>	<u>\$ 530</u>	<u>\$ 429</u>	<u>\$ 1,054</u>

e. Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits				
Salary	\$ 85,122	\$ 81,520	\$170,757	\$165,474
Labor and health insurance	7,261	6,839	15,244	14,355
Others	<u>3,802</u>	<u>3,911</u>	<u>7,688</u>	<u>7,441</u>
	<u>96,185</u>	<u>92,270</u>	<u>193,689</u>	<u>187,270</u>
Post-employment benefits				
Defined contribution plans	<u>3,638</u>	<u>3,501</u>	<u>7,198</u>	<u>7,089</u>
Total employee benefits expenses				
Post-employment benefits	<u>\$ 99,823</u>	<u>\$ 95,771</u>	<u>\$200,887</u>	<u>\$194,359</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 65,015	\$ 58,595	\$129,344	\$120,838
Operating expenses	<u>34,808</u>	<u>37,176</u>	<u>71,543</u>	<u>73,521</u>
	<u>\$ 99,823</u>	<u>\$ 95,771</u>	<u>\$200,887</u>	<u>\$194,359</u>

f. Employee remuneration

In accordance with the Company's Articles of Incorporation, no provision is required for directors' remuneration. The Company accrues employee remuneration at 6% of profit before tax and before deduction of employee remuneration for the year. Pursuant to the amendment of the Securities and Exchange Act in August 2024, the Company's shareholders approved a resolution in 2025 to amend the Articles of Incorporation, stipulating that, in the event the Company earns profit for the year, 6% of the current period's profit before tax and before deduction of employee remuneration shall be allocated as employee remuneration. Of the total amount of employee remuneration, not less than 40% shall be distributed to rank-and-file employees. However, where the Company has accumulated deficits, the amount required to offset such deficits shall be retained in advance. Employees of the Company's parent or subsidiaries who meet certain criteria may also be eligible to receive such remuneration. The estimated amounts of employee remuneration recognized for the three months and six months ended June 30, 2025 and 2024 are as follows:

Employee remuneration

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Estimate Rate			6%	6%
Amount	<u>\$ 1,292</u>	<u>\$ 1,031</u>	<u>\$ 2,618</u>	<u>\$ 2,365</u>

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 employee remuneration for the years ended December 31, 2024 and 2023 was approved by the Board of Directors on March 11, 2025 and March 14, 2024, respectively, as follows:

	2024		2023	
	Cash	Estimate Rate (%)	Cash	Estimate Rate (%)
	Employee remuneration	<u>\$ 5,310</u>	6	<u>\$ 5,680</u>

The actual amounts of employee remuneration distributed for the years ended December 31, 2024 and 2023 were consistent with the amounts recognized in the consolidated financial statements for the respective years.

For information regarding employee remuneration as resolved by the Company's Board of Directors, please refer to the 'Market Observation Post System' (MOPS) of the Taiwan Stock Exchange.

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Current tax				
In respect of the period	\$ 4,364	\$ 3,947	\$ 9,229	\$ 8,495
Income tax on unappropriated earnings	<u>300</u>	<u>688</u>	<u>300</u>	<u>688</u>
	<u>4,664</u>	<u>4,635</u>	<u>9,529</u>	<u>9,183</u>
Deferred tax				
In respect of the period	(10)	(540)	(12)	(435)
Income tax expense recognized in profit or loss	<u>\$ 4,654</u>	<u>\$ 4,095</u>	<u>\$ 9,517</u>	<u>\$ 8,748</u>

b. Income tax examinations

The corporate income tax returns of the Company and its subsidiaries have been assessed by the tax authorities for the following fiscal years:

Company	Year
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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Earnings used for calculation of basic and diluted earnings per share	<u>\$ 16,264</u>	<u>\$ 13,194</u>	<u>\$ 35,237</u>	<u>\$ 32,109</u>

Shares (in thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Weighted average number of common shares used for calculation of basic earnings per share	69,961	69,961	69,961	69,961
Effect of potentially dilutive common shares:				
Employees' compensation	<u>41</u>	<u>88</u>	<u>91</u>	<u>169</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>70,002</u>	<u>70,049</u>	<u>70,052</u>	<u>70,130</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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Amortized cost (Note 1)	\$ 1,194,927	\$ 1,084,381	\$ 646,852
<u>Financial liabilities</u>			
Amortized cost (Note 2)	1,157,050	734,528	559,463

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 27.

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 Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Profit or loss	<u>\$ 23</u>	<u>\$ 71</u>	<u>\$ 73</u>	<u>\$ 79</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
– Financial assets	\$275,460	\$309,642	\$144,893
– Financial liabilities	174,619	20,931	8,604
Cash flow interest rate risk			
– Financial assets	39,580	53,518	66,960
– Financial liabilities	70,000	-	-

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 six months ended June 30, 2025 and 2024 would decrease/increase by \$761 thousands and \$1,674 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 June 30, 2025, December 31, 2024, and June 30, 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.

June 30, 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	\$ 90,629	\$341,475	\$496,152	\$ 96,414
Lease liabilities	758	1,516	6,736	10,612
Floating interest rate instruments	136	272	71,200	-
Fixed interest rate instruments	-	60,000	-	-
	<u>\$ 91,523</u>	<u>\$403,263</u>	<u>\$574,088</u>	<u>\$107,026</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 financial liabilities</u>				
Non-interest bearing	\$ 51,731	\$427,641	\$246,989	\$ 1,190
Lease liabilities	<u>676</u>	<u>1,353</u>	<u>6,089</u>	<u>13,353</u>
	<u>\$ 52,407</u>	<u>\$428,994</u>	<u>\$253,078</u>	<u>\$ 14,543</u>

June 30, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 162,780	\$ 89,529	\$303,412	\$ 3,341
Lease liabilities	<u>676</u>	<u>1,353</u>	<u>3,288</u>	<u>3,406</u>
	<u>\$ 163,456</u>	<u>\$ 90,882</u>	<u>\$306,700</u>	<u>\$ 6,747</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

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank facilities			
— Amount used	\$219,003	\$ 83,493	\$ 85,371
— Amount unused	<u>360,997</u>	<u>468,153</u>	<u>540,089</u>
	<u>\$580,000</u>	<u>\$551,646</u>	<u>\$625,460</u>

25. RELATED-PARTY TRANSACTIONS

The ultimate parent company of the Company is WPG Holdings Limited. Intercompany transactions, account balances, revenues, and expenses among the consolidated entities have been eliminated in full upon consolidation and are therefore not disclosed in these notes. Except as otherwise disclosed in other notes, the 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>	<u>Note</u>
CECGP Electronics Corp. (CECGP)	Investor with significant influence over the Group	Note 1
Fullcourt Sports Ltd. (Fullcourt Sports)	Brother corporation	Note 1
Genuine C&C Inc. (Genuine)	Brother corporation	Note 2
Zero One Technology Co., Ltd. (Zero One)	Other related party	Note 3
Unicomp Information Co., Ltd. (Unicomp)	Other related party	Note 3

Note 1: The related party relationship was terminated on April 29, 2025.

Note 2: The entity became a related party on April 29, 2025.

Note 3: The entity became a related party on May 22, 2025.

b. Operating revenue

Account Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2025
Operating revenue	Investor with significant influence over the Group	\$ 83	\$ 4,570	\$ 535	\$ 5,208
	Brother corporation	<u>-</u>	<u>257</u>	<u>-</u>	<u>686</u>
		<u>\$ 83</u>	<u>\$ 4,827</u>	<u>\$ 535</u>	<u>\$ 5,894</u>

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

c. Purchases

Account Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Purchases	Brother corporation	\$ 1,510	\$ -	\$ 1,510	\$ -
	Other related party	<u>81,890</u>	<u>-</u>	<u>81,890</u>	<u>-</u>
		<u>\$ 83,400</u>	<u>\$ -</u>	<u>\$ 83,400</u>	<u>\$ -</u>

d. Contract assets

Account Items	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Contract assets	Investor with significant influence over the Group	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,533</u>

The Group did not recognize allowance loss for the contract assets from related parties for the six months ended June 30, 2025 and 2024.

e. Receivables from related parties

Account Items	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	Investor with significant influence over the Group	<u>\$ -</u>	<u>\$ 5,437</u>	<u>\$ 219</u>

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 six months ended June 30, 2025 and 2024.

f. Prepayments

Account Items	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Prepayments	Other related party	<u>\$ 5,463</u>	<u>\$ -</u>	<u>\$ -</u>

g. Contract liabilities

Account Items	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Contract liabilities	Brother corporation	\$ -	\$ 451	\$ 667

h. Payables due to related parties

Account Items	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payables	Brother corporation	\$ 3,917	\$ -	\$ -
	Other related party			
	Zero One	144,914	-	-
	Unicomp	8,966	-	-
		<u>153,880</u>	<u>-</u>	<u>-</u>
		<u>\$157,797</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term accounts payables	Other related party			
	Zero One	\$ 95,653	\$ -	\$ -

i. Lease agreements

Account Items	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Lease liabilities	Investor with significant influence over the Group	\$ -	\$ 16,337	\$ 2,796

		For the Three Months Ended June 30		For the Six Months Ended June 30	
Account Items	Related Party Category/Name	2025	2024	2025	2024
Interest expenses	Investor with significant influence over the Group	\$ 24	\$ 7	\$ 99	\$ 17
Lease expenses	Investor with significant influence over the Group	\$ -	\$ 8	\$ 15	\$ 23

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:

	June 30, 2025	December 31, 2024	June 30, 2024
FTSC	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

k. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 8,663	\$ 5,502	\$ 18,399	\$ 10,707
Post-employment benefits	153	101	308	202
	<u>\$ 8,816</u>	<u>\$ 5,603</u>	<u>\$ 18,707</u>	<u>\$ 10,909</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Financial institution guarantee	<u>\$ 89,003</u>	<u>\$ 83,493</u>	<u>\$ 85,371</u>

27. 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:

June 30, 2025			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 16	29.30 (USD : NTD)	\$ 469
RMB	357	4.09 (RMB : NTD)	<u>1,460</u>
			<u>\$ 1,929</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>
June 30, 2024			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 12	32.45 (USD : NTD)	\$ 389
USD	32	7.81 (USD : HKD)	1,038
RMB	356	4.45 (RMB : NTD)	1,582
RMB	1	1.07 (RMB : NTD)	<u>4</u>
			<u>\$ 3,013</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 June 30			
	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)	(\$ 54)	1 (NTD : NTD)	\$ 155
HKD	3.95 (HKD : NTD)	<u>11</u> (\$ 43)	4.14 (HKD : NTD)	<u>(4)</u> <u>\$ 151</u>

Functional Currency	For the Six Months Ended June 30			
	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)	(\$ 45)	1 (NTD : NTD)	\$ 353
HKD	4.09 (HKD : NTD)	<u>11</u> (\$ 34)	4.08 (HKD : NTD)	<u>(18)</u> <u>\$ 335</u>

28. 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.

29. 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 Six Months Ended June 30			
	2025	2024	2025	2024
Reportable segments				
FIS operation	\$1,447,271	\$1,073,423	\$ 35,127	\$ 33,729
Other operations	7,068	40,061	(1,422)	(1,254)
Elimination of inter-segment revenue	(<u>11,270</u>)	(<u>17,484</u>)	<u>952</u>	<u>1,019</u>
Total of reportable segments	<u>\$1,443,069</u>	<u>\$1,096,000</u>	34,657	33,494
Non-operating income and expenses			<u>10,097</u>	<u>7,363</u>
Net profit before tax			<u>\$ 44,754</u>	<u>\$ 40,857</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.

Table 1

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED

FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ -	—	\$ -	\$ 366,401	\$ 366,401	

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 SIX MONTHS ENDED JUNE 30, 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	\$ 610,668	\$ 300,000	\$ 300,000	\$ -	\$ -	24.56	\$ 1,221,336	Y	N	N

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: 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 SIX MONTHS ENDED JUNE 30, 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	\$ 271	Note 2	-
			1	Service revenue	6,544	Note 2	-
			1	Other revenue	971	Note 2	-
			1	Cost of goods sold	15	Note 2	-
			1	Service cost	4,440	Note 2	-
			1	Accounts receivable	8,864	Note 2	-
			1	Other receivables	5,360	Note 2	-
			1	Other payables	2,151	Note 2	-
			1	Logistic service revenue (recognized as deduction of costs and expenses)	19,429	Note 2	1%

Note 1: (1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

Note 2: The terms of the transactions with related parties are generally the same as those for unrelated parties.

Note 3: 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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				June 30, 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%	\$ 28,469	(\$ 2,568)	(\$ 2,568)	Subsidiary
	SBAS	Hong Kong	Information	1,452	1,452	20,000	100%	17,157	1,336	1,336	Subsidiary
	FTSC	Taipei	Information Service	400,000	400,000	46,000,000	100%	484,171	14,710	14,701	Subsidiary

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