

Stock Code: 1805

**Better Life Group Co., LTD. and the
Subsidiaries**

**Consolidated Financial Report and
Independent Auditors' Report**

For the Years Ended December 31, 2025 and 2024

**Address: 4F, No. 303, Xinhua 1st Road, Neihu District, Taipei City
Tel.: (02)2791-5688**

Table of Contents

Item	Page No.
I.Cover	1
II.Table of Contents	2
III.Statement	3
IV.Independent Auditors' Report	4
V.Consolidated Balance Sheet	5
VI.Consolidated Statements of Comprehensive Income	6
VII.Consolidated Statement of Changes in Equity	7
VIII.Consolidated Statement of Cash Flows	8
IX.Notes to Consolidated Financial Statements	
(I) Organization and Operations	9
(II) The Authorization of Financial Statements	9
(III) Application of New and Revised International Financial Reporting Standards	9~10
(IV) Summary of Significant Accounting Policies	11~24
(V) Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	24~25
(VI) Summary of Significant Accounting Items	25~48
(VII) Related Party Transactions	48~50
(VIII) Assets Pledged	50
(IX) Significant Contingent Liabilities and Unrecognized Commitments	50~51
(X) Major Disaster Loss	51
(XI) Material Events After the Balance Sheet Date	51
(XII) Others	52
(XIII) Additional Disclosures	
1. Information on significant transactions	52~53
2. Information on investees	53
3. Information on investments in mainland China	53~54
(XIV) Information on Operating Segments	54~55

Statement

The entities to be included in the consolidated financial statements of our company and affiliates for 2025 (from January 1 to December 31, 2025) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same with the entities to be included for the consolidated financial statement of the parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10 endorsed and issued into effect by the Financial Supervisory Commission. As the relevant information to be disclosed for the consolidated financial statements with affiliates is disclosed in the aforesaid consolidated financial statement of the parent company and subsidiaries, the consolidated financial statements with affiliates are hence not prepared separately.

Declared as above

Company: Better Life Group Co., LTD.

Chairman: Lin, Jui-Shan

Date: March 4, 2026

Independent Auditors' Report

To Better Life Group Co., Ltd.,

Audit opinion

We have audited the accompanying financial statements of Better Life Group Co., LTD. and the subsidiaries (Better Life Group), which comprise the consolidated balance sheet as of December 31, 2025 and 2024, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Better Life Group as of December 31, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Basis for the audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. We explain further our responsibility under the standards in the section concerning the auditor's responsibility in the audit of consolidated financial statements. The personnel in our firm, subject to independence requirements, maintains independence from Better Life Group and fulfills other responsibilities in accordance with the Norm of Professional Ethics for Certified Public Accountant and under the norms. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters are the matters of most significance based on our professional judgment and audits of Better Life Group's consolidated financial statements for 2025. These matters have been dealt with in the audit of the consolidated financial statements as a whole and during the process of forming the audit opinion. Hence, we do not issue opinions separately on such matters. Key audit matters of the parent company only financial statements of the Company are stated as follows:

I. Inventory valuation

Please refer to Note 4 (8) to the consolidated financial statements for the accounting policy of inventory valuation. Please refer to Note 5 to the consolidated financial statements for the uncertainties in relation to the accounting estimates and assumptions of inventory valuation and to Note 6 (5) to the consolidated financial statements for inventory details.

Description:

Inventory is an important operating asset for Better Life Group, accounting for approximately 42% of the total assets. Inventory valuation is based on International Financial Reporting Standards No. 2. The net realizable value of Better Life Group's inventory is based on future selling prices and construction costs estimated by management and subject to the influence of the political and economic environments. Inappropriate estimates of the net realizable value will result in a misstatement of financial reports. Hence, the testing of inventory valuation was one of the significant assessments for our audits of Better Life Group's consolidated financial statements.

Audit procedures

Our main inspection procedures on the above key audit matter include the acquisition of Better Life Group's data for estimates of the net realizable value of inventory, sampling of such data to check against the contracts sold, reference to the Ministry of Interior's most recently published actual transaction prices of real estate or the transaction prices in the same proximity so as to evaluate the net realizable value of properties available for sale and land for construction. To assess whether the net realizable value of buildings under construction is reasonable, we sampled and inspected the return-on-investment analysis by the company, compared the return-on-investment data and market prices and, where necessary, obtained the appraisal reports.

Other matters

Better Life Group's has produced its consolidated financial statements for 2025 and 2024 and for which we have issued an audit report and an unqualified opinion.

Responsibility of management and those charged with governance for consolidated financial statements

Management is responsible for the preparation of consolidated financial statements for fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission. Management is also responsible for the maintenance of necessary internal control in relation to the preparation of consolidated financial statements, to ensure no material misstatement in consolidated financial statements due to frauds or errors.

When preparing the consolidated financial statements, management is also responsible for the assessment of Better Life Group's ability to continue as a going concern, disclosure of relevant matters and the adoption of the going concern basis of accounting unless management either intends to liquidate Better Life Group or cease operations or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) in Better Life Group are responsible for overseeing the financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Untruthful expressions might have been caused by frauds or errors. Misstatements are considered material if used individually or in aggregate. They could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We have utilized our professional judgment and professional doubt when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Obtain a necessary understanding of internal control relevant to the audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Better Life Group's internal control.
3. Evaluated the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Better Life Group's ability to continue as a going concern. If we conclude that a material uncertainty exists with such events or conditions, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Conclusions made by the CPAs are based on the audit findings obtained as of the date of audit report. However, future events or conditions may render Better Life Group unable to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements fairly represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and for the forming of our audit opinion.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

We determined the key audit matters for Better Life Group's 2025 consolidated financial statements based on our communication with those charged with governance. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

PAN JIUN MING

CPA:

CHEN TZUNG JE

Competent Security Jin-Guan-Zheng-Shen-Zi #1110333933
Authority Approval : Jin-Guan-Zheng-Shen-Zi #1000011652
Document No.
March 4, 2026

Notes to Readers

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

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

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Balance Sheet
December 31, 2025 and 2024

Unit: NTD thousand

Assets		2025.12.31		2024.12.31	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(1))	\$ 388,030	19	682,956	33
1150	Notes receivable, net (Notes 6(4) and (17))	17,125	1	100,868	5
1170	Accounts receivable, net (Notes 6(4) and (17))	10,134	1	37,304	2
1320	Inventories (for construction industry) (Notes 6(5), 7, 8, and 9)	838,024	42	714,906	35
1410	Prepayments (Notes 6(6), 7, and 9)	386,313	19	207,279	10
1424	Excess business tax paid	13,182	1	3,589	-
1476	Other financial assets - current (Note 8)	44,777	2	31,464	2
1478	Construction deposits paid (Notes 7 and 9)	70,414	4	39,649	2
1480	Incremental cost of obtaining contracts - current (Note 7)	-	-	9,868	-
1482	Costs to fulfill contracts, current	1,000	-	8,500	-
		<u>1,768,999</u>	<u>89</u>	<u>1,836,383</u>	<u>89</u>
Non-current assets:					
1510	Financial assets measured at fair value through profit or loss – non-current (Notes 6(2) and (20))	228	-	424	-
1517	Financial assets measured at fair value through other comprehensive income – non-current (Notes 6 (3) and (20))	22,176	1	22,540	1
1600	Property, plant and equipment (Notes 6(7))	1,511	-	3,826	-
1755	Right-of-use assets (Note 6(9))	2,359	-	5,200	-
1760	Investment properties (Notes 6 (8) and 8)	202,000	10	200,110	10
1967	Costs to fulfill contracts, non-current	4,100	-	-	-
1980	Other financial assets - non-current (Note 6(4) and (17))	925	-	1,004	-
		<u>233,299</u>	<u>11</u>	<u>233,104</u>	<u>11</u>
Total assets		\$ 2,002,298	100	2,069,487	100

Better Life Group Co., LTD. and the Subsidiaries

Consolidated balance sheet (continued)

December 31, 2025 and 2024

Unit: NTD thousand

Liabilities and equity		2025.12.31		2024.12.31	
		Amount	%	Amount	%
Current liabilities:					
2100	Short-term borrowings (Note 6(11) and 8)	\$ 194,380	10	330,980	16
2110	Short-term notes payable (Note 6(10) and 8)	-	-	256,206	13
2130	Contract liabilities – current (Notes 6 (17) and 9)	-	-	100,019	5
2150	Notes payable (Note 7)	440	-	540	-
2170	Accounts payable (Note 7)	102,948	5	104,396	5
2200	Other payables (Note 6(18) and 7)	34,159	2	44,538	3
2230	Income tax liabilities	1,244	-	10,029	-
2280	Lease liabilities - current (Notes 6(13) and 7)	2,440	-	2,913	-
2305	Other financial liabilities - current	153	-	153	-
2399	Other current liabilities - other	12,912	1	8,292	-
		348,676	18	858,066	42
Non-current liabilities:					
2570	Deferred income tax liability (Note 6 (14))	26,902	1	26,993	1
2580	Lease liabilities - non-current (Notes 6(13) and 7)	-	-	2,464	-
		26,902	1	29,457	1
Total liabilities		375,578	19	887,523	43
Equity attributable to owners of the parent (Note 6 (15))					
3100	Capital	1,349,705	67	1,049,705	51
3200	Capital surplus	227,353	11	108,353	5
3310	Legal reserve	7,085	-	4,320	-
3350	Undistributed earnings	51,004	3	27,652	1
3400	Other equity interests	(8,427)	-	(8,066)	-
Total equity		1,626,720	81	1,181,964	57
Total liabilities and equity		<u>\$ 2,002,298</u>	<u>100</u>	<u>2,069,487</u>	<u>100</u>

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan

Manager: Lin, Jui-Shan

Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2025 and 2024

Unit: NTD thousand

		2025		2024	
		Amount	%	Amount	%
4000	Operating income (Note 6 (17))	\$ 285,015	100	625,467	100
5000	Operating costs (Notes 6(5) and 7)	201,573	71	332,069	53
	Gross profit	83,442	29	293,398	47
6000	Operating expenses (Notes 6(13), (15), (18), and 7):				
6100	Selling expenses	12,017	4	42,435	7
6200	General and administrative expenses	44,150	15	50,234	8
		56,167	19	92,669	15
6900	Operating profit	27,275	10	200,729	
	Non-operating Income and expenses (Notes 6(7), (13), (19) and 7):				
7100	Interest income	7,229	3	6,728	1
7010	Other income	2,808	1	5,469	1
7020	Other gains and losses	484	-	114,198	18
7050	Financial costs	(7,883)	(3)	(15,966)	(2)
	Total non-operating income and expenses	2,638	1	110,429	18
7900	Net profit before income tax	29,913	11	311,158	50
7950	Less: income taxes (Note 6 (14))	3,796	1	10,202	2
8200	Net income for the period	26,117	10	300,956	48
8300	Other comprehensive income (Note 6 (15))				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains or losses on equity instrument investments at fair value through other comprehensive income	(364)	-	2,822	1
	Total items that will not be reclassified subsequently to profit or loss	(364)	-	2,822	1
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange difference on translation of financial statements of foreign operations	3	-	49	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may subsequently be reclassified to profit or loss	3	-	49	-
8300	Other comprehensive income for the current period	(361)	-	2,871	1
	Total comprehensive income for the current period	<u>\$ 25,756</u>	<u>10</u>	<u>303,827</u>	<u>49</u>
	Net income attributable to:				
8610	Owners of the parent	<u>\$ 26,117</u>	<u>10</u>	<u>300,956</u>	<u>48</u>
	Comprehensive income attributable to:				
8710	Owners of the parent	<u>\$ 25,756</u>	<u>10</u>	<u>303,827</u>	<u>49</u>
	Earnings per share (Note 6(16))				
9750	Basic earnings per share (NTD)	<u>\$ 0.20</u>		<u>2.96</u>	
9850	Diluted earnings per share (NTD)	<u>\$ 0.20</u>		<u>2.72</u>	

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan

Manager: Lin, Jui-Shan

Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2025 and 2024

Unit: NTD thousand

	Equity attributable to owners of the parent							
					Other equity items		Equity attributable to owners of the parent	Total equity
					Exchange differences in translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		
	Share capital	Retained earnings						
	Common stock	Capital surplus	Legal reserve	Undistributed earnings				
Balance on January 1, 2024	\$ 1,001,858	52,097	4,320	(273,304)	12	(10,949)	774,034	774,034
Net income for the period	-	-	-	300,956	-	-	300,956	300,956
Other comprehensive income for the current period	-	-	-	-	49	2,822	2,871	2,871
Total comprehensive income for the current period	-	-	-	300,956	49	2,822	303,827	303,827
Convertible corporate bond conversion	47,847	52,153	-	-	-	-	100,000	100,000
Employee share options	-	4,103	-	-	-	-	4,103	4,103
Balance on December 31, 2024	1,049,705	108,353	4,320	27,652	61	(8,127)	1,181,964	1,181,964
Net income for the period	-	-	-	26,117	-	-	26,117	26,117
Other comprehensive income for the current period	-	-	-	-	3	(364)	(361)	(361)
Total comprehensive income for the current period	-	-	-	26,117	3	(364)	25,756	25,756
Earnings appropriation and distribution:								
Appropriation of legal reserve	-	-	2,765	(2,765)	-	-	-	-
Capital increase by cash	300,000	119,000	-	-	-	-	419,000	419,000
Balance on December 31, 2025	\$ 1,349,705	227,353	7,085	51,004	64	(8,491)	1,626,720	1,626,720

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan

Manager: Lin, Jui-Shan

Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2025 and 2024

Unit: NTD thousand

	<u>2025</u>	<u>2024</u>
Cash flow from operating activities:		
Income before tax for the current period	\$ 29,913	311,158
Adjustments:		
Income and expenses		
Depreciation expense	4,514	8,082
Amortization expense	-	21
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	196	(120,421)
Interest expense	7,883	15,966
Interest income	(7,229)	(6,728)
Dividend income	(235)	(245)
Share-based payment for remuneration cost	-	4,103
Losses on disposal of property, plant and equipment	938	-
Non-financial assets impairment loss	-	4,229
Loss (gain) on fair value adjustment of investment property	(1,890)	3,305
Gain on lease modifications	-	(1,919)
Total income and expenses	<u>4,177</u>	<u>(93,607)</u>
Changes in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Financial assets at fair value through profit or loss	-	193,340
Notes receivable	83,743	(100,416)
Accounts receivable	27,170	(37,264)
Inventories	(122,491)	(105,109)
Prepayments	(188,627)	(158,753)
Other financial assets	(13,313)	93,796
Construction deposits paid	(30,765)	179,433
Incremental cost of obtaining contracts	9,868	31,344
Costs to fulfill contracts - current	7,500	-
Total net change in assets related to operating activities	<u>(226,915)</u>	<u>96,371</u>
Net change in liabilities related to operating activities:		
Contract liabilities	(100,019)	(133,903)
Notes payable	(100)	(8,967)
Accounts payable	(1,450)	85,278
Other payables	(10,284)	35,185
Non-current liabilities	4,620	(3,956)
Other financial liabilities	-	(471)
Total net change in liabilities related to operating activities	<u>(107,233)</u>	<u>(26,834)</u>
Total net change in assets and liabilities related to operating activities	<u>(334,148)</u>	<u>69,537</u>
Total adjustments	<u>(329,971)</u>	<u>(24,070)</u>
Cash (outflow) inflow from operations	(300,058)	287,088
Interest received	7,229	6,728
Dividend received	235	245
Interest paid	(6,768)	(9,600)
Income tax paid	(12,672)	(284)
Net cash (outflow) inflow from operating activities	<u>(312,034)</u>	<u>284,177</u>

Better Life Group Co., LTD. and the Subsidiaries
Consolidated statement of cash flows (continued)
January 1 to December 31, 2025 and 2024

Unit: NTD thousands

	<u>2025</u>	<u>2024</u>
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(294)	(519)
Acquisition of investment property	-	(26,275)
Other financial assets	79	4,854
Costs to fulfill contracts - non-current	(4,100)	-
Net cash outflow from investment activities	<u>(4,315)</u>	<u>(21,940)</u>
Cash flow from financing activities:		
Short-term borrowings	(136,600)	240,980
Short-term notes payable	(258,044)	253,961
Repayment of corporate bonds	-	(200,000)
Repayment of long-term borrowings	-	(45,000)
Lease principal repaid	(2,937)	(4,870)
Capital increase by cash	419,000	-
Net cash inflow from financing activities	<u>21,419</u>	<u>245,071</u>
Effect of exchange rate changes on cash and cash equivalents	4	(26)
Increase (decrease) in cash and cash equivalents in the current period	(294,926)	507,282
Balance of cash and cash equivalents at the beginning of the period	682,956	175,674
Balance of cash and cash equivalents at the end of the period	<u><u>\$ 388,030</u></u>	<u><u>682,956</u></u>

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan Manager: Lin, Jui-Shan Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Notes to Consolidated Financial Statements
2025 and 2024 and Independent Auditors' Report
(NTD thousands unless otherwise specified)

I. Organization and Operations

Better Life Group Co., Ltd. (the “Company”) was established on June 30, 1978 after approved by the Ministry of Economic Affairs. Its registered address is 4F, No. 303, Xinhua 1st Road, Neihu District, Taipei City. In October 1989, its stock was approved for being listed on the Taiwan Stock Exchange for trading. The Company's original name was Kaiju Co., Ltd. and it was renamed Better Life Group Co., Ltd. as approved by the shareholders' meeting on June 26, 2009, referenced Letter Shou-Shang No. 09801153160 from the Ministry of Economic Affairs on July 24.

The primary business of the consolidated company is to contract construction companies to build public housing projects and commercial buildings for lease out and sales.

II. The Authorization of Financial Statements

These consolidated financial statements were approved and published by the board of directors on March 4, 2026.

III. Application of New and Revised International Financial Reporting Standards

(I) Impact of adoption of new and revised standards and interpretations endorsed by the FSC

The adoption of the following amended International Financial Reporting Standards by the consolidated company starting on January 1, 2025 does not have a material influence on the consolidated financial statements.

- Amendment to IAS 21 “Lack of Exchangeability”

(II) Impact of not adopting Accounting the IFRSs endorsed by the FSC

The consolidated company has ascertained that the consolidated financial reports will not be significantly impacted by the subsequent revisions of International Financial Reporting Accounting Standards beginning on January 1, 2026.

- IFRS 17, “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IFRS 9 and IFRS 7 “Amendment to the Classification and Measurement of Financial Instruments”
- Annual improvement of IFRS accounting
- Amendments to IFRS 9 and IFRS 7, “Contracts Referencing Nature-dependent Electricity”

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(III) New and revised standards and interpretations not yet endorsed by the FSC

The standards and interpretations published and amended by the International Accounting Standards Board (IASB) but yet to be recognized by the Financial Supervisory Commission that may be relevant to the consolidated company are as follows:

<u>New and revised standards</u>	<u>Major revisions</u>	<u>Effective date announced by IASB</u>
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three types of income and expense, two income statement subtotals, and a single note on management's performance measurement. These three amendments and enhanced guidance on how information are divided into financial statements have laid the foundation for better and more consistent information provided to users, and will affect all companies. • More structured income statement: Under existing standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a newly defined subtotal of "operating income," and stipulates that all income, expenses and losses are classified into three new different categories based on the company's main operating activities. • Management Performance Measurements (MPMs): The new standard introduces the definition of MPM, and requires companies to explain in a single note why the information of each measurement indicator can be provided, its calculation method and how the indicators were adjusted with the amounts recognized in accordance with the IFRSs. • Detailed information: The new standard includes guidance on how to strengthen the grouping of information in the financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in notes.	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan would adopt IFRS No. 18 for the 2028 accounting year.

The consolidated company is continuing to assess the impact of the above standards and interpretations on its financial status and operating results and will disclose relevant influence once the assessment has been completed.

The consolidated company expects no material influence on the consolidated financial statements due to other newly published and amended standards yet to be recognized as below.

- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"
- IFRS No. 19 "Subsidiaries without Public Accountability: Disclosure" and amendments to IFRS No. 19
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

IV. Summary of Significant Accounting Policies

The material accounting policies adopted for these consolidated financial statements are as follows. The following accounting policies have been consistently applied to all the reporting periods in these consolidated financial statements.

(I) Statement of compliance

These consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“Regulations Governing the Preparation of Financial Reports”) and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (“international financial reporting standards recognized by the Financial Supervisory Commission”).

(II) Basis of preparation

1. Basis for measurement

The consolidated financial statements were prepared at historical cost except the important items in the balance sheet below:

- (1) Financial assets at fair value through profit or loss that are measured at fair value
- (2) Financial assets at fair value through other comprehensive income that are measured at fair value
- (3) Investment property measured at fair value

2. Functional currency and currency presented

Each entity within the consolidated company uses the currency of the primary economic environment where operations are located as the functional currency. These consolidated financial statements are expressed in NT dollars, the functional currency of the Company. All financial information presented in NTD is in the unit of thousands of NTD.

(III) Basis of consolidation

1. Principles of consolidated financial statements preparation

These consolidated financial reports cover the Company and the entities controlled by the Company (i.e., the subsidiaries). When the Company is exposed to the variable returns due to participation in the investee or has a claim to such variable returns and the Company can influence such returns by exercising power over the investee, the Company controls the entity.

The financials of a subsidiary are included in the consolidated financial statements from the day the control is obtained until the day the control is lost. The transactions, outstanding balances and any unrealized Income and expenses between and among consolidated companies are completely canceled out in the preparation of consolidated financial statements. The profits and losses of subsidiaries are accounted for the equity attributable to the owners of the parent and to the non-controlling interest. Even the non-controlling interest becomes negative as a result.

The financial statements of subsidiaries are appropriately adjusted so that the accounting policies are consistent with those adopted by the consolidated company.

The change of the consolidated company's ownership in any subsidiary not resulting in a loss of control in that subsidiary is recognized as equity transactions with the owners. The difference between the adjustment to non-controlling interest and the fair value paid or received is directly recognized as equity and attributable to the owner of the Company.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

2. Subsidiaries included in the consolidated financial statements

Subsidiaries included in these consolidated financial statements:

Name of the investment company	Name of the subsidiary	Nature of business	Percentage of ownership	
			2025.12.31	2024.12.31
The Company	Better Life Green Energy Technology Co., Ltd.	Solar energy applications	100%	100%
The Company	Better Life Real Estate Co., Ltd.	Marketing agency for the sale of real estate	100%	100%
The Company	Better Life Jinxia (Xiamen) Tourism Management Service Co., Ltd. (Note)	Tourism management service and real estate leasing	100%	100%
The Company	Better Life Group Travel Service Co., Ltd.	Travel agency	100%	100%

Note: The consolidated company's Board of Directors resolved to liquidate Better Life Jinxia (Xiamen) Tourism Management Service Co., Ltd. on December 23, 2025. The relevant legal procedures are still underway.

3. Subsidiaries not included in consolidated financial statements: none

(IV) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currency at the exchange rate prevailing on the transaction date. Foreign currency entries are translated into the functional currency according to the exchange rates on the final day of each reporting period ("the reporting day"). Non-monetary items measured at fair value are converted into the functional currency with the exchange rates on the day when the fair value is measured. Non-monetary items measured at historical costs are converted into the functional currency with the exchange rates on transaction day.

Foreign currency translation differences arising from a translation are normally recognized in profit or loss, except for the circumstances below where such differences are recognized in other comprehensive income:

- (1) Equity instrument designated at fair value through other comprehensive income;
- (2) Financial liabilities designated as net investment hedge for foreign operations, which are within the effective scope of hedging; or
- (3) Qualified cash flow hedge, which within the effective scope of hedging.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill arising from acquisition and fair value adjustments, are translated into NTD at the exchange rate prevailing on the balance sheet date; income and expense items are translated into NTD at the average exchange rate in the current period. Resulting exchange differences are recognized in other comprehensive income

When the disposal of a foreign operation results in the loss of control, joint control, or material impact, the cumulative exchange differences related to the foreign operation are fully reclassified to profit or loss. In the event of a partial disposal of a subsidiary with foreign operations, the relevant cumulative exchange differences are re-attributed to non-controlling interests on a pro-rata basis. In the event of a partial disposal of an investment involving an associate or a joint venture of a foreign operation, the relevant cumulative exchange differences are reclassified to profit or loss on a pro rata basis.

If there is no repayment plan for the monetary receivables or payables of an foreign operation and it is impossible to settle the receivables or payables in the foreseeable future, the foreign exchange gains and losses incurred shall be regarded as a part of the net investment in the foreign operation and recognized in other comprehensive income.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(V) Classification of current and non-current assets and liabilities

The consolidated company's assets that meet one of the following conditions are listed as current assets, and all other assets that are not current assets are listed as non-current assets:

1. Assets expected to be realized or intended for sale or consumption within the normal business cycle (typically longer than one year for the construction business)
2. Assets held primarily for the purpose of trading;
3. Assets expected the balance realized within 12 months after the balance sheet date; or
4. The assets are cash or cash equivalents (as defined by IAS 7), unless the exchange of the assets or their use to settle liabilities at least twelve months after the reporting period are restricted.

The consolidated company's liabilities that meet one of the following conditions are classified as current liabilities, and all liabilities other than current liabilities are classified as non-current liabilities:

1. Expected to be repaid within the normal business cycle (typically longer than one year for the construction business)
2. Liabilities held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the balance sheet date; or
4. At the end of the reporting period, the Company does not have the right to defer the settlement of the liabilities for at least 12 months after the reporting period.

(VI) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time and the risk of value changes is very small. Time deposits that meet the aforementioned definition and whose purpose is to satisfy short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities issued are initially recognized when incurred. Any other financial assets and financial liabilities recognized when the consolidated company becomes one of the contract parties for the financial instruments Financial assets (except receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

The consolidated company adopts consistent accounting treatments based on settlement days for all the financial assets classified in the same way and purchased or sold at an arm's length.

Financial assets are classified as financial assets at amortized cost, financial assets at fair value through profit or loss, and equity instrument investments at fair value through other comprehensive income upon initial recognition. The consolidated company only reclassifies the financial assets affected by the change of the way of managing the financial assets starting on the first day of the next reporting period.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(1) Financial assets at amortized cost

If the financial assets are in alignment with the following criteria and not designated as at fair value through profit or loss, such assets are measured at amortized cost:

- Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets³
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

Such assets are subsequently amortized by the effective interest method plus or less the initially recognized amount using the effective interest method, adjusted for the allowance for losses measured at amortized cost. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Upon derecognition, the gain or loss is included in profit or loss.

(2) Financial assets at fair value through other comprehensive income

The investment in debt instruments meeting the following conditions and not designated at fair value through profit or loss are measured at fair value through other comprehensive income.

- Financial assets are held for the purpose of collecting contracted cash flows and for sale.
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

The consolidated company may make an irrecoverable choice at the original recognition to designate the equity investment instruments not for trading to subsequently measure at fair value through other comprehensive income. The foregoing election is made as per each instrument.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the investment) is recognized in profit or loss. The remaining net gain or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividend Income of equity investments are recognized when the day the consolidated company becomes entitled to the dividends (usually the ex-dividend dates).

(3) Financial assets at fair value through profit or loss

Financial assets (e.g., financial assets held for trading or managed at fair value with performance assessed), which are not measured at amortized cost or are measured at fair value through other comprehensive income as above, are measured at fair value through profit or loss, including derivative financial assets. Upon initial recognition, to eliminate or significantly reduce accounting mismatch, the consolidated company may irrevocably designate the financial assets that meet the criteria for being measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Impairment of financial assets

The consolidated company recognizes an allowance for losses on financial assets measured at amortized cost (including cash and cash equivalents), note receivables, accounts receivables, other receivables, refundable deposits and other financial assets) and expected credit losses on contract assets.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

The allowance for losses for the financial assets below are measured at 12-month expected credit losses, and the allowance for losses for the rest are measured at the lifetime expected credit losses:

- Debt securities are judged to be of low credit risk on the balance sheet date; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of the financial instruments) has not increased significantly since the initial recognition.

Allowance for losses on accounts receivable and contract assets are measured at lifetime expected credit losses.

In determining whether credit risks have significantly increased after initial recognition, the consolidated company takes into consideration reasonable and supportable information (available without excess risks or inputs), including qualitative and quantitative information, and the consolidated company's own experience, credit assessments and forward-looking information.

If the credit rating of a financial asset is equivalent to the investment grade globally designed (BBB- by S&P, Baa3 by Moody's or twA by Taiwan Ratings or better), the consolidated company considers the credit risk of the fixed income security is low.

If a contract payment is overdue for more than 30 days, the consolidated company assumes the credit risk of this financial asset has significantly increased.

If a contract payment is overdue for more than 360 days or the borrower is unlikely to honor the credit obligation to pay the full amount to the consolidated company, the consolidated company considers the financial asset is in default.

Lifetime expected credit losses refer to the expected credit losses arising from all possible default events during the expected duration of a financial instrument.

Twelve-month expected credit losses are expected credit losses on a financial instrument arising from possible default events within 12 months after the balance sheet date (or a shorter period if the expected duration of the financial instrument is less than 12 months).

The maximum period for measuring expected credit losses is the maximum contract period when the consolidated company is exposed to credit risks.

Expected credit losses are an estimate of weighted probability of credit losses over the expected lifetime of a financial instrument. Credit losses are measured at the present value of cash flow shortages, i.e., the difference between the cash flows collectable by the consolidated company according to contracts and the cash flows expected to be collected by the consolidated company. Expected credit losses are discounted at the effective interest rate on the financial asset.

The consolidated company assesses whether there are credit losses with the financial assets measured at amortized cost on each reporting day. A financial asset is credit-impaired when one or more events have occurred with an adverse effect on the estimated future cash flows of the financial asset. Evidence that indicates a financial asset is credit-impaired includes the observable information below:

- The borrower or issuer encountered significant financial difficulties;
- Default, such as delayed or overdue payment for more than 360 days;
- Concessions previously not considered but granted by the consolidated company to the borrower due to the borrower's economic or contractual reason caused by financial difficulties
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The allowance for losses for a financial asset measured at amortized cost is deducted from the carrying amount of the asset.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

The consolidated company directly reduces the total carrying amount value of a financial asset when the recoverable amount of the financial asset in all or in part cannot be reasonably expected. Based on the experience of recovering similar assets, the consolidated company's policy with private customers is to write-off the entire carrying amount value of the financial asset overdue for more than 360 days. The consolidated company determines the timing and the amount of write-offs for corporate customers according to the individual analysis of reasonably expected recoverability. The consolidated company does not expect material reversals of written-off amounts. However, compulsory execution may still be sought for written-off financial assets, in line with the consolidated company's procedures in recovering overdue amounts. Based on their experience, it is impossible to collect the overdue amount from corporate accounts after 360 days.

(5) Derecognition of financial assets

The consolidated company can only derecognize a financial asset when the right to contracted cash flows from the asset terminates; or the financial asset has been transferred and almost full risks and returns of financial asset ownership have been transferred to other companies; or the asset has not been transferred but almost full risks and returns of ownership are not retained and the control over financial asset is not retained.

In the signing of a contract to transfer a financial asset, if all or almost full risks and returns of ownership of the transferred asset are retained, the asset will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities and equity

The debts and equity instruments issued by the consolidated company are recognized as financial liabilities or equity according to the substance of contracts and the definitions of financial liabilities and equity instruments.

(2) Equity transactions

Equity instruments refer to any contract that represents the remaining equity of the consolidated company after assets are deducted from liabilities. Equity instruments issued by the consolidated company are recognized at the amount of proceeds less direct issuance costs.

(3) Financial liabilities

Financial liabilities are classified as those at amortized cost or at fair value through profit or loss. Financial liabilities are classified at fair value through profit or loss if they are held for trading, derivatives, or designated upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and the relevant net gain and loss, including any interest expense, is recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains or losses are recognized in profit or loss. Any gain or loss is also recognized in profit or loss upon derecognition.

(4) Derecognition of financial liabilities

Financial liabilities are recognized when the consolidated company's contractual obligations have been performed, canceled or expired. When the terms of financial liabilities are revised and the cash flow of the revised liabilities is significantly different, the initial financial liabilities are derecognized, and new financial liabilities are recognized at fair value as per the revised terms.

When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities can only be recognized on the balance sheet with the net value after netting off when the consolidated company has the legal right to exercise the netting off, and has the intention to deliver at the net value or concurrently realizes the asset to pay off the liabilities.

(VIII) Inventory

The initial cost of inventories is the expenditure necessary to bring inventories to a condition and location ready for sale or construction. Development costs of property include construction, land, borrowing, and project costs incurred during the development period. Upon completion, the construction in progress will be reclassified to the buildings and land held for sale, and the operating costs will be reclassified as per the proportion of sales to the development costs of the property. Subsequently, it will be measured at the lower of cost or net realizable value. When the cost of inventory is higher than the net realizable value, the cost should be written down to the net realizable value, and the amount written down should be recognized in cost of sales in the current period. The methods for determining the net realizable value are as follows:

1. Construction land: Net realizable value is calculated based on replacement cost or estimated selling price (as per the market condition at the time) less estimated selling expenses.
2. Construction in progress: The net realizable value is calculated based on the estimated selling price (according to the market condition at the time) less the costs and selling expenses required till completion.
3. Buildings and land held for sale: Net realizable value is calculated based on estimated selling price (as per the market condition at the time) less estimated selling expenses.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the useful lives of material components of property, plant and equipment are different, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenses are only capitalized when future economic benefits are likely to flow into the consolidated company.

3. Depreciation

Depreciation is calculated at the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

Land is not depreciated.

The estimated useful life for the current and comparative periods are as follows:

- (1) Leasehold improvement 2-5 years
- (2) Other equipment 3 years

The consolidated company reviews depreciation methods, service lives and residual values on each reporting day and makes appropriate adjustments when necessary.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

4. Reclassification to investment property

When the property for self-use is changed into investment property, the property is reclassified as investment property at the carrying amount upon the change of use.

(X) Investment property

Investment property refers to property held for earning rents or asset appreciation or both, but not for sale in normal business activities, production, provision of goods or services, or for administrative purposes. Investment properties are initially measured at cost and subsequently measured at fair value, and any changes are recognized in profit or loss.

Gains or losses on the disposal of investment property (calculated as the difference between the net proceed from the disposal and the carrying amount of the property) are recognized in profit or loss.

Rent income from investment property is recognized in operating income on a straight-line basis over the lease term.

(XI) Lease

The consolidated company assesses whether a contract is about or including leasing on the day when the contract is established. If the contract entails the transfer of the control for use of the identifiable asset after a period of time for a specific consideration, the contract is about or including leasing.

1. Lessee

The consolidated company recognizes right-of-use assets and lease liabilities on the day when the lease commences. Right-of-use assets are measured initially at costs. The costs include the original measured value of the lease liabilities. These are adjusted with any lease payments at or before the commencement of the lease, added with any initial direct cost incurred and the estimated cost in dismantling and removing the underlying asset, restoring the site it is located or restoring the underlying asset and less any lease incentive received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. Meanwhile, the consolidated company periodically assesses whether the right-of-use assets are impaired and handles any impairment losses already incurred. Adjustments to the right-of-use assets are made when the lease liabilities are remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. If it is easy to ascertain the interest rate implicit in the lease, the discount rate shall be that interest rate. If it is not easy to ascertain the interest rate, the consolidated company's incremental borrowing rate shall be used. In general, the consolidated company uses the incremental borrowing rate as the discount rate.

Lease payments included in the lease liability measurement include:

- (1) Fixed payments, including substantive fixed payments;
- (2) The lease payment depends on the change in an index or rate, and the index or rate on the lease commencement date is adopted for the initial measurement;
- (3) The residual value guarantee amount expected to be paid; and
- (4) The exercise price or penalty to be paid when it is reasonably ascertain that the purchase or lease termination will be executed.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

Interest on lease liabilities is subsequently accrued using the effective interest method, and the amount is re-measured under each of the circumstances below:

- (1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the residual value guarantee amount expected to be paid;
- (3) There is a change in the evaluation of the option of purchasing the asset;
- (4) A change in the evaluation of whether to extend or terminate a lease has resulted in a change in the evaluation of the lease term;
- (5) The subject leased, scope of lease, or other terms are modified.

When the lease liability is re-measured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension, or termination, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications with a reduced scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between said amount and the remeasured amount of the lease liability is recognized in profit or loss.

The consolidating companies present the right-of-use assets and lease liabilities not meeting the definition for investment properties separately on the balance sheet.

The consolidated company chooses not to recognize the short-term leases of low-value underlying assets such as houses, buildings and transportation equipment as right-of-use assets and lease liabilities. Payments for such leases are expensed with the straight line method during the lease periods.

2. Lessor

If the consolidated company is the lessor, the lease contract will be classified on the lease inception date according to whether almost full risks and returns of the underlying asset ownership are transferred. If yes, it is classified as a finance lease. If not, it is an operating lease. During assessments, the consolidated company should take into consideration metrics such as whether the lease period covers the main part of the economic lives of underlying assets.

If the consolidated company is an intermediate lessor, the head lease and the sublease are accounted for separately. The right-of-use asset created by the head lease is used for the classification of the sublease. If a headlease is a short-term lease to which recognition exemption applies, the sublease transaction derived therefrom should be classified as an operating lease.

The consolidated company adopts International Financial Reporting Standards No. 15 for the separation of a contract into lease and non-lease components.

(XII) Impairment of non-financial assets

The consolidated company assesses on each reporting day where there is an indication of impairments to the carrying amount of financial assets. The Company estimates the recoverable amount of such assets with a sign of impairment. The Company test the impairment of good will.

Impairment testing aims at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the combination.

The recoverable amount is the higher of the individual asset or the air value of the cash-generating unit less cost of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects present market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

An impairment loss is recognized when the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount thereof.

An impairment loss is recognized immediately in profit or loss. The carrying amount of goodwill for the cash-generating unit is reduced first. Then the carrying amounts of other assets in the cash-generating unit are reduced pro rata.

Goodwill impairment losses are not reversed. Non-financial assets other than goodwill are reversed only when it does not exceed the carrying amount (less depreciation or amortization) that would have been determined if such assets had not been recognized for impairment losses in prior years.

(XIII) Provision for warranty liability

Liability reserves are recognized for present obligations due to past events. In this instance, the consolidated company is likely to be required to repay the obligation with an outflow of assets with economic benefits and the amount of the obligation can be reliably estimated. The provision is discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, and the amortization of the discount is recognized in interest expense.

Provision for warranty liability is recognized when goods or services are sold and is measured based on historical warranty information and all probable outcomes weighted by respective probabilities.

(XIV) Revenue recognition

1. Revenue from customer contracts

Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. Income are recognized by the consolidated company when the control of products or services is transferred to customers and the contractual obligation is performed. The consolidated company's primary Income are as follows:

(1) Land development and property sales

The consolidated company develops and sells residential properties and often sells off-plan during or before construction. The consolidated company recognizes Income when the control of properties is transferred. Due to contracted restrictions, such properties typically serve no other purposes to the consolidated company. However, only after the legal ownership of properties has been transferred to customers can the consolidated company access the funds for the completed contracts. Hence, the consolidated company recognizes Income when the legal ownership of properties is transferred to customers or the properties are handed over.

Revenue is measured at the transaction price in the contractual agreement. If it is a sale of a finished property project, the consideration, in most cases, can be collected when the legal ownership of property is transferred. In a few cases, the payment can be deferred as per the contractual agreement but cannot be deferred for over 12 months. Thus, transaction prices are not adjusted to reflect the effect of significant financial components. In the case of a pre-sale property project, the payment is usually collected in installments during the period from when the contract is signed to when the property is transferred to a customer. If the contract contains a significant financial component, the transaction price is adjusted as per the borrowing rate for the project during said period to reflect the effect of time value of money. Advance receipts are recognized in contract liabilities, and interest expenses and contract liabilities are recognized when it is determined that the effect of the time value of money needs to be adjusted. The cumulative contract liabilities are reclassified to revenue when the property is transferred to a customer.

Some contracts include multiple items to be delivered, such as the sale of residential property and interior design services, which are regarded as a separate performance obligation and the transaction price is amortized on a stand-alone selling price basis. If no directly observable price is available, the stand-alone selling price is estimated based on expected cost plus margin. The interior design service is recognized in revenue when the service is completed.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(2) Real estate agency services

The consolidated company serves as a real estate agency to sell properties for external parties. Relevant Income are recognized during the financial reporting period when the service is rendered. Service Income under fixed-price contracts are recognized according to services actually provided as of the reporting date. Contracts include fixed and variable prices. Customers pay fixed amounts according to contracted schedules. Certain variable fees (such as bonuses above the threshold) are estimated with the most likely amounts. The consolidated company only recognizes Income within the range where the accumulated Income are highly unlikely to be significantly reversed. If the income recognized is not yet invoiced, a corresponding contract asset is recognized. When there is an unconditional right to the amount, the contract asset is transferred to the account receivable.

Customers pay the fixed amounts according to agreed schedules. When the service rendered exceeds the paid amount, a contract asset is recognized. When the paid amount exceeds the service rendered, a contract liability is recognized.

When the consolidated company expects the unavoidable cost for performing the obligation of a service contract exceeds the economic benefit from the contract, a liability reserve is recognized for the loss-making contract.

(3) Construction supervision services

The consolidated company provides construction supervision services for the construction of solar generation equipment and recognizes relevant Income for such services during the reporting periods. Income recognition under fixed-price contracts is based on the services rendered and the contract performance obligation met already as of the reporting date or based on the services already rendered as a percentage of total services expected.

If the circumstance changes, the estimates of Income, costs and degrees of completion will be modified and the resulting increase/decrease will be reflected in profit or loss during the period when management becomes aware of circumstance changes.

Under the fixed price contracts, customers pay fixed amounts according to agreed schedules. When the service rendered exceeds the paid amount, a contract asset is recognized. When the paid amount exceeds the service rendered, a contract liability is recognized.

(4) Management services

The consolidated company recognizes the management revenue in accordance with the fixed amount of management fee agreed upon in the contract. If the income recognized is not yet invoiced, a corresponding contract asset is recognized. When there is an unconditional right to the amount, the contract asset is transferred to the account receivable.

Customers pay the fixed amounts according to agreed schedules. When the service rendered exceeds the paid amount, a contract asset is recognized. When the paid amount exceeds the service rendered, a contract liability is recognized.

(5) Significant financing component - Advance real estate receipts

Revenue is measured at the transaction price in the contractual agreement. If it is a sale of a finished property project, the consideration, in most cases, can be collected when the legal ownership of property is transferred. In a few cases, the payment can be deferred as per the contractual agreement but cannot be deferred for over 12 months. The payments for off-plan real estate projects are typically collected in installments during the period from contract signing to property transfer to customers. The consolidated company assesses whether the promised price is different from the sold price for each contract and whether the prepayment collected contains financing elements. Prepayments are collected by the consolidated company to provide guarantee in contract performance by customers. As the purpose is for the consolidated company to mitigate the risks and subsidies required for reselling in case of the customer's not fulfilling the contract, it is not a significant financing component obtained from major customers. Thus, the time value of money of the transaction consideration is not adjusted.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

2. Cost of customer contracts

(1) Incremental cost of obtaining contracts

If the consolidated company expects to recover the incremental cost of obtaining contracts, the cost is recognized as an asset. Incremental costs of obtaining a contract are costs incurred when a customer contract is obtained that would not have been incurred if the contract had not been obtained. Costs of obtaining a contract that will be incurred regardless of whether the contract is obtained are recognized in expenses when incurred, unless such costs are clearly chargeable to customers regardless of whether a contract has been obtained.

The consolidated company recognizes the incremental cost of obtaining contracts expected to recover through real estate marketing activities as an asset and applies systematic amortization consistent with transfer of off-plan properties to customers.

(2) Cost of fulfilling contracts

If the cost of fulfilling the contract is not covered by standards such as International Accounting Standards (IAS) 2 Inventories, IAS 16 Property, Plant and Equipment, or IAS 38 Intangible Assets, the consolidated company only recognizes such cost as an asset when the cost is directly related to a contract or a specific identifiable expected contract, may generate or enhance the resource to be used in fulfilling (or continuing to fulfill) contract obligations and is expected to be recovered.

General and administrative costs; raw materials, labor or other resource costs wasted for contract fulfillment but not reflected on contract prices; costs related to performed (or partially performed) contract obligations; and costs not identifiable as to contract obligations not yet performed or performed (or partially performed) are recognized as expenses when incurred.

(XV) Employee benefits

1. Defined contribution plan

Contribution obligations to the defined contribution plan are recognized in expenses in the period during which the employee provides service.

2. Short-term employee benefits

Short-term employee benefits are recognized as expenses when the relevant services are provided. If the services already provided by employees constitute the consolidated company a current statutory or presumed payment obligation and such obligation can be reliably estimated, the amount is recognized as a liability.

(XVI) Share-based payment transaction

For the share-based payment arrangement for equity settlement, the fair value on the grant date is recognized as expenses and the relative equity is increased during the vested period of the remuneration. The amount of expenses recognized is adjusted based on the expected number of rewards that meet the service conditions and the non-market price vested conditions. The amount recognized ultimately is based on the number of rewards that meet the service conditions and the non-market price vested conditions on the vested date.

The non-vested conditions of the share-based payment have been reflected in the measurement of the fair value on the grant date, and the difference between the expected and actual results does not need to be verified and adjusted.

The fair value of the share appreciation right paid to employees for cash settlement should be recognized as expenses and the corresponding liabilities should be increased when the employees are entitled to the remuneration unconditionally. The liabilities are re-measured at the fair value of the share appreciation right on each reporting date and settlement date, and any changes are recognized in profit or loss.

The grant date of the share-based payment of the consolidated company is the date of the capital increase approved by the Board of Directors.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(XVII) Income tax

Income tax includes current income and deferred taxes. Current income tax and deferred tax are recognized in profit or loss, except in relation to business combinations or items directly recognized in equity or other comprehensive income.

Current income tax includes the expected income tax payable or tax refund receivable based on the taxable income (loss) for the year and any adjustments to income tax payable or tax refund receivable in prior years. The amount is the best estimate of the amount expected to be paid or received based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized based on the temporary differences between the carrying amounts of an asset and liability for financial reporting purposes and its tax base at the reporting date. Temporary differences arising from the circumstances below are not recognized in deferred tax:

1. Assets or liabilities originally recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss) and (ii) does not generate equivalent taxable and deductible temporary difference;
2. Temporary differences due to investments in subsidiaries, associates and joint ventures, the timing of reversal of such temporary differences controlled by the consolidated company and the reversal unlikely to be in the foreseeable future; and
3. Taxable temporary differences arises from the initial recognition of goodwill.

Unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized, as well as deductible temporary differences are recognized in deferred tax assets. It is reassessed at each balance sheet date to reduce the relevant income tax benefits to the extent that it is not probable that they will be realized; or to reverse the previously reduced amount to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax is measured at the tax rate at which the temporary difference is expected to reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date, with tax-related uncertainties reflected.

The consolidated company only offsets deferred income tax assets and deferred income tax liabilities when the following conditions are met at the same time:

1. Has the statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following taxpayers with income tax levied by the same tax authority:
 - (1) The same taxpayer; or
 - (2) Different taxpayers but each taxpayer intends to settle the current tax liabilities and assets on a net basis or to realize both in each future period, in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are expected to be settled.

(XVIII) Earnings per share

The consolidated company presents the basic earnings per share and the diluted earnings per share attributable to shareholders of its ordinary stocks. The basic earnings per share of the consolidated company are calculated with the profit or loss attributable to holders of the company's ordinary shares divided by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by having the profit or loss attributable to the equity holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding adjusted for the effect of all potential dilutive ordinary shares. The potential dilutive ordinary shares of the consolidated company include convertible corporate bonds and remuneration to employees.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(XIX) Segment information

Operating departments as the segments of the consolidated company are engaged in operating activities that generate Income and incur expenses (including the Income and expenses with the consolidated company's other segments). The operating results of all operating departments are reviewed periodically by key decision-makers of the consolidated company, in order to formulate decisions on resource allocations and evaluate the performance of individual departments. All operating departments have independent financial information.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When preparing these consolidated financial statements, management must make judgements, Estimates and assumptions. Such judgements, estimates and assumptions have influence on the adoption of accounting policies and the reported numbers of assets, liabilities, Income and expenses. Actual results may differ from estimates.

Management of the consolidated company continues to review the estimates and basic assumptions, which are consistent with the risk management and climate-related commitments of the consolidated company. Changes in the estimated value are deferred and recognized in the period of change and the affected future period.

Accounting policy involved material judgements and significant influence on recognized numbers in these consolidated financial statements: None.

The substantial risk of substantial adjustments to the asset and liability balances in the subsequent fiscal year is introduced by the substantial uncertainty surrounding the following assumptions and estimates. Considerable information is presented below:

- Inventory valuation

Inventory is recognized at the lower of costs or net realizable values. The consolidated company evaluates the net realizable value of inventory on the reporting date based on estimates of future selling prices and construction costs, subject to the influence of political and economic environments. Therefore, the net realizable value may experience material changes. Please refer to Note 6(5) for details of inventory valuation.

- Fair value of investment property

The subsequent measurement of the investment properties of the consolidated company is evaluated by the discounted cash flow analysis method under the income approach, and Level 3 inputs are used in the fair value valuation technique.

Valuation process

The consolidated company's accounting policies and disclosure include financial and non-financial assets and liabilities measured at fair value. Among them, the Finance Department is responsible for reviewing all significant fair value measurements (including Level 3 fair value) and reporting directly to the Chief Financial Officer. The team regularly reviews significant unobservable inputs and adjustments. If an input used to measure fair value is based on external third-party information (such as a broker or pricing service institution), the valuation team will assess the evidence provided by the third party in support of the input to confirm that the valuation and its fair value level are aligned with the requirements of IFRS.

In the measurement of assets and liabilities, the consolidated company uses inputs observable from the market as much as possible. The fair value levels are based on the inputs used in the valuation techniques and are classified as follows:

* Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

* Level 2: 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).

* Level 3: Inputs that are not based on observable inputs (unobservable inputs) for the asset or liability.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

Transfer policy between levels

If there is a transfer event or situation between the levels of fair value, the consolidated company will recognize the transfer on the reporting date.

Further information on assumptions adopted to measure fair value

Please refer to the following notes for relevant information on the assumptions adopted to measure the fair value:

- (I) Note 6 (8) Investment properties
- (II) Note 6 (20) Financial instruments

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	2025.12.31	2024.12.31
Cash on hand	\$ 155	155
Demand deposit	87,419	234,786
Checking deposit	456	15
Time deposits	250,000	348,000
Cash equivalents	50,000	100,000
	<u>\$ 388,030</u>	<u>682,956</u>

1. Cash equivalents refer to bond investments that are readily convertible into cash within three months from the date of acquisition, with an insignificant risk of changes in value, and are highly liquid.
2. Please refer to Note 6(20) for interest rate risks and the sensitivity analysis of the consolidated company's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	2025.12.31	2024.12.31
Financial assets at fair value through profit or loss:		
TWSE/TPEX listed stocks	<u>\$ 228</u>	<u>424</u>

1. Please refer to Note 6(20) for market risk information.
2. None of the consolidated company's financial assets abovementioned has been pledged as collateral.

(III) Financial assets at fair value through other comprehensive income (FVTOCI)

	2025.12.31	2024.12.31
Equity instrument at fair value through other comprehensive income:		
Domestic unlisted stock - Eastern Electronics Co., Ltd.	\$ 6,403	6,011
Domestic unlisted stock - Shin Kong Real Estate Management Co., Ltd.	3,047	3,256
Foreign unlisted stock - World Join International Ltd.	12,726	13,273
Total	<u>\$ 22,176</u>	<u>22,540</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

1. The consolidated company holds the equity instruments as a long-term strategic investment, not for trading purposes. Hence, these instruments have been designated at fair value through other comprehensive income.
2. Please refer to Note 6(20) for market risk information.
3. None of the consolidated company's financial assets abovementioned has been pledged as collateral.

(IV) Notes and accounts receivable

	<u>2025.12.31</u>	<u>2024.12.31</u>
Notes receivable - from operations	\$ 17,125	100,868
Accounts receivable at amortized cost	10,134	37,304
	<u><u>\$ 27,259</u></u>	<u><u>138,172</u></u>

The consolidated company adopts the simplified approach for the estimates of expected credit losses for all notes receivable and accounts receivables. This approach measures lifetime expected losses. To achieve the measurement purposes, notes receivable and accounts receivable are categorized on the basis of shared credit risk characteristics in terms of customers' ability to pay all due amounts according to contract terms and conditions. Forward-looking information is incorporated. The expected credit loss analysis on the consolidated company's notes receivable and accounts receivable is as follows:

	<u>2025.12.31</u>		
	<u>Carrying amounts of notes and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Allowance for lifetime expected credit losses</u>
Not past due	<u>\$ 27,259</u>	-	<u>-</u>
	<u>2024.12.31</u>		
	<u>Carrying amounts of notes and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Allowance for lifetime expected credit losses</u>
Not past due	<u>\$ 138,172</u>	-	<u>-</u>

None of the consolidated company's notes receivable and accounts receivables was pledged for collateral as of December 31, 2025 and 2024.

(V) Inventories

	<u>2025.12.31</u>	<u>2024.12.31</u>
Construction business:		
Buildings and land held for sale	\$ 240,475	220,115
Construction in progress	-	175,444
Land held for construction site	597,549	277,499
Prepayment for land	-	41,848
	<u><u>\$ 838,024</u></u>	<u><u>714,906</u></u>
Inventory expected to be recovered after more than 12 months	<u><u>\$ 597,549</u></u>	<u><u>319,347</u></u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

Cost of goods sold is detailed below:

	2025	2024
Buildings and land held for sale reclassified after sold	\$ 193,573	326,988
Lease-related costs	-	5,081
Other	8,000	-
	<u>\$ 201,573</u>	<u>332,069</u>

1. Please refer to Note 6(19) for the interest capitalization of the consolidated company.

2. Please refer to Note 8 for the consolidated company's pledges on inventory as collateral as of December 31, 2025 and 2024.

(VI) Prepayments

	2025.12.31	2024.12.31
Construction business - Pre-construction development costs	\$ 381,652	203,602
Other	4,661	3,677
	<u>\$ 386,313</u>	<u>207,279</u>

(VII) Property, plant and equipment

The change in the consolidated company's property, plant and equipment in 2025 and 2024 is as follows:

	Land	Leasehold improvements	Other equipment	Total
Cost or deemed cost:				
Balance on January 1, 2025	\$ 5,382	18,697	724	24,803
Addition	-	-	294	294
Disposal	-	(13,816)	-	(13,816)
Effects of changes in foreign exchange rates	-	28	(1)	27
Balance on December 31, 2025	<u>\$ 5,382</u>	<u>4,909</u>	<u>1,017</u>	<u>11,308</u>
Balance on January 1, 2024	\$ 5,382	18,232	205	23,819
Addition	-	-	519	519
Effects of changes in foreign exchange rates	-	465	-	465
Balance on December 31, 2024	<u>\$ 5,382</u>	<u>18,697</u>	<u>724</u>	<u>24,803</u>
Depreciation and impairment losses:				
Balance on January 1, 2025	\$ 5,382	15,329	266	20,977
Depreciation during the year	-	1,451	222	1,673
Disposal	-	(12,878)	-	(12,878)
Effects of changes in foreign exchange rates	-	25	-	25
Balance on December 31, 2025	<u>\$ 5,382</u>	<u>3,927</u>	<u>488</u>	<u>9,797</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

	<u>Land</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Balance on January 1, 2024	\$ 5,382	7,935	145	13,462
Depreciation during the year	-	2,852	121	2,973
Impairment loss	-	4,229	-	4,229
Effects of changes in foreign exchange rates	-	313	-	313
Balance on December 31, 2024	<u>\$ 5,382</u>	<u>15,329</u>	<u>266</u>	<u>20,977</u>
Book value:				
December 31, 2025	<u>\$ -</u>	<u>982</u>	<u>529</u>	<u>1,511</u>
January 1, 2024	<u>\$ -</u>	<u>10,297</u>	<u>60</u>	<u>10,357</u>
December 31, 2024	<u>\$ -</u>	<u>3,368</u>	<u>458</u>	<u>3,826</u>

1. In 2024, the subsidiary, Better Life Jinxia (Xiamen) Tourism Management Service Co., Ltd. transferred its real estate leasing business, and recognized a loss of NTD 4,229 thousand on lease improvements, which was recognized in other gains and losses.
2. As of December 31, 2025 and 2024, none of the consolidated company's property, plant and equipment was provided as collateral.

(VIII) Investment property

Investment properties include the land the consolidated company rents out to the lessee via an operating lease. The initial period of the leased investment property is 24 years. At the end of a lease term, the Company will negotiate subsequent lease terms with a lessee.

The change in the consolidated company's investment properties is as follows:

	<u>Land and improvements</u>
Book value:	
Balance on January 1, 2025	\$ 200,110
Net gain due to fair value adjustment	<u>1,890</u>
Balance on December 31, 2025	<u>\$ 202,000</u>
Balance on January 1, 2024	\$ 177,140
Addition	26,275
Net loss due to fair value adjustment	<u>(3,305)</u>
Balance on December 31, 2024	<u>\$ 200,110</u>
Carrying amount:	
December 31, 2025	<u>\$ 202,000</u>
December 31, 2024	<u>\$ 200,110</u>
January 1, 2024	<u>\$ 177,140</u>

Level 3 inputs are used in the valuation technique of subsequent measurement of the fair value of the investment properties of the consolidated company. For the adjustment between the opening and ending carrying amounts in Level 3, please see the schedule of changes shown above. There were no transfers into or out of Level 3 fair value hierarchy in the period.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

The subsequent measurement of the investment properties of the consolidated company is evaluated by the discounted cash flow analysis method under the income approach, and the relevant important contract terms and valuation information are as follows:

1. Land in Toufen City, Miaoli County

Property	Important contract terms and valuation information
Important contract terms	1. Rent: Construction period: NT\$500 thousand/year Operation period (1 to 10 years): 2% of the total electricity sales revenue Operation period (11 to 20 years): 6% of the total electricity sales revenue 2. Lease period: 24 years
Current status	Development in progress
Discount rate	December 31, 2025: 3.845% December 31, 2024: 3.845%
External or in-house appraisal	External appraisal
Appraisal company	DTZ Cushman & Wakefield Real Estate Appraiser Office
Name of appraiser	Chun-Chun Hu, Chang-Da Yang
Date of appraisal	December 31, 2025 and 2024
Fair value of external appraisal	December 31, 2025: \$202,000 December 31, 2024: \$200,110

The valuation of the fair value of the investment properties and the changes and decisions of cash inflows and cash outflows in each period in the future are based on the principles of the contract related to the signing of the lease above, and the relevant information is as follows:

(1) Actual rent and the annual growth rent of rent

During the construction period, the income is based on the rent specified in the contract. During the operation period, we apply to Taiwan Power Corporation for the installed capacity of 10MW on the appraised property, based on the average annual power generation of 1,218 kWh from power generation equipment in Miaoli County in 2025 and 2024, and the average bulk purchase rate at NT\$3.519/kWh and NT\$3.743/kWh for ground-mounted solar equipment announced by the Bureau of Energy of the Ministry of Economic Affairs, added 15% for the subsidies in regions north of Miaoli to calculate the total electricity sales revenue.

With respect to the increase in revenue from electricity sales, the bulk purchase rate of the appraised property adopts the ceiling rate for the establishment permit of the power generation operators based on the "2025 Renewable Energy Electricity Bulk Purchase Rate and the Calculation Formula", and the rate is for the bulk purchase for 20 years, so there is no increase in electricity price.

(2) Estimation of discount rate

The discount rate is determined by the risk premium method, which takes into account factors such as banks' time deposit interest rates, the government's bond interest rates, risks of real estate investments, currency changes and trends of price changes in real properties to select the investment rate of return for general financial instruments, adjusted by the differences in the investment instruments and individual characteristics of the properties. The discount rate is based on Chunghwa Post' two-year postal time deposit variable rate plus excess-3 interest rate on December 31, 2025 and 2024, of 2.470%, and takes into account the property's income, liquidity, risk, value appreciation, and the degree of difficulty in terms of management. The risk premium was added to determine the discount rates of 3.845%.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(3) Estimation of ending disposal value

The income price for the disposal of property at the end of the period was NTD 7,261 thousand/year and NTD 7,224 thousand/year on December 31, 2025 and 2024, respectively. The calculation of the disposal price of property at the end of the period was NTD 348,860 thousand and NTD 347,660 thousand, respectively.

(4) The abovementioned fair value valuation techniques and significant unobservable inputs are explained in the following table:

Fair value valuation technique	Significant unobservable input	Relationship between significant unobservable input and fair value evaluation
The discounted cash flow analysis (DCF) using the income approach is adopted to evaluate the contractual rent provided by the consolidated company. Discounted cash flow analysis using the income approach: Refers to the method of estimating the price of the appraised property by summing up the net income of each period and ending value of future discounted cash flow after discounting at an appropriate discount rate. The method is applicable to valuation of real properties for investment purpose.	• Risk-adjusted discount rate on 2025.12.31: 3.845% 2024.12.31: 3.845%	The estimated fair value would increase (or decrease) if: • The risk-adjusted discount rate decreases (increases).

2. Please refer to Note 8 for information on the consolidated Company's investment properties pledged as collateral.

3. Ownership transfer and acquisition of certain agricultural land is only possible after the change of land use according to law. Hence, some land was registered under personal names. An authorization agreement and a trust contrast have been signed with the nominee account holder for the land registration. The land will be transferred to the consolidated company at the right time.

(IX) Right-of-use assets

The costs and depreciation of the consolidated company's rented land, houses and buildings, machinery and transportation equipment are detailed as follows:

	Buildings	Transportation equipment	Total
Cost of right-of-use assets:			
Balance on January 1, 2025	\$ 13,241	362	13,603
Balance on December 31, 2025	<u>\$ 13,241</u>	<u>362</u>	<u>13,603</u>
Balance on January 1, 2024	\$ 41,526	-	41,526
Addition	41	728	769
Less	(28,820)	(366)	(29,186)
Effects of changes in foreign exchange rates	494	-	494
Balance on December 31, 2024	<u>\$ 13,241</u>	<u>362</u>	<u>13,603</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

	Buildings	Transportation equipment	Total
Depreciation and impairment losses of right-of-use assets:			
Balance on January 1, 2025	\$ 8,388	15	8,403
Depreciation	2,660	181	2,841
Balance on December 31, 2025	<u>\$ 11,048</u>	<u>196</u>	<u>11,244</u>
Balance on January 1, 2024	\$ 19,905	-	19,905
Depreciation	5,048	61	5,109
Less	(16,812)	(46)	(16,858)
Effects of changes in foreign exchange rates	247	-	247
Balance on December 31, 2024	<u>\$ 8,388</u>	<u>15</u>	<u>8,403</u>
Book value:			
December 31, 2025	<u>\$ 2,193</u>	<u>166</u>	<u>2,359</u>
December 31, 2024	<u>\$ 4,853</u>	<u>347</u>	<u>5,200</u>
January 1, 2024	<u>\$ 21,621</u>	<u>-</u>	<u>21,621</u>

(X) Short-term notes and bills payable

The consolidated company's short-term notes and bills payable are as follows:

	2024.12.31	
	Guarantee or acceptance institution	Interest rate range (%)
Commercial papers payable	Bills Company	2.94%-3.10%
Less: Discounted short-term notes payable		
Total		<u>\$ 256,206</u>

Please refer to Note 8 for information on the consolidated Company's assets pledged as collateral for short-term notes and bills payable.

(XI) Short-term borrowings

The consolidated company's short-term loans are as follows:

	2025.12.31	2024.12.31
Secured bank borrowings	\$ 171,600	258,200
Unsecured bank borrowings	22,780	72,780
Total	<u>\$ 194,380</u>	<u>330,980</u>
Facilities not yet drawn	<u>\$ 329,600</u>	<u>50,720</u>
Interest rate range	<u>2.76%~3.15%</u>	<u>2.63%~3.15%</u>

Please refer to Note 8 for information on the consolidated Company's assets pledged as collateral for bank loans.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(XII) Corporate bonds payable

The first secured convertible corporate bonds issued by the consolidated company in 2021 have expired and were delisted from the Taipei Exchange on September 24, 2024. As of the maturity date, a total of NT\$100,000 thousand were converted. Please refer to Note 6(15) for details of the conversion. The remaining unconverted corporate bonds of NT\$200,000 thousand were redeemed in accordance with the regulations and were paid on October 7, 2024.

(XIII) Lease liabilities

The consolidated company's lease liabilities are as follows:

	2025.12.31	2024.12.31
Current	<u>\$ 2,440</u>	<u>2,913</u>
Non-current	<u>\$ -</u>	<u>2,464</u>

Please refer to Note 6 (20) Financial Instruments for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2025	2024
Interest expense on lease liabilities	<u>\$ 69</u>	<u>612</u>
Gains from sublease of right-of-use assets	<u>\$ -</u>	<u>4,305</u>
Expense on short-term leases	<u>\$ 95</u>	<u>365</u>

Amounts recognized in the statements of cash flows are as follows:

	2025	2024
Total cash outflow from leases	<u>\$ 3,101</u>	<u>5,847</u>

The consolidated company rents houses and buildings for office spaces and business premises. The leases for office spaces are between one and five years. The leases for business premises are one to five years. Meanwhile, the consolidated company's leases for car parking spaces and transportation equipment are between one and three years.

Part of the aforesaid lease agreements are accompanied with the option of lease extensions. Such rights are only exercisable by the consolidated company, not by lessors. When it is not reasonably certain that an option to extend the lease term will be exercised, payments related to the period covered by the option are not included in the lease liabilities.

(XIV) Income taxes

1. Income tax expense

The consolidated company's income tax expenses for 2025 and 2024 are detailed as follows:

	2025	2024
Current income tax expense		
Occurred in the current period	\$ -	10,313
Additional levy on undistributed earnings	1,244	-
Land value increment tax	2,563	-
Adjustment of previous period's current income tax	80	-
Deferred tax income		
Changes in temporary differences	(91)	(111)
Income tax expense	<u>\$ 3,796</u>	<u>10,202</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

The consolidated company's income tax expense and net income (loss) before tax in 2025 and 2024 is adjusted as follows:

	<u>2025</u>	<u>2024</u>
Net profit before income tax	\$ 29,913	311,158
Income tax calculated at the domestic tax rate where the Company\$ is located	5,983	62,232
Additional levy on undistributed earnings	1,244	-
Land value increment tax	2,563	-
Tax-exempt income	(47)	2,423
Underestimation of prior year income tax	80	-
Book-tax difference	39	(24,037)
Book-tax difference in capitalized interest	461	384
Recognize unrecognized taxation losses in prior periods	(6,439)	(39,681)
Current tax losses on unrecognized deferred tax assets	378	1,369
Changes in unrecognized temporary differences	(466)	(2,801)
Basic income tax amount	-	10,313
Total	<u>\$ 3,796</u>	<u>10,202</u>

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred tax assets

The consolidated company's unrecognized deferred income tax assets are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Deductible temporary differences	\$ 1,282	1,660
Tax loss	56,167	64,387
	<u>\$ 57,449</u>	<u>66,047</u>

Taxable losses are determined in accordance with the Income Tax Act, and the losses for the previous ten years may be deducted from the net income for the year after being approved by the tax authority before the income is taxed. The item is not recognized as a deferred income tax asset because the consolidated company is not very likely to generate sufficient taxable Income for deduction of the temporary difference.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

As of December 31, 2025, the deduction deadline for the tax loss of deferred income tax assets yet to be recognized by the consolidated company is as follows:

<u>Year of loss</u>	<u>Losses yet to be deducted by the Company</u>	<u>Losses yet to be deducted by subsidiaries</u>	<u>Last valid year</u>
2016	\$ -	56,763	2026
2017	-	15,169	2027
2018	35,564	7,092	2028
2019	48,108	3,226	2029
2020	40,580	5,694	2030
2021	16,412	7,441	2031
2022	4,401	38,769	2032
2023	-	322	2033
2024	-	617	2034
2025	-	679	2035
	<u>\$ 145,065</u>	<u>135,772</u>	

(2) Recognized deferred income tax liabilities

The changes in the deferred income tax liabilities in 2025 and 2024 are as follows:

	<u>Reserve for land increment tax</u>
Deferred income tax liabilities :	
Balance on January 1, 2025	\$ 26,993
Income statement	(91)
Balance on December 31, 2025	<u>\$ 26,902</u>
Balance on January 1, 2024	\$ 27,104
Income statement	(111)
Balance on December 31, 2024	<u>\$ 26,993</u>

3. Income tax assessments

(1) The Company's business income taxes for the tax authority up to 2023.

(2) The business income tax filings from the Company's subsidies in Taiwan were assessed by the tax authority for the following years:

<u>Assessment year</u>	<u>Company name</u>
2023	Better Life Green Energy Technology Co., Ltd.
2023	Better Life Real Estate Co., Ltd.
2023	Better Life Group Travel Service Co., Ltd.

(3) The subsidiaries in China have filed income taxes to the local tax authorities up to 2024.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(XV) Capital and other equity

The total amount of the Company's authorized capital as of December 31, 2025 and December 31, 2024 was both NT\$6,750,000 thousand, divided into 675,000 thousand shares in both years, with a par value of NT\$10 per share. The paid-in capital was NT\$1,349,705 thousand, and NT\$1,049,705 thousand, respectively, of which the private placement of ordinary shares was NT\$0, and NT\$140,000 thousand, respectively. The share capital for all issued shares has been collected.

The private placement of the ordinary shares referred to above was made public in September 2025, having been approved by the securities regulator and reported effective on September 18, 2025.

1. Issue of ordinary shares

The following are the fluctuations in the number of outstanding shares of the company in 2025 and 2024:

(in thousands)	Common stock	
	2025	2024
Number of outstanding shares issued as of January 1	104,971	100,186
Add: Capital increase in cash	30,000	-
Convertible corporate bond conversion	-	4,785
Number of outstanding shares issued as of December 31	134,971	104,971

The Company's 2024 Annual Shareholders' Meeting resolved a private placement of common shares within a limit of 50,000 thousand shares. As of May 2, 2025, the one-year period has expired without execution. The unexecuted portion will no longer be carried out.

The Company's Board of Directors resolved on October 8, 2024 to issue 30,000 thousand common shares for cash capital increase and reserved 10% of the shares for employee share options. The price per share is NT\$14. The total amount of paid-in capital is NT\$420,000 thousand. All the shares have been fully paid in and the capital increase record date is set on February 14, 2025. The relevant statutory procedures have been completed. After deducting NT\$1,000 thousand from share issuance-related expenses of share premiums, a capital surplus of NT\$119,000 thousand was recorded.

In 2024, the Company issued 4,785 thousand new shares with a par value, amounting to NT\$47,847 thousand, and has completed the required legal registration procedures.

New shares issued for cash capital increase are reserved for subscription by employees in accordance with Article 267 of the Company Act. According to IFRS 2, "share-based payment", the Company measured the fair value of equity instruments given at the date of grant and recognized NT\$4,103 thousand as salary expense and capital surplus at the grant date in 2024.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	2025.12.31	2024.12.31
Common stock premium	\$ 153,103	30,000
Gain on disposal of assets	110	110
Employee share options	-	4,103
Convertible corporate bond conversion premium	59,429	59,429
Others	14,711	14,711
	<u>\$ 227,353</u>	<u>108,353</u>

Pursuant to the Company Act, the Company shall issue new shares or pay out cash in proportion to the existing shareholders' shares from the realized capital surplus after the capital surplus is used to compensate the deficit first. The realized capital surplus referred to in the preceding paragraph includes the premium from the shares issued at par and the income from gifts. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus to be used as capital shall not exceed 10% of the paid-in capital.

3. Retained earnings

Under the earnings distribution policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with operational needs and the laws and regulations, and then any remaining profit, together with any undistributed retained earnings at the beginning of the period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolved before distribution.

(1) Legal reserve

When the Company suffers no losses, it may, upon a resolution by the shareholders' meeting, issue new shares or pay out cash from the legal reserve, but only to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

The Company chose the fair value model for the subsequent measurement of the investment property booked in the book. According to the regulations of the Financial Supervisory Commission, for the net increase in fair value measured by the fair value model for the first time, the same amount of special reserve was provided. However, on the conversion date, in order to make up for the deficit, the special reserve may be exempted according to the regulations. Subsequently, the Company may be exempted from the provision of this part of the special reserve. When the Company distributes the distributable earnings each year, the special reserve shall be appropriated in the following order:

- ① For the net increase in fair value due to the continuous adoption of the fair value model for the subsequent accounting of investment property in the current year, the net increase in the current period net profit after tax plus the item other than the undistributed earnings should be set aside as special reserves in the same amount. If it is a net increase accumulated in the fair value in the previous period, the special reserve shall be set aside in the same amount from the undistributed earnings of the previous period and shall not be distributed. When the cumulative net increase listed in investment property decreases or is disposed of, a reversal of earnings distribution may be made for the decreased portion or according to the disposal situation.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

②For the difference between the net amount debited to the other shareholders' equity in the current year and the balance of the special reserve provided in the preceding paragraph, the items other than the net profit after tax of the current period plus the unappropriated earnings of the current period and the prior undistributed surplus make up the provision of the special reserve. For the deduction amount of other shareholders' equity in the previous period, special reserves shall be set aside from undistributed earnings in the previous period and shall not be distributed. If the amount debited to other shareholders' equity is reversed afterwards, the reversed amount may be distributed as earnings.

(3) Earnings distribution

At the shareholders' meetings on June 27, 2025 and May 3, 2024, it was resolved not to distribute the earnings from 2024 and not to offset the loss from 2023.

4. Other interests (net of tax)

	Exchange difference on translation of financial statements of foreign operations	Unrealized valuation profit or loss from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2025	\$ 61	(8,127)	(8,066)
Exchange differences in translation of net assets of foreign operations	3	-	3
Unrealized profit or loss from financial assets measured at fair value through other comprehensive income	-	(364)	(364)
Balance on December 31, 2025	<u>\$ 64</u>	<u>(8,491)</u>	<u>(8,427)</u>
Balance on January 1, 2024	\$ 12	(10,949)	(10,937)
Exchange differences in translation of net assets of foreign operations	49	-	49
Unrealized profit or loss from financial assets measured at fair value through other comprehensive income	-	2,822	2,822
Balance on December 31, 2024	<u>\$ 61</u>	<u>(8,127)</u>	<u>(8,066)</u>

(XVI) Earnings per share

1. Basic earnings per share

The Company's basic earnings per share in 2025 and 2024 were calculated based on the profit attributable to the equity holders of the Company's common shares and the weighted average number of outstanding common shares. The relevant numbers are as follows:

(1) Net profit attributable to equity holders of the Company's ordinary shares

	2025	2024
Net profit for the period attributable to equity holders of the Company's ordinary shares	<u>\$ 26,117</u>	<u>300,956</u>

(2) Weighted average number of outstanding ordinary shares

	2025	2024
Number of issued common shares (shares in thousands) on January 1	104,971	100,186
Capital increase by cash	26,250	-
Effect of conversion of convertible corporate bonds	-	1,478
Weighted average number of outstanding ordinary shares (basic) (thousand shares)	<u>131,221</u>	<u>101,664</u>
Basic earnings per share (NTD)	<u>\$ 0.20</u>	<u>2.96</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

2. Diluted earnings per share

The Company's diluted earnings per share in 2025 and 2024 were calculated based on the profit attributable to the equity holders of the Company's ordinary shares and the weighted average number of outstanding ordinary shares, adjusted for the effect of all potential dilutive ordinary shares. The relevant numbers are as follows:

(1) Net profit (diluted) attributable to equity holders of the Company's ordinary shares

	2025	2024
Net profit (basic) attributable to equity holders of the Company's ordinary shares	\$ 26,117	300,956
Interest expense on convertible corporate bonds	-	4,945
Net profit (diluted) attributable to equity holders of the Company's ordinary shares	<u>\$ 26,117</u>	<u>305,901</u>

(2) Weighted average number of outstanding ordinary shares (diluted)

	2025	2024
Weighted average number of outstanding ordinary shares (basic) (thousand shares)	131,221	101,664
Effect of conversion of convertible corporate bonds	-	10,483
Impact of employee remuneration	120	91
Impact of employee stock options	-	45
Weighted average number of outstanding ordinary shares (diluted) (thousand shares)	<u>131,341</u>	<u>112,283</u>
Diluted earnings per share (NTD)	<u>\$ 0.20</u>	<u>2.72</u>

(XVII) Income from contracts with customers

1. Details of revenue

The consolidated company's income breakdown is as follows:

	2025	2024
Revenue from customer contracts recognized	\$ 283,641	620,479
Rental Income (Note)	1,374	4,988
Total	<u>\$ 285,015</u>	<u>625,467</u>

Note: The rent income from the consolidated company's lease is applicable to IFRS 16.

2. Details of revenue

	2025	2024
Main region/market:		
Taiwan	<u>\$ 283,641</u>	<u>620,479</u>
Main product/service line:		
Housing and land sales	\$ 275,641	620,479
Service income	8,000	-
Total	<u>\$ 283,641</u>	<u>620,479</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

		2025	2024
Contract type:			
Fixed-price contract		<u>\$ 283,641</u>	<u>620,479</u>
Time point of revenue recognition:			
Transfer of goods or services at a certain time point		<u>\$ 283,641</u>	<u>620,479</u>
3. Contract balance			
		2025.12.31	2024.12.31
Notes receivable	\$	17,125	100,868
Accounts receivable		10,134	37,304
		<u>\$ 27,259</u>	<u>138,172</u>
Contract liability — housing and land sales	\$	-	93,019
Contract liability — prepaid Income		-	7,000
Total	\$	<u>-</u>	<u>100,019</u>

Please refer to Note 6(4) for the information on notes receivable, accounts receivable, and impairment thereof.

The balance of contract liabilities at the beginning of the period on January 1, 2025 and 2024 was recognized as income in 2025 and 2024 for an amount of NT\$100,019 thousand and NT\$174,177 thousand, respectively.

The change in contract liabilities is mainly due to the timing difference between the time of the consolidated company's transfer of goods or services to customers to fulfill its contractual obligations (i.e., recognizing contract liabilities as revenue) and the time of payment made by the customers.

(XVIII) Remunerations to employees and directors

The Company revised its Articles of Incorporation with a resolution passed by the shareholders' meeting on June 27, 2025. According to the revised Articles of Incorporation, if the Company makes a profit in a year, it shall allocate no less than 4% as employee remuneration (of which no less than 5% shall be distributed to entry-level employees) and no more than 4% as directors' remuneration. However, when the Company still has a cumulative deficit, it shall reserve an amount in advance to compensate it. The subjects for the issuance of remunerations may include employees of a holding or subordinate company satisfy certain criteria, and the board of directors is authorized to specify such criteria.

The Company's estimated employee remuneration for 2025 and 2024 was NT\$1,246 thousand and NT\$1,577 thousand, and the estimated director remuneration is NT\$0. The amount was based on the pre-tax net profit of the period deducted by employee remuneration and director remuneration, and then deducted by accumulated losses, and multiplied by the distribution ratio of employee remuneration and director remuneration as set forth in the Company's Articles of Incorporation, and recognized as operating expenses for the respective periods. If the actual distribution amount differs from the estimated amount in the following year, it will be treated as a change in accounting estimate and the difference will be recognized as gains and losses for the following year.

For 2024, the Company's remuneration to employees was NT\$1,577 thousand, and remuneration to directors was NT\$0, which is not different from actual distribution. The Company reported accumulated losses in 2023, and hence there was no need to distribute remunerations to employees or directors. Relevant information is available at the Market Observation Post System.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(XIX) Non-operating Income and expenses

1. Interest income

The consolidated company's interest income is detailed as follows:

	2025	2024
Interest on bank deposits	\$ 6,445	2,074
Imputed interest on security deposits	-	8
Guarantee deposits paid	-	4,490
Other interest income	784	156
	<u>\$ 7,229</u>	<u>6,728</u>

2. Other income

The consolidated company's other Income are detailed below:

	2025	2024
Management fees income	\$ 2,568	5,004
Dividend income	235	245
Other income	5	220
	<u>\$ 2,808</u>	<u>5,469</u>

3. Other gains and losses

The consolidated company's other Income and losses are detailed as follows:

	2025	2024
Foreign currency exchange gain or loss	\$ (17)	29
Gain on lease modifications	-	1,919
Net gains (losses) on financial assets at fair value through profit or loss	(196)	120,421
Impairment loss	-	(4,229)
Losses on disposal of property, plant and equipment	(938)	-
Gain (loss) on change in fair value measurement of investment property - investment property	1,890	(3,305)
Other expenses	(255)	(637)
	<u>\$ 484</u>	<u>114,198</u>

4. Financial costs

The consolidated company's financial costs are detailed below:

	2025	2024
Interest on bank borrowings	\$ 7,614	7,533
Interest on lease liabilities	69	612
Financial costs	827	4,087
Discounted and amortized convertible corporate bonds	-	6,181
Less: Capitalized interest	(627)	(2,447)
	<u>\$ 7,883</u>	<u>15,966</u>
Capitalized interest rate	<u>2.76%</u>	<u>2.63%~2.76%</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(XX) Financial instruments

1. Credit risk

(1) Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk.

(2) Credit concentration risk

The consolidated company has a wide clientele, without trading significantly concentrated with a single customer. Hence, the credit risk of accounts receivable is not significantly concentrated.

(3) Credit risk of receivables and debt securities

Please refer to Note 6 (4) for credit risk exposure of notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables (other financial assets – current). All the aforesaid financial risks have low credit risks and hence the loss allowance is measured with the 12-month expected credit loss. (Please refer to Note 4 (7) for how the consolidated company determines low credit risks.)

2. Liquidity risk

The table below shows the maturity dates of contractual financial liabilities, including estimated interest but excluding the effect of netting arrangement.

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2025							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 194,380	220,687	2,875	2,875	5,752	125,493	83,692
Non-interest bearing liabilities	137,700	137,700	137,700	-	-	-	-
Lease liabilities	2,440	2,452	1,467	985	-	-	-
	\$ 334,520	360,839	142,042	3,860	5,752	125,493	83,692
December 31, 2024							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 330,980	352,865	134,225	2,924	93,989	10,107	111,620
Fixed-rate instruments	256,206	263,815	21,950	241,865	-	-	-
Non-interest bearing liabilities	149,627	149,627	149,627	-	-	-	-
Lease liabilities	5,377	5,458	1,491	1,491	2,476	-	-
	\$ 742,190	771,765	307,293	246,280	96,465	10,107	111,620

The consolidated company does not expect the timing of cash flows to be significantly early or the amount to be significantly different from the maturity analysis.

3. Interest rate analysis

Interest rate exposure of the consolidated company's financial assets and financial liabilities is explained in this note on liquidity risk management.

The sensitivity analysis below is based on the exposure of derivative and non-derivative instruments to interest rate risk at the balance sheet date. For floating-rate liabilities, the analysis is based on an assumption that the amount of a liability outstanding at the balance sheet date is outstanding throughout the year. The consolidated company's internal reporting to management regarding interest rates is based on 1% increase or decrease. It also represents the management's assessment of the possible and reasonable range of changes in interest rates.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

All other variables being equal, any 1% increase in interest rates would result in a decrease or increase by NT\$1,070 thousand and NT\$664 thousand in the consolidated company's earnings before tax for 2025 and 2024, respectively. This would be primarily due to the consolidation of company loans and deposits in variable interest rates.

4. Other price risks

If the price of equity securities changes on the reporting date (the same basis is adopted for the analysis of the two periods with an assumption that other factors remain unchanged), the impact on the comprehensive income items is as follows:

Security price on the reporting date	2025		2024	
	Other comprehensive income after tax	Income before tax	Other comprehensive income after tax	Income before tax
Up by 5%	\$ 1,109	11	1,127	21
Down by 5%	\$ (1,109)	(11)	(1,127)	(21)

5. Information on fair value

(1) Types and fair values of financial instruments

The consolidated company measures recurring fair values of the financial assets at fair value through profit or loss and at fair value through other comprehensive income. The carrying amounts and the fair values of all types of financial assets and financial liabilities are listed below: (including fair value levels) (It is not necessary to disclose fair value information if the carrying amount of a financial instrument is not measured at fair value is a reasonable approximation of fair value and if it is a lease liability.)

	2025.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss	\$ 228	228	-	-	228
Financial assets at fair value through other comprehensive income					
Domestic and foreign unlisted stocks	\$ 22,176	-	-	22,176	22,176
	2024.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss	\$ 424	424	-	-	424
Financial assets at fair value through other comprehensive income					
Domestic and foreign unlisted stocks	\$ 22,540	-	-	22,540	22,540

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(2) Fair value valuation techniques for financial instruments not at fair value

The methods and assumptions used by the consolidated company for the instruments not measured at fair value are as follows:

(2.1) Financial assets and liabilities at amortized cost

If there is information on quoted prices from transactions or market makers, the latest transaction price and quoted price should be adopted as the basis for evaluating the fair value. If there is no information on market prices for reference, the valuation method is adopted for estimation. The estimates and assumptions used in the valuation method are the discounted value of cash flows to estimate the fair value.

(3) Fair value valuation techniques for financial instruments at fair value

(3.1) Non-derivative financial instruments

When a financial instrument is quoted in an active market, the quoted price in the active market is the fair value. Market prices of liquid securities on major exchanges and the prices published by the trading center of central government bonds are the basis for fair values of equity instruments listed on TWSE/TPEX and fixed income instruments with active markets and open quotes.

A financial instrument is deemed to be with quoted prices in the active markets if its quoted prices can be obtained from exchanges, brokers, underwriters, industry associations, pricing services institutions, or competent authorities in a timely and regular manner, and the prices represent the prices in actual fair market transactions that occur frequently. If the above criteria are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

If there is an active market for financial instruments held by the consolidated company, their fair values are determined with reference to the quoted prices in the market.

Except for the above financial instruments with active markets, the fair values of other financial instruments are obtained through valuation techniques or with reference to the quoted prices by counterparties. The fair value obtained through valuation techniques may be calculated and obtained with reference to the present fair value of other financial instruments with substantively similar criteria and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available at the balance sheet date.

If there is no active market for the financial instruments held by the consolidated company, the asset-based approach is used for the estimation of fair values of equity instruments without open quoted prices according to different categories and characteristics. The primary assumptions are based on the balance sheet of investees. The estimate has been adjusted for the effect of the discount on the control premium and liquidity of the equity securities.

(4) Transfer between Levels 1 and 2: None

(5) Details of changes in Level 3

	At fair value through other comprehensive income
	Equity instruments without quoted prices
January 1, 2025	\$ 22,540
Recognized in other comprehensive income	(364)
December 31, 2025	<u><u>\$ 22,176</u></u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

	At fair value through other comprehensive income
	Equity instruments without quoted prices
January 1, 2024	\$ 19,718
Recognized in other comprehensive income	2,822
December 31, 2024	<u>\$ 22,540</u>

(6) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The consolidated company's level 3 fair value measurements are primarily for financial assets measured at fair value through other comprehensive income – equity securities investment.

Most of the fair values classified as level 3 by the consolidated company only contain single, material and unobservable inputs. Only the equity instruments without an active market depend on multiple material and unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are independent of each other and therefore do not correlate.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Significant unobservable input and relations with fair value
Financial assets at FVTOCI – investments in equity instruments without active markets	Comparable Listed Company Act	- Discount for liquidity (30% on 2025.12.31 and 2024.12.31) - Net market value multiplier (2.47 and 2.53 as of December 31, 2025 and December 31, 2024, respectively)	- The higher the liquidity discount, the lower the fair value - The higher the multiplier, the higher the fair value.
Financial assets at FVTOCI – investments in equity instruments without active markets	Asset method	- Discount for liquidity (30.00% on 2025.12.31 and 2024.12.31) - Discount on non-controlling interests (6.63% on December 31, 2025 and 2024)	- The higher the liquidity discount, the lower the fair value - The higher the non-controlling interest discount, the lower the fair value

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(7) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The consolidated company's fair value measurements of financial instruments are reasonable. However, the use of different valuation models or parameters may result in different valuation outcomes. For financial instruments classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

			Changes in fair value reflected in other comprehensive income	
	Input	Up/down movements	Favorable change	Unfavorable change
December 31, 2025				
Financial assets at fair value through other comprehensive income				
Investment in equity instruments without active markets	Non-controlling interest discount	±10%	1,689	(1,689)
	Liquidity discount	±10%	3,168	(3,168)
	Book-to-market multiplier	±10%	640	(640)
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Investment in equity instruments without active markets	Non-controlling interest discount	±10%	1,770	(1,770)
	Liquidity discount	±10%	3,220	(3,220)
	Book-to-market multiplier	±10%	601	(601)

The favorable and unfavorable movements referred to by the consolidated company indicate the volatility of fair values. Fair values are calculated with valuation techniques with different levels of unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input without taking into account the correlation and variability between the inputs.

(XXI) Financial risk management

1. Summary

The consolidated company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note represents the consolidated company's exposure to the aforesaid risks, as well as its target, policy and procedures for measuring and managing these risks. Please refer to individual notes to the consolidated financial statements for further quantitative disclosure.

2. Risk management framework

The board of directors is fully responsible for the establishment and supervision of the consolidated company's risk management structure. The board of directors has fully authorized the management of the development and control of the consolidated company's risk management policy. Management is required to report periodically to the board accordingly.

The consolidated company's risk management policies are put in place to identify and analyze the risks the consolidated company is faced with, set up appropriate risk limits and control, monitor risks and supervise the compliance with risk limits. Risk management policies and systems are periodically reviewed, to reflect market conditions and the change in the consolidated company's operation. The consolidated company develops a disciplined and constructive control environment through training, management guidelines and operational procedures, so that all employees understand their roles and obligations.

The Audit Committee of the consolidated company oversees how management monitors the compliance of risk management policies and procedures and reviews the appropriateness of the consolidated company's risk management structure in relation to risks it faces. Internal auditors assist the Audit Committee of the consolidated company in the oversight. These personnel conduct regular and exception reviews of risk management controls and procedures and report the review results to the Board and Audit Committee.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

3. Credit risk

Credit risks are the risks of financial losses due to customers or counterparties in financial instrument transactions unable to fulfill contractual obligations and mainly come from the consolidated company's accounts receivable.

(1) Accounts receivable and other receivables

The internal control system of the consolidated company has established a credit policy. The consolidated company adheres to this policy by individually analyzing new customers and assigning credit ratings before providing standard terms and conditions in payments and delivery. The review and control mechanism of the consolidated company consists of the record of customers' transactions and communication with banks regarding external ratings. Maximum procurement amounts are set on a customer-by-customer basis and represent the maximum outstanding amount that does not require the management team's approval. This limit is reviewed regularly.

The consolidated company has a wide clientele and a diversified geographic market for its construction business. There is no significant concentration in transactions with a single customer. Credit risks of accounts receivable are not significantly concentrated either. Most of the dealings for real estate development and sales are for private individuals. Payment collections are primarily via remittances, checks and mortgage loans. Therefore, relevant credit risks are relatively low.

Meanwhile, the consolidated company adheres to the internal regulations on engineering contracting construction works. The contractors are all reputable companies meeting the requirements for construction techniques. Therefore, the consolidated company can stay on top of construction quality and progress. If necessary, contractors are required to deposit guarantees to ensure construction quality. Other receivables are mainly from land owners and other joint developers. Debtors are assessed to have the repayment capability. Hence, there are no material credit risks with the consolidated company's other receivables.

(2) Investment

The credit risks associated with bank deposits, fixed income investments and other financial instruments are measured and monitored by the finance department of the consolidated company. For transactions and contract performance, the consolidated company deals with reputable banks, financial institutions and companies rated as investment grade and government agencies. Hence, there are no material risks in contract performance or credit risks.

(3) Guarantee

The consolidated company did not provide any endorsements or guarantees in 2025. The mutual endorsements and guarantees in 2024 as required by the contracts between the consolidated company and joint builders for joint investment, construction or development.

4. Liquidity risk

Liquidity risks refer to the risks of the consolidated company being unable to pay in cash or with other financial assets to repay financial liabilities or fulfill relevant obligations. The consolidated company manages liquidity in order to ensure, as much as possible, sufficient and liquid capital to fund debts due in general and stressed circumstances, so that there will be no unacceptable loss or reputation risks to the consolidated company.

For each development project, the consolidated company calculates the cost and the capital required, installment payments from customers before delivery, and construction financing from banks, in order to properly plan for payments and receipts and ensure adequate working capital to fund the debts due. The funding required for project development and construction is partially reliant on bank loans. Upon the ownership transfer to customers, most of the payments are from mortgage loans. Hence, the consolidated company is unlikely to incur material losses or reputation risks.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

5. Market risk

Market risks refer to the risks of market price changes (e.g., exchange rates, interest rates, prices of equity instruments) that may affect the consolidated company's Income or values of financial instruments held. The purpose of market risk management is to control the exposure to market risks within a range of tolerance and optimize return on investment. The consolidated company does not engage in transactions of financial instruments (including derivatives) for the purpose of speculation.

(1) Exchange rate risk

The Group's functional currency is mainly in NTD. The Company's main business transactions (including receivables, payables, loans, or financing) are mainly denominated in NTD, so there is no risk of significant fluctuations in foreign exchange rates.

(2) Interest rate risk

The consolidated company's management reviews and controls the optimal blended interest rate of financial liabilities, in order to manage the risks of interest rate fluctuations.

The consolidated company's interest rate risks are mainly from its bank loans. According to the consolidated company's assessment of its business environment, the interest rates over recent years have been relatively stable. Hence, material interest rate risks are unlikely.

(XXII) Capital management

The objective of capital management by the consolidated company is to ensure operations as a going concern, in order to continue to create returns for shareholders and benefits to other stakeholders, maintain the optimal capital structure and lower the cost of capital.

To maintain or modify its capital structure, the consolidated company may adjust dividends to shareholders, make payments to shareholders to reduce share capital, issue new shares or sell assets to repay debts.

The consolidated company manages and control capital based on the debt to capital ratio. The ratio is calculated with net debt divided by total capital. Net debt is the total debt on the balance sheet less cash and cash equivalents. Total capital refers to all components of equity (i.e. share capital, capital surplus, retained earnings, and other equity) plus net debt.

The consolidated company's capital management strategy for 2025 remained consistent with that of 2024: maintaining a certain debt-to-capital ratio to ensure financing at a reasonable cost.

The debt-to-equity ratios as of December 31, 2025 and 2024 are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Total liabilities	\$ 375,578	887,523
Less: Cash and cash equivalents	<u>(388,030)</u>	<u>(682,956)</u>
Net liability	\$ (12,452)	204,567
Total equity	<u>1,626,720</u>	<u>1,181,964</u>
Adjusted capital	<u>\$ 1,614,268</u>	<u>1,386,531</u>
Debt-to-equity ratio	<u>-%</u>	<u>14.75%</u>

The change in the consolidated company's debt-to-equity ratio as of December 31, 2025, was primarily attributable to the repayment of bank loans during the year, which lowered net debt and resulted in a lower debt-to-equity ratio compared to the same period last year.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(XXIII) Financing activities with non-cash transactions

The consolidated company's financing activities involving non-cash transactions for the years 2025 and 2024 are as follows:

1. Please refer to Note 6(9) for details of the right-of-use assets obtained through leases.
2. The reconciliation of liabilities from financing activities is as follows:

	2025.1.1	Cash flows	Non-cash movement		2025.12.31
			Number of impact from	Other	
Short-term borrowings	\$ 330,980	(136,600)	-	-	194,380
Short-term notes payable	256,206	(258,044)	-	(Note 1) 1,838	-
Lease liabilities	5,377	(2,937)	-	-	2,440
Total amount of liabilities from financing activities	<u>\$ 592,563</u>	<u>(397,581)</u>	<u>-</u>	<u>1,838</u>	<u>196,820</u>

	2024.1.1	Cash flows	Non-cash movement		2024.12.31
			Number of impact from	Other	
Short-term borrowings	\$ 90,000	240,980	-	-	330,980
Short-term notes payable	-	253,961	-	(Note 1) 2,245	256,206
Long -term borrowings	45,000	(45,000)	-	-	-
Corporate bonds payable	293,819	(200,000)	-	(Note 2) (93,819)	-
Lease liabilities	23,449	(4,870)	276 (Note 3)	(13,478)	5,377
Total amount of liabilities from financing activities	<u>\$ 452,268</u>	<u>245,071</u>	<u>276</u>	<u>(105,052)</u>	<u>592,563</u>

Note 1: It is the discounted amortized short-term notes payable.

Note 2: Discount amortization and conversion of convertible corporate bonds

Note 3: The net amount of new and terminated lease liabilities.

VII. Related Party Transactions

(I) Name of related party and relations

The related parties who transacted with the consolidated company during the periods covered by these consolidated financial statements are as follows:

Name of related party	Relation with the consolidated company
Puyuan Development Co., Ltd.	The chairman of the company is a director of the Company
Puqun Advertising Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Puyuan Construction Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Puxu Advertising Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Pushi Construction Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Puquan Advertising Co., Ltd.	A director at the Company
Chang Chun-Kuei	A director at the Company
Pucheng Construction Co., Ltd.	Substantive related party
BAO MA ASSET DEVELOPMENT & MANAGEMENT CO., LTD.	Substantive related party

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(II) Significant transactions with related parties

1. Purchase of goods from related parties

The consolidated company's purchases from other related parties are as follows:

	2025	2024
Pucheng Construction Co., Ltd.	\$ 24,005	96,867
Puyuan Development Co., Ltd.	-	226,690
Puyuan Construction Co., Ltd.	12,633	-
Belongs to other related parties	-	3,207
	<u>\$ 36,638</u>	<u>326,764</u>

The consolidated company's purchase prices from related parties are based on price comparisons and negotiations from both parties and payments according to contract terms and conditions. Please refer to Note 9 for details of the engineering contracts entered into by the consolidated company and related parties as of December 31, 2025 and 2024.

2. Payables to related parties

Account	Related party category	2025.12.31	2024.12.31
Notes payable	Pucheng Construction Co., Ltd.	\$ -	540
Accounts payable	Pucheng Construction Co., Ltd.	28,471	36,824
Accounts payable	Puquan Advertising Co., Ltd.	5	5,116
Accounts payable	Puyuan Construction Co., Ltd.	583	-
Other payables	Puyuan Construction Co., Ltd.	12,333	-
Other payables	Belongs to other related parties	1,743	2,668
		<u>\$ 43,135</u>	<u>45,148</u>

3. Leases

The consolidated company rented from the related party, Puxu Advertising, in the headquarter office building in November 2021 by signing a five-year lease contract in reference to rentals for offices in the neighborhood area. The interest expenses recognized for 2025 and 2024 were NT\$59,000 and NT\$112,000, respectively. As of December 31, 2025 and December 31, 2024, the balances of lease liabilities were NT\$2,197 thousand and NT\$4,786 thousand, respectively. In addition, the guarantee deposits paid due to the above leases as of December 31, 2025 and 2024 were NT\$463 thousand.

4. Others

- (1) The consolidated company signed real estate agency contracts with Puqun Advertising Co. Co., Ltd., and Puquan Advertising Co., Ltd. for marketing of development projects as of December 31, 2025 and 2024. The agency service fees were recognized as an operating expense for NT\$9,868 thousand and NT\$36,460 thousand, respectively. The incremental costs of obtaining the contracts were NT\$0 and NT\$9,868 thousand, respectively.
- (2) The consolidated company obtained from Pucheng Construction Co., Ltd. a guarantee check of NT\$28,612 thousand as of December 31, 2025 and 2024 for construction works.
- (3) The consolidated company provided the related party Chang Chun-Kuei with interest subsidies of NT\$23,018 thousand and NT\$16,116 thousand (recognized in prepayments), and refundable guarantee notes were both NT\$24,500 thousand as of December 31, 2025 and 2024, for the joint development and separate sale of the project on the land at Guishan Hwa-Ya.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

(4) The consolidated company's joint investment in and joint construction with related parties are as follows:

Project name or land lot	Joint investment and construction counterparties
Meiren Section, Songshan District	Puyuan Construction Co., Ltd.
Zhongli Civil Sports Center Section	Puyuan Development Co., Ltd.
Xinzhoumei Section, Beitou District	Puyuan Development Co., Ltd.
Shitan Section, Neihu District	Puyuan Construction Co., Ltd.
Hwa Ya Section, Guishan District	Puyuan Development Co., Ltd. and Pushi Construction Co., Ltd.
Project name or land lot	Joint-construction partner
Hwa Ya Section, Guishan District	Chang Chun-Kuei
Zhengyi Section, Zhongshan District	BAO MA ASSET DEVELOPMENT & MANAGEMENT CO., LTD.

(III) Transactions with key management personnel

Key management personnel's remuneration includes:

	2025	2024
Short-term employee benefits	\$ 9,890	9,968
Share-based payment	-	1,170
	\$ 9,890	11,138

VIII. Assets Pledged

The carrying amounts of the assets pledged by the consolidated company as collateral are detailed below:

Name of asset	Asset pledged as collateral	2025.12.31	2024.12.31
Inventory – construction industry	Short-term borrowings and short-term notes payable	\$ 838,024	673,058
Other financial assets -current	Trust account	-	29,836
Investment property	Short-term notes payable	202,000	200,110
		\$ 1,040,024	903,004

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Significant unrecognized commitments:

1. The contracts and commitments not recognized by the consolidated company are as follows:

	2025.12.31	2024.12.31
Signed contracts		
Housing and land sales	\$ -	219,174
Contracts on solar installations and change of land use and relevant development projects	56,500	53,500
Proceeds received		
Housing and land sales	-	93,019
Contracts on solar installations and change of land use and relevant development projects	17,400	13,625

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

2. The contracting by the consolidated company for engineering works of development projects is as follows:

Payables not yet priced as per contract	2025.12.31	2024.12.31
Non-related party	\$ -	247
Related party	-	20,600
	\$ -	20,847

3. The joint development contracts and joint investment and construction contracts signed by the consolidated company and landowners are as follows:

Project name or land lot	Joint construction method	Joint construction deposits paid (construction deposits paid)	
		2025.12.31	2024.12.31
Xinyi Section, Xinyi District	Joint investment in construction and joint construction and allocation of housing units	\$ 5,149	5,149
Meiren Section, Songshan District	Joint investment and construction	-	-
Zhongli Civil Sports Center Section	Joint investment and construction	-	-
Linyi Section, Linkou District	A Joint construction and allocation of housing units	10,000	10,000
Xinzhoumei Section, Beitou District	Joint investment in construction and joint construction and allocation of housing units	-	-
Zhongshan Section, Zhongshan District	Joint investment in construction and joint construction and allocation of housing units	2,765	-
Shitan Section, Neihs District	Joint investment in construction and joint construction and allocation of housing units	-	-
Hwa Ya Section, Guishan District	Joint investment in construction and joint construction and separate sale	24,500	24,500
Zhengyi Section, Zhongshan District	A Joint construction and allocation of housing units	-	-
Zhongli Civil Sports Center Section 2	Joint construction and separate sale	28,000	-
		\$ 70,414	39,649

4. The consolidated company's guarantee notes submitted amounted to NT\$44,500 thousand as of both December 31, 2025 and 2024 for business requirements.

5. The consolidated company leased a parcel of land in Miaoli to a non-related party on November 25, 2021 to install a solar power system. As per the contract, the consolidated company will charge a special business commission fee of NT\$36,000 thousand when the project is completed and will charge a monthly rent at the agreed rate.

X. Major Disaster Loss: None.

XI. Material Events After the Balance Sheet Date: None.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

XII. Others

(I) The statement of employee benefits, depreciation, depletion, and amortization expenses of the year by function is as follows:

By function By nature	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	-	24,817	24,817	-	29,367	29,367
Labor and health insurance	-	1,904	1,904	-	1,799	1,799
Pension	-	1,096	1,096	-	1,151	1,151
Directors' remuneration	-	3,767	3,767	-	3,600	3,600
Other employee benefit expenses	-	1,087	1,087	-	1,505	1,505
Depreciation expense	-	4,514	4,514	3,648	4,434	8,082
Amortization expense	-	-	-	-	21	21

XIII. Additional Disclosures

(I) Information on significant transactions

The material transactions to be disclosed by the consolidated company in 2025 according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to others: None.
2. Endorsements/Guarantees provided to others: None.
3. Significant securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Unit: NTD thousand

Holding company	Type and name of securities	Relations with holding company	Account	End of period				Highest holding or investment during the period	Remarks
				Number of shares	Carrying amount	Shareholding	Fair value		
The Company	Stock - Eastern Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	390,921	6,403	0.58 %	6,403	0.58%	
The Company	Stock - Nexcell Battery Co., Ltd.	-	"	200,000	-	0.20 %	-	0.20%	
The Company	Stock - YAMAY INTERNATIONAL DEVELOPMENT CORP.	-	"	15	-	- %	-	- %	
The Company	Stock - World Join International Ltd.	-	"	547,103	12,726	7.50 %	12,726	7.50%	
The Company	Stock - Shin Kong Real Estate Management Co., Ltd.	-	"	550,000	3,047	1.67 %	3,047	1.67%	
The Company	Stock - Falcon Machine Tools Co., Ltd.	-	Financial assets at fair value through profit or loss -non-current	12,720	228	0.01 %	228	0.01%	

4. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
5. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

6. Business dealings and major transactions between the parent company and subsidiaries:

No.	Name of the counterparty	Counterparty	Relations with the counterparty	Transactions during 2025			
				Item	Amount	Transaction terms and conditions	As % of total revenues or total assets
0	The Company	Better Life Green Energy Technology Co., Ltd.	1	Accounts payable	4,940	Comparable to the industry level	0.25%
1	Better Life Green Energy Technology Co., Ltd.	The Company	2	Other receivables	4,940	Comparable to the industry level	0.25%

Note 1: indication by numbers

1.0: the parent company

2. Subsidiaries numbered from 1

Note 2: indication of the relations with counterparties

1. Parent company to a subsidiary

2. Subsidiary to the parent company

3. Subsidiary to a subsidiary

Note 3: offset for the preparation of consolidated financial statements

(II) Information on investees:

The consolidated company's investees (excluding the investees in China) in 2025 were as follows:

Unit: NTD thousand

Name of the investment company	Investee	Region	Principal business	Initial investment amount		Holdings at the end of period			Highest holding or investment during the period	Profit or loss on investee for the current period	Profit or loss recognized for the current period	Remarks
				End of the current period	Last year	Number of shares	Percentage	Carrying amount				
The Company	Better Life Green Energy Technology Co., Ltd.	Taiwan	Solar energy applications	91,000	91,000	9,100,000	100.00%	8,117	100.00%	(574)	(574)	Subsidiaries
The Company	Better Life Real Estate Co., Ltd.	Taiwan	Marketing agency for the sale of real estate	80,000	80,000	8,000,000	100.00%	14,223	100.00%	(105)	(105)	Subsidiaries
The Company	Better Life Group Travel Service Co., Ltd.	Taiwan	Travel agency	9,000	9,000	-	100.00%	1,687	100.00%	(12)	(12)	Subsidiaries

Note: offset for the preparation of consolidated financial statements

(III) Information on investments in mainland China

1. The name of the investee in mainland China, principal business, and other relevant information:

Unit: NT\$ Thousand / Foreign Currency Thousand

Name of the investee in mainland China	Principal business	Paid-in capital	Investment method	Cumulative investment remitted from Taiwan at the beginning of period	Cumulative amount of investment remitted or recovered in current period		Cumulative outward remittance from Taiwan at the end of current period	Profit or loss on investee for the current period	Shareholding in direct or indirect investment	Highest holding or investment during the period	Investment profit or loss for the period	Carrying amount of investment at the end of period	Cumulative repatriation of investment income at the end of current period
					Outward remitted	Repatriated							
Better Life Jinxia (Xiamen) Tourism Management Service Co., Ltd.	Tourism management service and real estate leasing	38,345 (USD1,220)	(Note 1)	38,345 (Note 2) (USD 1,220)	-	-	38,345 (Note 2) (USD 1,220)	(1,198) (RMB(267))	100.00%	100.00%	(1,198) (Note 3) (RMB(267))	50 (RMB11)	-

Note 1: The investment method used is direct investment in Mainland China.

Note 2: It is translated with the investment amount in subsidiary in the original currency multiplied by the exchange rate at the end of the period.

Note 3: The basis for recognition of investment income and losses is the financial statements audited by CPAs appointed by the parent company in Taiwan.

Note 4: offset for the preparation of consolidated financial statements

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

2. Maximum investment amount in mainland China:

Company name	Cumulative outward remittance for investment in mainland China at the end of current period	Investment amount authorized by Investment Commission, MOEA	Maximum investment amount stipulated by Investment Commission, MOEA
The Company	38,345 (USD1,220)	288,370 (USD9,175)	976,032 (Note 5)

Note 5: Calculation of limit: Net equity of the current period x 60% = NT\$1,626,720 thousand x 60% = NT\$976,032 thousand.

3. Significant transactions with investees in mainland China: None.

XIV. Information on Operating Segments

(I) General information

The consolidated company has two reporting segments described below. These segments are the consolidated company's strategic and operating units. Each strategic and operating unit provides different products and services. They are managed separately because of different techniques and marketing strategies required. The key decision-makers of the consolidated company review the internal management reports of each strategic and operating unit at least on a quarterly basis. The operations of the consolidated company's reporting segments are summarized below:

1. Construction Department: development, construction, letting and sale of residential and other properties
2. Real Estate Agency Department: third-party marketing service for leasing and sale of residential properties

The information and adjustment of the consolidated company's operating segments are as follows:

	2025				
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and elimination	Total
Income					
Income from external customers	\$ 277,015	-	8,000	-	285,015
Inter-department Income	114	-	720	(834)	-
Interest income	7,067	142	20	-	7,229
Total income	<u>\$ 284,196</u>	<u>142</u>	<u>8,740</u>	<u>(834)</u>	<u>292,244</u>
Interest expense	<u>\$ 7,883</u>	-	-	-	<u>7,883</u>
Depreciation and amortization	<u>\$ 4,045</u>	-	<u>469</u>	-	<u>4,514</u>
Share of profit or loss of associates and joint ventures under the equity method	<u>\$ (1,889)</u>	-	-	<u>1,889</u>	-
Earnings before tax of reporting segments	<u>\$ 29,913</u>	<u>(105)</u>	<u>(1,784)</u>	<u>1,889</u>	<u>29,913</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries (continued)

	2024				Total
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and elimination	
Income					
Income from external customers	\$ 621,162	-	4,305	-	625,467
Inter-department Income	114	-	720	(834)	-
Interest income	6,645	71	12	-	6,728
Total income	<u>\$ 627,921</u>	<u>71</u>	<u>5,037</u>	<u>(834)</u>	<u>632,195</u>
Interest expense	<u>\$ 15,475</u>	<u>-</u>	<u>491</u>	<u>-</u>	<u>15,966</u>
Depreciation and amortization	<u>\$ 3,832</u>	<u>-</u>	<u>4,271</u>	<u>-</u>	<u>8,103</u>
Share of profit or loss of associates and joint ventures under the equity method	<u>\$ (6,847)</u>	<u>-</u>	<u>-</u>	<u>6,847</u>	<u>-</u>
Earnings before tax of reporting segments	<u>\$ 311,158</u>	<u>(178)</u>	<u>(6,669)</u>	<u>6,847</u>	<u>311,158</u>

(II) Products and services

Please refer to Note 6 (17) for the consolidated company's products and services that generate income from external customers.

(III) Region

The consolidated company's region information is as follows:

By region	2025	2024
Income from external customers		
Taiwan	\$ 285,015	621,162
China	-	4,305
Total	<u>\$ 285,015</u>	<u>625,467</u>
By region	2025.12.31	2024.12.31
Non-current assets:		
Taiwan	\$ 209,970	207,714
China	-	1,422
Total	<u>\$ 209,970</u>	<u>209,136</u>

(IV) Major customers

	2025.12.31	2024.12.31
Customer A of Construction Department	\$ -	212,018
Customer B of Construction Department	-	202,703
Customer C of Construction Department	-	194,710
Customer D of Construction Department	98,042	-
Customer E of Construction Department	89,320	-
Customer F of Construction Department	40,867	-
Customer J of Construction Department	27,822	-
Total	<u>\$ 256,051</u>	<u>609,431</u>