Formosa International Hotels Corporation

Parent Company Only Financial Statements and

Independent Auditors' Report

2025 and 2024

(Stock Code: 2707)

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Formosa International Hotels Corporation

Parent Company Only Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2025 and 2024

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Independent Auditor's Report

(115)-Letter Reference No. 25005012 issued by the Ministry of Finance (MOF)

To the Formosa International Hotels Corporation,

Opinion

We have audited the accompanying financial statements of Formosa International Hotels Corporation ("the Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, as well as its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of FIH in accordance with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and by forming of our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2025, are stated as follows:

The accuracy of the revenue recognition for hotel and restaurant business

<u>Description of the matter</u>

Regarding the accounting policy for revenue recognition, please refer to Note 4 (ab) of the parent company only financial report; For the explanation of the operating revenue account titles, please refer to Note 6 (s) of the parent company only financial report.

The Company provides services in four business segments: Housekeeping, Food & Beverage, Rental, and Operation Management. Among these, the revenue sources come mainly from hotel and restaurant operations, which constitute its principal business. Due to the significant amounts and the nature of the business, consisting of low unit-price products but a high number of sales transactions, the volume of transactions is substantial. This leads to a higher risk of errors resulting in material misstatement of the parent company only financial statements. Consequently, the accuracy of the revenue recognition for the hotel and restaurant business is identified as a key audit matter.

<u>Audit procedures in response</u>

The procedures that we have conducted in response to the above-mentioned key audit matter are summarized as follows:

1. We understood and tested the effectiveness of the internal control adopted by the Company for its hotel and restaurant operation revenue, including confirmation of consistency between the sales report amount generated from the sales system and the credit entry.
2. We conducted analysis for the various management reports of the hotels and restaurants, including analysis of the hotel occupancy rate and room price, pricing of the food and beverages, number of visitors and average spending and other information. This analysis is for assessment of the reasonableness of the revenue amount arising from hotel and restaurant operation.
3. We conducted substantive tests for the following:
   (1) Cross-checked the customer bills and signing records with the credit entry for accuracy.
   (2) Cross-checked the payment records and the original credit entry to ensure that they match.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including related notes), and whether the parent company only financial statements adequately present related transactions and events.

6. Obtain sufficient appropriate audit evidence of the parent company only financial information within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined an issue that was most significant in the audit of the parent company only financial statements for the year ended December 31, 2025, and is, therefore, the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chin-Lien Huang

Certified Public Accountant

Hsiu-Ling Li

Financial Supervisory Commission
Approved document number: Reference No. 1100348083.
Formerly the Securities & Futures Commission (SFC), Ministry of Finance (MOF).
Approved document number: Reference No. 0960038033

March 9, 2026

Formosa International Hotels Corporation
Parent Company Only Balance Sheet
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	Assets	Note	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (a)	$ 48,712	1	$ 111,057	1
1110	Financial assets at fair value through profit or loss - current	(6) (b)	1,844,892	19	2,142,314	21
1136	Financial assets at amortized cost - current	6 (a) (d) and 8	224,905	2	124,746	1
1150	Notes receivable, net	6 (e)	8,944	-	9,167	-
1170	Account receivable, net	6 (e)	161,137	2	142,531	1
1180	Accounts receivable due from related parties, net.	VII	296	-	213	-
1210	Other receivables due from related parties	VII	2,724	-	2,840	-
1220	Current income tax assets		5,230	-	5,230	-
130X	Inventories	6 (f)	31,099	-	26,632	-
1410	Prepayments		45,010	-	49,196	1
11XX	**Total current assets**		2,372,949	24	2,613,926	25
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current	6 (c)	500	-	500	-
1535	Financial assets at amortized cost - non-current	6 (a) (d) and 8	48,191	1	57,259	1
1550	Investments accounted for using equity method	6 (g)	2,690,235	28	2,692,917	26
1600	Property, plant and equipment	6 (h)	1,378,554	14	1,496,102	14
1755	Right-of-use assets	6 (i)	3,106,169	32	3,437,671	33
1780	Intangible assets	6 (k)	20,923	-	20,923	-
1840	Deferred tax assets	6 (z)	19,766	-	12,546	-
1900	Other non-current assets		86,142	1	84,889	1
15XX	**Total non-current assets**		7,350,480	76	7,802,807	75
1XXX	**Total assets**		$ 9,723,429	100	$ 10,416,733	100

(Continued)

Formosa International Hotels Corporation
Parent Company Only Balance Sheet
December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	Liabilities and Equity	Note	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities					
2130	Contract Liabilities - current	6 (s)	$ 553,030	6	$ 567,757	5
2150	Notes payable	6 (z)	1,889	-	25,391	-
2170	Accounts payable		247,895	2	237,204	2
2200	Other payables	6 (l)	1,076,322	11	994,041	10
2220	Other account payables-related parties	7	1,486	-	2,593	-
2230	Current income tax liabilities		190,115	2	168,883	2
2280	Lease liabilities - current	6 (m)	300,345	3	289,816	3
2300	Other current liabilities		21,545	-	20,315	-
21XX	**Total current liabilities**		2,392,627	24	2,306,000	22
	Non-current liabilities					
2527	Contract liabilities－non-current	6 (s)	6,712	-	9,392	-
2570	Deferred tax liabilities	6 (z)	7,007	-	5,015	-
2580	Lease liabilities - non-current	6 (m)	2,949,479	30	3,260,049	32
2600	Other non-current liabilities	6 (e) (n) (o)	227,619	3	236,157	2
25XX	**Total non-current liabilities**		3,190,817	33	3,510,613	34
2XXX	**Total liabilities**		5,583,444	57	5,816,613	56
	Equity					
	Capital	6 (p)				
3110	Common stock		1,274,032	13	1,274,032	12
	Capital surplus	6 (q)				
3200	Capital surplus		222,383	3	222,383	2
	Retained earnings	6 (r)				
3310	Legal reserve		1,274,032	13	1,274,032	12
3320	Special reserve		189,047	2	292,358	3
3350	Unappropriated earnings		1,461,967	15	1,726,362	17
	Other equity					
3400	Other equity		(281,476)	(3)	(189,047)	(2)
3XXX	**Total equity**		4,139,985	43	4,600,120	44
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant events after reporting period	11				
3X2X	**Total liabilities and equity**		$ 9,723,429	100	$ 10,416,733	100

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan Managerial officer: Wei-Cheng Wu Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)
(Except earnings per share in NT$)

			2025		2024	
	Item	Note	Amount	%	Amount	%
4000	Operating revenue	6 (j) (s) and 7	$ 6,306,548	100	$ 5,894,831	100
5000	Operating costs	6 (f) (n) (x) (y) and 7	(4,188,262)	(67)	(3,961,880)	(67)
5950	Gross profit		2,118,286	33	1,932,951	33
	Operating expenses	6 (f) (n) (x) (y) and 7				
6100	Selling expense		(36,675)	-	(34,841)	(1)
6200	Administrative expense		(363,010)	(6)	(351,420)	(6)
6000	Total operating expenses		(399,685)	(6)	(386,261)	(7)
6900	Operation profit		1,718,601	27	1,546,690	26
	Non-operating income and expenses					
7100	Interest income	6 (b) (d) (t)	18,264	-	18,333	-
7010	Other income	6 (u)	23,388	1	57,912	1
7020	Other gains and losses	6 (b) (v)	13,076	-	24,900	1
7050	Finance cost	6 (i) (w))	(61,541)	(1)	(51,887)	(1)
7070	Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	6 (g)	98,167	2	87,534	2
7000	Total non-operating income and expenses		91,354	2	136,792	3
7900	**Profit before tax**		1,809,955	29	1,683,482	29
7950	Income tax expense	6 (z)	(354,475)	(6)	(337,449)	(6)
8200	**Net income**		$ 1,455,480	23	$ 1,346,033	23
	Other comprehensive income of the current period (net)					
	Items not to be reclassified into profit or loss					
8311	Remeasurement of defined benefit plans	6 (n)	$ 7,900	-	$ 15,905	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items not to be reclassified into profit or loss		157	-	724	-
8349	Income tax relating to items not for reclassifications	6 (z)	(1,580)	-	(3,181)	-
8310	Total for the items not to be reclassified into profit or loss		6,477	-	13,448	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on the translation of financial statements of foreign operations		(92,429)	(1)	103,311	2
8360	Total for the items that may be reclassified subsequently to profit or loss		(92,429)	(1)	103,311	2
8300	**Other comprehensive income of the current period (net)**		($ 85,952)	(1)	$ 116,759	2
8500	**Total comprehensive income**		$ 1,369,528	22	$ 1,462,792	25
	Earning per share	6 (aa)				
9750	Basic earnings per share		$	11.42	$	10.57
9850	Diluted earnings per share		$	11.37	$	10.52

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan　　Managerial officer: Wei-Cheng Wu　　Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

				Retained earnings				
	Note	Common stock	Capital surplus - issued at premium	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Total
2024								
Balance as of January 1, 2024		$ 1,274,032	$ 222,383	$ 1,274,032	$ 271,432	$ 1,837,923	($ 292,358)	$ 4,587,444
Net income		-	-	-	-	1,346,033	-	1,346,033
Other comprehensive income of the current period		-	-	-	-	13,448	103,311	116,759
Total comprehensive income		-	-	-	-	1,359,481	103,311	1,462,792
Appropriations and distributions of 2023 earnings	6 (ab)							
Special reserve		-	-	-	20,926	(20,926)	-	-
Cash dividends		-	-	-	-	(1,450,116)	-	(1,450,116)
Balance as of December 31, 2024		$ 1,274,032	$ 222,383	$ 1,274,032	$ 292,358	$ 1,726,362	($ 189,047)	$ 4,600,120
2025								
Balance as of January 1, 2025		$ 1,274,032	$ 222,383	$ 1,274,032	$ 292,358	$ 1,726,362	($ 189,047)	$ 4,600,120
Net income		-	-	-	-	1,455,480	-	1,455,480
Other comprehensive income of the current period		-	-	-	-	6,477	(92,429)	(85,952)
Total comprehensive income		-	-	-	-	1,461,957	(92,429)	1,369,528
Appropriations and distributions of 2024 earnings	6 (ab)							
Reversal of special reserves		-	-	-	(103,311)	103,311	-	-
Cash dividends		-	-	-	-	(1,829,663)	-	(1,829,663)
Balance as of December 31, 2025		$ 1,274,032	$ 222,383	$ 1,274,032	$ 189,047	$ 1,461,967	($ 281,476)	$ 4,139,985

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan　　Managerial officer: Wei-Cheng Wu　　Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	Note	2025	2024
Cash flows from operating activities			
Income before income tax		$ 1,809,955	$ 1,683,482
Adjusted items			
Adjustments to reconcile profit (loss)			
Net gains on financial assets at fair value through profit or loss	6 (2) (v)	(15,956)	(21,069)
Share of profit or loss of subsidiaries and associates accounted for using equity method	6 (g)	(98,167)	(87,534)
Depreciation expense	6 (h) (i) (x)	587,496	530,620
Business facilities transferred to expenses	6 (h)	24,038	23,538
Transfer of overdue accounts payable to other revenue	6 (u)	(299)	(77)
Interest expense	6 (w)	61,541	51,887
Interest income	6 (t)	(18,264)	(18,333)
Change in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss (FVTPL)		313,378	376,471
Notes receivable		223	5,366
Accounts receivable		(18,606)	48,543
Accounts receivable due from related parties		(83)	1,274
Other receivables due from related parties		116	154
Inventories		(4,467)	(3,877)
Prepayments		4,186	(4,424)
Changes in operating liabilities			
Contract Liabilities - current		(14,727)	25,830
Notes payable		(4,043)	(17,184)
Accounts payable		10,691	11,367
Account payables-related parties		-	(1,306)
Other payables		88,183	(17,192)
Other account payables-related parties		(1,107)	2,025
Other current liabilities		1,230	354
Contract liabilities - non-current		(2,680)	1,163
Accrued pension liabilities		(2,058)	(46)
Other non-current liabilities		-	(853)
Cash inflows generated from operating activities		2,720,580	2,590,179
Interest received		18,264	18,333
Dividends received		8,577	101,999
Interest paid		(61,541)	(51,887)
Income tax paid		(359,510)	(536,431)
Net cash inflows from operating activities		2,326,370	2,122,193

(Continued)

Formosa International Hotels Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	Note	2025	2024
Cash flows from investing activities			
Increase in financial assets at amortized cost - current		($ 470,575)	($ 291,064)
Decrease in financial assets at amortized cost - current		370,416	333,075
Increase in financial assets at amortized cost - non-current		(982)	(2,147)
Decrease in financial assets at amortized cost - non-current		10,050	630
Acquisition of property, plant and equipment	6 (ab)	(155,776)	(361,952)
Increase in refundable deposits		(627)	(3,302)
Decrease in refundable deposits		752	2,892
Increase in prepayments for equipment		(11,658)	(11,906)
Net cash outflow from investing activities		(258,400)	(333,774)
Cash flows from financing activities			
Increase in guarantee deposits received	6 (ac)	6,660	6,123
Decrease in guarantee deposits received	6 (ac)	(5,240)	(4,590)
Payments of lease liabilities	6 (ac)	(302,072)	(275,817)
Dividends paid	6 (r)	(1,829,663)	(1,450,116)
Acquisition of equity in subsidiary	6 (g)	-	(10,000)
Net cash used in financing activities		(2,130,315)	(1,734,400)
Net (decrease) increase in cash and cash equivalents		(62,345)	54,019
Cash and cash equivalents, beginning of the year		111,057	57,038
Cash and cash equivalents, end of the year		$ 48,712	$ 111,057

Please also refer to the parent company only financial statements notes attached at the end which is part of the parent company only financial report.

Chairman: Steven Pan Managerial officer: Wei-Cheng Wu Accounting Officer: Chien-Nan Tsao

Formosa International Hotels Corporation

Notes to Parent Company Only Financial Statements

2025 and 2024

(In Thousands of New Taiwan Dollars)

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(1) Company history

The Formosa International Hotels Corporation (the "Company") was incorporated as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The principal business of the Company engages in the operation of international tourist hotels. The Group also operates Chinese & Western restaurants, cafes, bars, conference halls, and so forth. The company also provides consulting services for hotel management, consultation and diagnostic analysis for various types of leisure industry facilities.

(2) Date and procedure for approving the financial statements

This parent company only financial report was approved for release by the Board of Directors on March 9, 2026.

(3) Application of new and revised standards and interpretations

(a) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") that came into effect as endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC")

New standards, interpretations and amendments endorsed by FSC and effective from 2025 are listed below:

New Standard, Interpretations	Effective date by International Accounting Standards Board (IASB)
Amendments to IAS No. 21, "Lack of Convertibility"	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(b) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

The following table summarizes the standards and interpretations for the new releases, amendments, and revisions of the IFRSs applicable in 2026 as approved by the FSC:

New Standard, Interpretations	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 9 and IFRS 7, “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts for Nature-dependent Electricity”	January 1, 2026
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Annual Improvements to IFRS - Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(c) IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standard, Interpretations	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by the International Accounting Standards Board
IFRS 18, “Presentation and Disclosures of Financial Statements”	January 1, 2027 (Note)
IFRS 19, “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21, “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note: FSC announced in its newsletter dated September 25, 2025 that the International Financial Reporting Standards 18 (referred to as IFRS18) shall be applied to public companies. In addition, if enterprises have the need to apply IFRS18 early, they may choose to apply IFRS18 requirements early after FSC has approved IFRS18.

Except for those stated below, the Company has evaluated that amendments to the above standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

IFRS 18, “Presentation and Disclosures of Financial Statements”

IFRS 18, “Presentation and Disclosures of Financial Statements” replaces IAS 1 and updates the structure of the statement of comprehensive income, adds the disclosure of management performance measurement, and strengthens the use of the summarization and subdivision principles in the main financial statements and notes.

(4) Summary of significant accounting policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Compliance Statement

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

(b) Basis of Preparation

1. Except for the following items, the consolidated parent company only financial statements have been prepared under the historical cost convention:

   1) Financial assets at fair value through profit or loss.

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

   3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note V.

(c) Foreign currency translation

Items included in the Company’s parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars (NT$), which is the Company’s functional presentation currency.

1. Foreign currency and balances

1) Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the profit or loss in the period in which they arise.

2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the spot exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the spot exchange rate prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differed are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

4) All other foreign exchange gains and losses based on the nature of those transactions are in the statement of comprehensive income within “other gains and losses”.

2. Translation from foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1) Assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;

2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of the current period; and

3) All resulting exchange differences are recognized in other comprehensive income.

(d) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:

    1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

    2) Assets held mainly for trading purposes;

    3) Assets that are expected to be realized within twelve months after the reporting period.

    4) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting period.

    All assets that do not meet the abovementioned criteria will be classified as non-current by the Company.

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

    1) Liabilities that are expected to be settled in the normal operating cycle.

    2) Assets held mainly for trading purposes;

    3) Liabilities that are to be settled within twelve months after the reporting period;

    4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date

    All liabilities that do not meet the abovementioned criteria will be classified as non-current by the Company.

(e) Cash equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to known amount in cash. Time deposits that meet the above definition and are held for the operational purpose of meeting short-term cash commitments should be recognized as a cash equivalent.

(f) Financial assets at fair value through profit or loss (FVTPL)

1. Financial assets not measured at amortized cost or at fair value through other comprehensive income.

2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

3. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognized the gain or loss in profit or loss.
4. Dividend income is recognized in profit or loss by the Company, when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in and the amount of the dividends can be measured reliably.

(g) Financial assets at fair value through profit or loss (FVTOCI)

1. The Company may make an irrevocable choice at the time of initial recognition. The fair value change for investments in equity instruments that are not use for trading shall be listed in other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. The Company measures financial assets at fair value plus transaction costs on initial recognition which are subsequently re-measured and stated at fair value. Fair value change for equity instruments shall be recognized in other comprehensive income. During derecognition, the accumulated profit or loss previously recognized under other comprehensive income, subsequently, shall not be re-classified to profit and loss but transferred to retained earnings. Dividends income is recognized in profit or loss by the Company, when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in and the amount of the dividends can be measured reliably.

(h) Financial assets at amortized cost

1. Refer to those that also meet the following criteria:
   1) Financial assets held under the operating model whose objective is to collect the contractual cash flows.
   2) The contractual terms of the financial asset generate cash flows at a specific date that are solely for the purpose of paying the principal and the interest on the outstanding principal amount.
2. Trade date accounting is used for financial assets at amortized cost in accordance with trading practice.
3. Financial assets are measured at their fair value plus transaction costs on initial recognition. Interest income and impairment losses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure, and the gains or losses are recognized in profit or loss when derecognized.

4. The Company holds time deposits that do not meet the definition of cash equivalents. With the short-term nature, the effect of discounting is not significant, so they are measured as an investment.

(i) Accounts and notes receivable

1. Accounts and notes receivable are accounts and notes with unconditional right to receive the consideration for the transfer of goods or services in accordance with contractual agreements.
2. Short-term accounts and notes receivable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(j) Impairment of Financial Assets

At the end of each balance sheet date, for financial assets at amortized cost, an allowance for losses is provided for at the 12-month expected credit loss amount, taking into account all reasonable and probable information (including forward-looking information) for financial assets whose credit risk has not increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the allowance for loss is measured at the expected credit loss over the period of time; for accounts receivable that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the duration.

(k) De-recognition of financial assets

The Company derecognizes financial assets when meeting one of the following conditions:

1. The contractual right to receive the cash flow from the financial asset has expired.
2. The contractual rights to cash flows from financial assets have been transferred, along with the majority of the risks and rewards that were previously associated with ownership of the financial assets.
3. While there has been a transfer of contractual rights to cash flows generated by financial assets, no retention of control over said assets has occurred.

(l) Lease transactions for the lessors - Operating leases

Rental income from operating lease deducted any incentives given to the lessee was recognized as current profit and loss according to straight line method of amortization over the lease term.

(m) Inventories

Inventories are recorded at cost adopting the perpetual inventory system and the cost structure adopting the moving average method. Inventory at the end of the period is valued based on the lower amount between cost or net realizable value. The item by item approach is employed when evaluating the costs and net realizable value. Net realizable value is the balance of the estimated selling price for the normal business process less the estimated cost of sales to complete the sales.

(n) Investments and subsidiaries adopting the equity method.

1. A subsidiary is an entity (including a structured entity) that is controlled by the Company, and the Company controls the entity when the Company is exposed to variable remuneration from its participation in the entity or has rights to such variable remuneration and has the ability to affect such remuneration through its power over the entity.
2. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss accounted after acquiring a subsidiary under current profit or loss and recognizes the share of other comprehensive income under other comprehensive income. If the share of loss recognized by the Company for the subsidiary is equal to or more than the Company's equity for the subsidiary, it shall continue to be recognized as loss in proportion of the shares held by the Company.
4. Any changes to shareholding of the subsidiary that does not result in the loss of controlling interests (and the non-controlling interests for transactions) will be treated as an equity transaction and regarded as a transaction with the proprietor. The difference between the amount of the adjustment to the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
6. On the balance sheet date, the Company performs impairment testing on associates with indications of impairment. The entire carrying amount of the investment (including goodwill) is treated as a single asset by comparing its recoverable amount (the higher of

value in use or fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is included in the carrying amount of the investment. A reversal of an impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

7. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(o) Property, plant and equipment

1. Acquisition cost is the recording basis for property, plant and equipment at the time of acquisition and the related interest is capitalized during the period of purchase and construction.
2. The subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.
3. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. If each property, plant and equipment consist of a significant part, it is recognized in depreciation separately.
4. The Company reviews the depreciation methods, useful lives and residual values at the end of each financial year. If the expected values of residual values and useful lives differ from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in an asset, the change is accounted for in accordance with IAS 8, "Accounting policies, changes in accounting estimates and errors", from the date of the change. The useful life of each asset item is as follows:

Buildings	2 years ~ 43 years
Computers and communication facilities	2 years ~ 7 years

Transportation equipment	5 years
Office equipment	5 years ~ 15 years
Leasehold improvement	3 years ~ 20 years
Other equipment	2 years ~ 20 years

5. Business facilities are listed as actual cost at the time of acquisition. Of which, uniforms and kitchenware are amortized on average 2~3 years. Remaining business facilities are transferred to expenses when there are actual damages occurred.

(p) Lessee's lease transactions - right-of-use assets/lease liabilities

1. On the days the lease assets are provided for use by the Company, these assets are recognized as the right-of-use assets and lease liabilities. When the lease contracts are short-term leases or leases for which the underlying asset is of low value, the lease payments are recognized as expenses during the lease period using the straight-line method.
2. Lease liabilities are recognized at the lease commencement date by discounting outstanding lease payments at the present value of the Company's incremental borrowing rate, with lease payments consisting of:
   1) Fixed rental payment deducts any rental incentive collectible.
   2) Variable lease payments that depend on a particular index or rate.

   Interest expense is provided for under the amortized cost method over the lease period using the interest method of subsequent adoption. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.
3. Right-of-use assets are recognized at cost at the inception date of the lease and the cost consists of:
   1) The original measurement amount of the lease liability;
   2) Any lease payments made on or before the commencement date;
   3) The estimated cost of dismantling, removing and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

   Depreciation expense is provided on the earlier of the expiration of the useful life of the right-of-use asset or the expiration of the lease period, measured subsequently using the cost model. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability.

4. For lease modifications that reduce the scope of a lease, the lessee shall reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between the reduced carrying amount and the re-measurements of the lease liabilities in the profit or loss. For all other lease modifications, the lessee shall make a corresponding adjustment to the right-of-use asset based on the remeasurement of the lease liability.

(q) Intangible assets

The trademark and franchise of the Regent brand in Taiwan are recognized at acquisition cost. As the brand trademark and franchise is regarded as continuing to generate cash inflow in the foreseeable future after evaluation, it is treated as having an indefinite useful life, is not amortized, and an impairment test is to be performed each year on a regular basis.

(r) Other non-current assets

They refer to office ornaments such as the purchases of works of art covering traditional Chinese paintings, print and antique which are recorded as cost. Normally, they are not accounted in depreciation but the costs are write-off during actual disposal.

(s) Impairment of non-financial assets

1. The Company recognized an impairment loss when there is an indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose of. When the circumstance for recognizing impairment loss for an asset in previous year does not exist or reduce, the impairment loss shall be reversed. The increased carrying amount in an asset due to the reversal of impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.
2. The Group shall assess on a regular basis the recoverable amount of intangible assets with uncertain useful life. When the recoverable amount is lower than the carrying amount of the asset, it shall be recognized as impairment loss.

(t) Accounts and notes payable

1. Accounts and notes payable represent debts incurred for the purchase of raw materials, goods or services on credit and notes payable for operating and non-operating purposes.
2. Short-term accounts and notes payable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(u) Derecognition of financial liabilities

A financial liability is derecognized when the contract's obligation is either discharged or canceled or expired.

(v) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, there is a currently legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(w) Provisions for liabilities

Decommissioning liabilities which are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Future operating losses shall not be recognized in provisions.

(x) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.

2. Retirement pension

1) Defined contribution plan

For the defined contribution plan, the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis. Pre-paid contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

2) Defined benefit plan

A. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and subtracting the fair value of plan assets from the present value of the defined benefit obligation as of the end of each balance sheet date. Independent actuaries will calculate the net defined benefit obligation using the projected unit credit method every year. The discount rate is based on the market yields of the government bonds (at the balance sheet date) which is consistent with the currency and period of both the balance sheet date and the defined benefit plan.

B. Re-measurement of defined benefit plans is recognized in other comprehensive income during the period in which it occurs, and is presented in retained earnings.

3. Employees' payroll and bonus payable and director remuneration

Profit sharing remuneration for employees and for directors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If the actual distribution amount differs from the estimated amount in subsequent resolutions, the difference is treated as a change in accounting estimate. The basis for the calculation of shares for the employee remuneration is the closing price of the shares one day before the day of the board resolution.

(y) Income tax

1. Income tax expense is comprised of current and deferred tax. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.

2. The Company has computed the income tax for the current period complying with tax rates that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and where taxable income has incurred. Management regularly evaluates the status of income tax returns with respect to applicable income tax regulations and, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. Additional income tax expense on undistributed earnings is recognized when the actual distribution of earnings is approved by the shareholders in the year following the year in which the earnings are generated.

3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the parent company only balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill is not recognized. The same goes to deferred income tax generated from the initial recognition of assets or liabilities in a transaction (excluding amalgamation of companies) and that the accounting profit or taxable income (tax loss) is not influenced at the time of transaction. Deferred income tax is provided on temporary differences incurred from investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is calculated using the tax

rates (and tax laws) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, if enacted or substantively enacted by the end of each balance sheet date.

4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at the end of each balance sheet date.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle the assets and settle the liabilities on a net basis or simultaneously. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(z) Capital

Common stock is classified as equity. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from equity, net of income tax.

(aa) Dividends

Dividends distributed to the Company's shareholders:

1. Cash dividends are recognized as liabilities when the Board of Directors resolves to distribute the dividends.
2. Stock dividends are recognized in the financial statements when the Company's shareholders' meeting resolves to distribute dividends. Stock dividends to be distributed are recognized as undistributed stock dividends and converted to common shares on the new share issuance record date.

(ab) Revenue

1. The Company mainly provides food and beverage services, guest accommodation, brand licensing, and related services. The excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability.
   1) The food and beverage service is recognized at the point of time when the product is sold to the customer. The transaction price of the sale of goods is collected immediately from customer at the point of time when the customer purchases products.

2) Revenue is recognized for guest accommodation when service is provided to customers within the reporting period. Customers make payments based on agreed schedule.

3) The brand licensing refers to the signing of contract between the Company and customer for the transfer of the Company's brand to the customer for usage. Since licensing can be differentiated, the licensing revenue is determined based on its nature for recognition during the licensing period. The calculation of the variable authorization revenue is based on a certain percentage of the customer's turnover and is subsequently recognized in revenue when sales occurred.

2. Financial components

On the contract signed by the Company and the customer, the time interval between the time the products or services are promised to be transferred to the customer and the customer payment time period has not exceed more than one year. Therefore, the Company has not adjusted transaction price to reflect the time value of money.

(ac) Government grants

Government grants are not recognized at fair value until there is reasonable assurance that the company will comply with conditions attaching to them and that the subsidies will be received. If the nature of the government grants is to compensate the expenses incurred by the Company, such grants shall be recognized as the current profit or loss on a systematic basis during the period in which relevant expenses are incurred.

(5) Major accounting judgments, estimates, and major sources of uncertainty for assumptions

The management has already exercised its judgments in deciding the accounting policy for adoption when the Company prepares this parent company only financial report. Accounting estimations and assumptions are also made for reasonable expectations of future events based on the situation at the time of the balance sheet date. They might be differences between the significant accounting estimations and assumptions made and the actual outcomes. Assessments and adjustments will be made constantly taking into account the historical experiences and other factors. These estimations and assumptions possess risk of resulting in material adjustments to the carrying amount of assets and liabilities in the next fiscal year. Please refer to the explanation below on the uncertainties to critical accounting judgments and significant estimates and assumptions:

(a) Significant judgments in the adoption of accounting policies

None of such situations.

(b) Significant accounting estimates and assumptions

Calculation of net defined benefit liabilities

To calculate the present value of the defined benefit obligations, the Company must use judgment and estimates to determine the relevant actuarial assumptions as of the end of the reporting period, including discount rates and future salary growth rates. Any changes in actuarial assumptions could materially affect the amount of the Company's net defined benefit liabilities obligation. As of December 31, 2025, the carrying amount of the Company's net defined benefit liabilities was NT$27,220.

(6) Description of important accounting items

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	$ 9,315	$ 7,568
Checking accounts	13,170	13,234
Demand deposit	26,227	22,839
Time deposit	-	67,416
Total	$ 48,712	$ 111,057

1. The Company maintains good credit with various financial institutions to divert credit risks. There are low expectations for the likelihood of contract breaches.
2. The bank deposit that the Company has to deposit into the performance guarantee trust account due to the standard contracts for gift certificates as of December 31, 2025 and 2024, are NT$157,959 and NT$124,746, recorded under "Financial assets measured at amortized cost - current". Please refer to Note 6 (d) and 8 for the details.
3. As of December 31, 2025 and 2024, the Company held time deposits that are maturing at more than three months at NT$66,946 and NT$0, recorded under "Financial assets measured at amortized cost - current". Please refer to Note 6 (d) for details.
4. As of December 31, 2025 and 2024, the Company held certificates of deposit - restricted at NT$48,191 and NT$57,259, recorded in "Financial assets measured at amortized cost - non-current". Please refer to Note 6 (d) and 8 for details.

(b) Financial assets measured at fair value through profit or loss - Current

Item	December 31, 2025	December 31, 2024
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 1,840,569	$ 2,134,310
Valuation adjustment	4,323	8,004
Total	$ 1,844,892	$ 2,142,314

1. Financial assets measured at fair value through (loss) profit recognized in profit or loss, their statements are as follows:

Item	2025	2024
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 15,956	$ 21,069
Other interest income	11,915	11,437
Total	$ 27,871	$ 32,506

2. Price risk information relating to financial assets at fair value through profit or loss (FVTPL). Please refer to Note 12 (b).

(c) Financial assets measured at fair value through other comprehensive income - Non-current

Item	December 31, 2025	December 31, 2024
Noncurrent item:		
Equity instruments		
Private company stock	$ 500	$ 500

1. The Company chooses to classify strategic investments as financial assets at fair value through profit or loss. The fair values of these investments as of December 31, 2025 and 2024, are NT$500 for both years.
2. The Company's maximum exposure to credit risk for financial assets at fair value through other comprehensive income, before consideration of associated collateral held or other credit enhancements as of December 31, 2025 and 2024, is NT$500 for both years.
3. Price risk information relating to financial assets at fair value through other comprehensive income, please refer to Note 12 (b).

(d) Financial assets at amortized cost

Item	December 31, 2025	December 31, 2024
Current item:		
Restricted bank deposit - trust gift certificate	$ 157,959	$ 124,746
Time deposits maturing in more than three months	66,946	-
Total	$ 224,905	$ 124,746
Noncurrent item:		
Pledged time certificate of deposit	$ 48,191	$ 57,259

1. Financial assets at amortized cost recognized in profit or loss, their statements are as follows:

	2025	2024
Interest income	$ 3,209	$ 2,700

2. The Company's maximum exposure to credit risk for financial assets at amortized costs, before consideration of associated collateral held or other credit enhancements was NT$273,096 and NT$182,005 as of December 31, 2025 and 2024, respectively.
3. There have been no arrangements of the Company's financial assets at amortized cost pledged to others as collateral, please refer to Note 8.
4. Credit risk information relating to financial assets at amortized cost. Please refer to Note 12 (b). The trading counterparts of the Company's investment on the certificates of deposit are financial institutions of excellent credit. The expected possibility of occurrence of violation is fairly low.

(e) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	$ 8,944	$ 9,167
Accounts receivable	$ 162,323	$ 143,717
Less: Loss allowance	(1,186)	(1,186)
	$ 161,137	$ 142,531

1. Aging analysis of accounts receivables and notes receivables is stated below:

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 162,323	$ 8,944	$ 143,717	$ 9,167

The number of overdue days forms the basis of the aging analysis for the above.

2. As of December 31, 2025 and 2024, and January 1, 2024, the balance for the receivables (including notes receivable) for the contracts between the Company and customers is NT$171,267, NT$152,884, and NT$206,793, respectively.

3. The guarantee deposits for the accounts receivable that the Company held as of December 31, 2025 and 2024, are NT$170,214 and NT$168,794, respectively, recorded in “Other non-current liabilities”.
4. Without considering the collateral or other credit enhancements held, the maximum amount of exposure that best represents the credit risk of the notes receivable of the Company as of December 31, 2025 and 2024, was NT$8,944 and NT$9,167, respectively; the accounts receivable of the Company as of December 31, 2025 and 2024, with the maximum credit risk exposure amounted to NT$161,137 and NT$142,531, respectively.
5. Please refer to Note 12 (b) for the related credit risk information of the notes and accounts receivable.

(f) Inventories

	December 31, 2025	December 31, 2024
Food products	$ 24,292	$ 19,985
Beverages (including alcohol drinks)	6,807	6,647
	$ 31,099	$ 26,632

The cost of inventories recognized in operating costs and operating expenses for 2025 and 2024 are NT$1,144,797 and NT$1,080,625, respectively.

(g) Investments accounted for using equity method

1. Statements of investments in subsidiaries are as below:

	December 31, 2025	December 31, 2024
GRAND FORMOSA TAROKO HOTEL CORPORATION (Grand Formosa Taroko)	$ 222,401	$ 254,192
Silks Palace At National Palace Museum (Silks Palace)	149,440	139,433
Silks International Investment Inc.(Silks)	345,278	346,026
FIHC Property Management Corp. (FIHC Property)	86,116	75,027
Silks Global Holding, Limited (Silks Global)	1,863,931	1,867,744
FIHC Management Consulting Corp. (FIHC Management Consulting)	23,069	10,495
	$ 2,690,235	$ 2,692,917

2. For subsidiaries accounted for using the equity method in 2025 and 2024, the share of profit (loss) recognized in the financial statements audited and verified by the CPAs during the same period is as follows:

Investee	2025	2024
Grand Formosa Taroko	($ 31,948)	($ 35,656)
Silks Palace At National Palace Museum	10,007	(11,941)
Silks	14,800	48,843
FIHC Property	19,220	18,068
Silks Global	73,068	67,725
FIHC Management Consulting	13,020	495
	$ 98,167	$ 87,534

3. For information on the Company's subsidiaries, please refer to the Company's 2025 Consolidated Financial Statements, Note 4 (c).
4. To meet business requirements, the Board approved the establishment of subsidiary FIHC Management Consulting in August 2024. A capital increase of NT$10,000 was carried out for FIHC Management Consulting in August 2024; the establishment registration procedures were completed in September 2024.
5. The dissolution of Silks Premier Hotel Management (Shanghai) Co., Ltd., a subsidiary of Silks, was approved by the Board of Directors in the fourth quarter of 2023, and the relevant procedures were completed on October 23, 2024.
6. FIH Management Limited, a subsidiary of Silks Global, conducted a capital reduction in cash of US$10,000 thousand in June 2024. The related capital reduction procedures were completed on August 20, 2024. In addition, it remitted dividends of US$6,000 thousand in July 2024 to Silks Global, and the remittance procedures have been completed.

   FIH Management Limited, a subsidiary of Silks Global, remitted dividends of US$2,162 thousand in August and September 2025 to Silks Global, and the remittance procedures have been completed. The liquidation was approved by resolution of the Board of Directors in October 2025, and relevant procedures are still in process.

(h) Property, plant and equipment

	Land	Buildings	Computers and communication facilities	Transportation equipment	Office equipment	Business facilities	Leasehold improvement	Others	Uncompleted engineering and equipment to be inspected	Total
January 1, 2025										
Cost	$ 127,057	$ 1,882,117	$ 41,163	$ 6,594	$ 18,986	$ 156,107	$ 457,632	$ 715,914	$ 10,759	$ 3,416,329
Accumulated depreciation	-	(1,289,952)	(15,863)	(2,682)	(10,023)	-	(242,585)	(359,122)	-	(1,920,227)
	$ 127,057	$ 592,165	$ 25,300	$ 3,912	$ 8,963	$ 156,107	$ 215,047	$ 356,792	$ 10,759	$ 1,496,102
2025										
January 1	$ 127,057	$ 592,165	$ 25,300	$ 3,912	$ 8,963	$ 156,107	$ 215,047	$ 356,792	$ 10,759	$ 1,496,102
Additions	-	44,409	5,951	2,970	-	18,912	372	54,168	23,391	150,173
Re-classification	-	4,305	419	6,406	-	3,874	-	16,481	(21,205)	10,280
Depreciation expense	-	(114,685)	(9,992)	(1,704)	(1,613)	-	(25,618)	(100,351)	-	(253,963)
Business facilities transferred to expenses	-	-	-	-	-	(24,038)	-	-	-	(24,038)
December 31	$ 127,057	$ 526,194	$ 21,678	$ 11,584	$ 7,350	$ 154,855	$ 189,801	$ 327,090	$ 12,945	$ 1,378,554
December 31, 2025										
Cost	$ 127,057	$ 1,889,699	$ 41,154	$ 15,970	$ 18,986	$ 154,855	$ 457,706	$ 664,374	$ 12,945	$ 3,382,746
Accumulated depreciation	-	(1,363,505)	(19,476)	(4,386)	(11,636)	-	(267,905)	(337,284)	-	(2,004,192)
	$ 127,057	$ 526,194	$ 21,678	$ 11,584	$ 7,350	$ 154,855	$ 189,801	$ 327,090	$ 12,945	$ 1,378,554

	Land	Buildings	Computers and communication facilities	Transportation equipment	Office equipment	Business facilities	Leasehold improvement	Others	Uncompleted engineering and equipment to be inspected	Total
January 1, 2024										
Cost	$ 127,057	$ 1,781,068	$ 28,072	$ 5,724	$ 17,714	$ 146,147	$ 437,859	$ 644,735	$ 10,653	$ 3,199,029
Accumulated depreciation	-	(1,228,933)	(13,094)	(3,064)	(10,559)	-	(215,655)	(354,431)	-	(1,825,736)
	$ 127,057	$ 552,135	$ 14,978	$ 2,660	$ 7,155	$ 146,147	$ 222,204	$ 290,304	$ 10,653	$ 1,373,293
2024										
January 1	$ 127,057	$ 552,135	$ 14,978	$ 2,660	$ 7,155	$ 146,147	$ 222,204	$ 290,304	$ 10,653	$ 1,373,293
Additions	-	119,393	16,300	-	2,701	29,658	7,249	149,375	42,494	367,170
Re-classification	-	23,231	2,191	2,170	333	3,840	10,598	10,785	(42,388)	10,760
Depreciation expense	-	(102,594)	(8,169)	(918)	(1,226)	-	(25,004)	(93,672)	-	(231,583)
Business facilities transferred to expenses	-	-	-	-	-	(23,538)	-	-	-	(23,538)
December 31	$ 127,057	$ 592,165	$ 25,300	$ 3,912	$ 8,963	$ 156,107	$ 215,047	$ 356,792	$ 10,759	$ 1,496,102
December 31, 2024										
Cost	$ 127,057	$ 1,882,117	$ 41,163	$ 6,594	$ 18,986	$ 156,107	$ 457,632	$ 715,914	$ 10,759	$ 3,416,329
Accumulated depreciation	-	(1,289,952)	(15,863)	(2,682)	(10,023)	-	(242,585)	(359,122)	-	(1,920,227)
	$ 127,057	$ 592,165	$ 25,300	$ 3,912	$ 8,963	$ 156,107	$ 215,047	$ 356,792	$ 10,759	$ 1,496,102

1. Please refer to Note 6 (ab) for the details of the reclassifications in 2025 and 2024.

2. The Company did not capitalize any interest on property, plant, and equipment in 2025 and 2024.

3. For the depreciation and useful life of the Company’s property, plant, and equipment, please refer to explanation in Note 4 (o).

(i) Lease transactions - Lessee

1. Underlying assets of lease by the Company include buildings and operation venue. The lease period is from 1984 to 2044. All lease contracts are negotiated separately and include various terms and conditions. The information on the carrying amount of the Company's right-of-use assets and the depreciation expenses recognized are as follows:

	December 31, 2025	December 31, 2024
	Book value	Book value
Land	$ 670,760	$ 750,888
Building	2,435,409	2,686,783
Total	$ 3,106,169	$ 3,437,671

	2025	2024
	Depreciation expense	Depreciation expense
Land	$ 80,128	$ 80,127
Building	253,405	218,910
Total	$ 333,533	$ 299,037

2. The Company has signed the contract on establishing the rights of superficies with the Taipei City government in 1976. The lease period is counted starting from the date of completion (1984) and registration of the rights of superficies, for a period of 25 years, and extended further for another 25 years for a total of no more than 50 years. During the contract period, the Company shall pay rent to the Taipei City government each year according to a certain percentage of the announced land price. If the agreed rent price is insufficient to cover the land value tax payments to the Taipei City government, adjustments shall be made according to the actual land value tax amount paid each year. When the term expires, the Company shall not arbitrarily dismantle the fixed equipment attached to the building, and shall transfer both the building and the fixed equipment back to the Taipei City government unconditionally.
3. The added right-of-use assets for the Company in 2025 and 2024 are NT$2,031 and NT$1,044,407, respectively.

4. Information on profit and loss item relating to the lease contract is as follows:

	2025	2024
Items with influence to profit and loss for the current period		
Interest expense on lease liabilities	$ 59,754	$ 50,118
Expense on short-term lease contracts	11,330	9,548
Variable lease payments	57,470	47,850

5. The lease cash outflow for the Company in 2025 and 2024 is NT$430,626 and NT$383,333, respectively.
6. Impact of change of lease payment to lease liabilities. Please refer to Note 9 (b) 3.

(j) Lease transactions - Lessor

1. The Company leases various assets including underground stores and parking lots. Rental contracts are typically made for periods ranging from 2020 to 2030. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
2. The profits recognized by the Company from operating lease contracts in 2025 and 2024 are as follows:

	2025	2024
Rental income	$ 284,985	$ 258,632
Rent revenue recognized as variable lease payments	374,188	381,520
	$ 659,173	$ 640,152

3. Analysis on the expiration dates of the lease payments for the operating leases are as follows:

	December 31, 2025	December 31, 2024
Not later than 1 year	$ 296,812	$ 276,378
More than 1 year but less than 2 years	192,278	191,668
More than 2 years but less than 3 years	105,622	149,043
More than 3 years but less than 4 years	45,695	87,861
More than 4 years but less than 5 years	7,236	39,283
More than 5 years	-	6,401
	$ 647,643	$ 750,634

(k) Intangible assets

	Trademark, franchise and brand management rights	
	2025	2024
	Cost	Cost
January 1 and December 31	$ 20,923	$ 20,923

The Company has acquired the Regent trademark and franchise in Taiwan Region in June 2018. Its scope of use is as follows:

1. The Company owns the perpetual license for Regent in the Taiwan region and it is allowed to expand marketing activities for Regent Taiwan overseas. IHG is also allowed to promote Regent business in Taiwan.
2. The Company is not permitted to use the Regent trademark in its overseas marketing, nor for use or licensing of the trademark.
3. The Company can only use the Regent Taipei trademark in related retail marketing channels in Taiwan and overseas.
4. For the name of the Regent domain name, the Company is limited to using only Regent Taiwan.com, Regent Taipei.com or Regentxxxx.com.tw.
5. If the Company has new Regent Hotel establishments in the future, it shall follow the brand standard established by IHG in addition to that of Regent Taipei.

(l) Other payables

	December 31, 2025	December 31, 2024
Collection payable (Note)	$ 395,798	$ 345,454
Salary and wages payable	323,720	308,349
Sales tax payable	46,031	38,681
Advertisement expense payable	40,075	20,609
Equipment payable	27,910	33,513
Insurance expenses payable	24,560	23,518
Cleaning fees payable	18,578	20,217
Property tax payable	16,796	15,270
Utilities expense payable	12,997	12,843
Retirement pension payable	9,821	9,764
Others	160,036	165,823
	$ 1,076,322	$ 994,041

Note: Mainly refers to the collections that need to be paid after opening the invoice on behalf of the tenants of the shopping mall and adjusting the commission amount.

(m) Lease liabilities

Item	December 31, 2025	December 31, 2024
Lease liabilities - current	$ 300,345	$ 289,816
Lease liabilities - non-current	$ 2,949,479	$ 3,260,049

Total amount for the interest expense and cash outflow for the current period, please refer to Note 6 (i).

(n) Retirement pension

1. 1) In accordance with the Labor Standards Act, the Company have a defined benefit retirement plan that applies to all regular employees' years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act after the implementation of the Labor Standards Act for subsequent years of service. For employees who meet the retirement criteria, pension payments are calculated based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service in excess of 15 years, subject to a maximum accumulation limit of 45 bases. The Company deposits a monthly pension fund of 2% of salaries and wages to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of each year, the Company estimate the balance in the dedicated account of the Labor Retirement Reserve. If the balance is not sufficient to pay the aforementioned amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

2) Amounts recognized in the balance sheet are as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	($ 110,453)	($ 114,553)
Fair value of plan assets	83,233	77,375
Net defined benefit liabilities	($ 27,220)	($ 37,178)

3) Changes in the net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2025			
Balance as of January 1	($ 114,553)	$ 77,375	($ 37,178)
Service cost for the current period	(1,457)	-	(1,457)
Interest (expenses) revenues	(1,833)	1,238	(595)
	(117,843)	78,613	(39,230)
Re-measurements:			
Impacts from change in financial assumptions	(1,834)	-	(1,834)
Experience adjustments	3,587	6,147	9,734
	1,753	6,147	7,900
Allocate pensions	-	4,110	4,110
Retirement pension payable	5,637	(5,637)	-
Balance as of December 31	($ 110,453)	$ 83,233	($ 27,220)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2024			
Balance as of January 1	($ 139,550)	$ 86,421	($ 53,129)
Service cost for the current period	(2,227)	-	(2,227)
Interest (expenses) revenues	(1,674)	1,037	(637)
	(143,451)	87,458	(55,993)
Re-measurements:			
Impacts from change in financial assumptions	3,043	-	3,043
Experience adjustments	5,253	7,609	12,862
	8,296	7,609	15,905
Allocate pensions	-	2,910	2,910
Retirement pension payable	20,602	(20,602)	-
Balance as of December 31	($ 114,553)	$ 77,375	($ 37,178)

4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with Article 6 of the "Regulations for Revenues, Expenditures, Safeguarding and Utilization of the Labor Retirement Fund" (i.e. Deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate and its securitization products, and so forth) within the proportion and amount scope of the items established in the annual investment and utilization plan for the fund. Related operations are monitored and supervised by the Labor Pension Fund Supervisory Committee. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank. If there is any deficiency, the national treasury shall make up the deficiency after approval by the competent authority. The Company has no right to participate in managing and operating the fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of the fund's total assets as of December 31, 2025 and 2024, is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

5) Summary of the principal actuarial assumptions used is as follows:

	2025	2024
Discounted rate	1.30%	1.60%
Increase rate of future salaries	3.00%	3.00%

Assumptions regarding the assumptions of future mortality rates for the years ended December 31, 2025 and 2024, were based on the Taiwan Life Insurance Industry Experience Mortality Table, 6th Edition.

The present value of defined benefit obligation is impacted by the change in the main actuarial assumption adopted. Its analysis is as follows:

	Discounted rate		Increase rate of future salaries	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2025				
Effects of present value of defined benefit obligation	($ 6,132)	$ 6,299	$ 5,212	($ 5,105)

	Discounted rate		Increase rate of future salaries	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2024				
Effects of present value of defined benefit obligation	($ 7,330)	$ 7,542	$ 6,379	($ 6,239)

The above sensitivity analysis is performed to analyze the impacts brought about by the change of only one assumption under the situation that other assumptions remain unchanged. In practice, many changes in assumptions are very likely to be correlated. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

6) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026, amount to NT$2,052.

7) As of December 31, 2025, the weighted average duration of the retirement plan is 6 years. Analysis of maturity of pension payment as follows:

In the coming 1 year	$ 25,813
In the coming 2 years	13,636
In the coming 3 years	8,105
In the coming 4 years	7,318
In the coming 5 years	6,569
In the coming 6~10 years	34,635
	$ 96,076

2. 1) Effective July 1, 2005, the Company have a defined contribution pension plan under the Labor Pension Act, which is applicable to the Company's domestic employees. The Company makes monthly contributions of 6% of salary to the employees' personal accounts at the Bureau of Labor Insurance for the employees who choose to be subject to the labor pension scheme under the “Labor Pension Act”. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.

2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024, were NT$58,036 and NT$56,140, respectively.

(o) Other non-current liabilities

	December 31, 2025	December 31, 2024
Net defined benefit liabilities	$ 27,220	$ 37,178
Guarantee deposits received	170,214	168,794
Decommissioning costs	30,185	30,185
	$ 227,619	$ 236,157

1. Details of the net defined benefit liabilities, please refer to Note 6 (n).
2. The guarantee deposits are mainly the collection of lease deposit of the shopping street tenants and the membership storage amount.
3. According to announced policies and applicable contract or regulatory requirements, the Company has obligations for some of its property, plant, and equipment regarding their dismantling, removal or restoring the location. Thus, the costs for their dismantling, removal, or restoration are recognized as provisions for liabilities (decommissioning liabilities).

   Changes to decommissioning costs:

	Decommissioning costs	
	2025	2024
Balance as of January 1	$ 30,185	$ 24,538
Addition during the period	-	6,500
Amount actually paid in the current period	-	(553)
Reclassified to other income in current period	-	(300)
Balance as of December 31	$ 30,185	$ 30,185

(p) Capital

1. As of December 31, 2025, the Company's authorized capital was NT$5,000,000 consisting of 500,000 thousand shares, and the paid-in capital was NT$1,274,032. The par value is NT$10 and may be issued in installments.
2. Adjustments to the number of the Company's outstanding common stock are as follows:

	2025	2024
January 1 and December 31	127,403 thousand shares	127,403 thousand shares

(q) Capital surplus

Pursuant to the Company Act, capital surplus arising from the income derived from the issuance of new shares at a premium and the income from endowments received by the company can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. In addition, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized as mentioned above should not exceed 10% of the paid-in capital each year. The company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(r) Retained earnings

1. Each quarter, when there are earnings after settlement, the following shall be observed for the appropriation of earnings. An estimation shall first be made on the amount of tax payable; accumulated losses shall be paid; the amount for employee and director remuneration shall be estimated; followed by allocating 10% as legal reserve. However, when legal reserve has accumulated to reach the amount of the paid-in capital, this provision does not apply, and special reserve shall be allocated or reversed according to the laws or regulations of competent authority. If there are earnings remaining, the remainder and the earnings from the previous quarter shall become the undistributed amount of shareholders' dividends. The Board will prepare the proposal for earnings distribution. When it is to be distributed in the form of new shares, the matter shall be resolved by the shareholders' meeting. When distributing in the form of cash, the distribution is to be determined by Board meeting resolution.

   If there are earnings for the annual settlement, they have to be allocated for tax payments and make up for the losses from past years. The remainder to be appropriated as follows:

   1) Allocate 10% as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.

   2) When necessary, allocate or reversal of special reserves according to the laws and regulations.

   If there are earnings, its balance plus the accumulated undistributed earnings from the previous quarter shall be proposed by the Board for its appropriation. When the distribution is in issuance of new shares, the proposal shall be resolved by the shareholders' meeting on the distribution. When distribution is in the form of cash, it must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholders' meeting.

In accordance with Article 241 of the Company Act, the Company shall allocate in whole or in parts the legal reserve and capital surplus according to the original shareholders proportion and when distributing new shares or cash, it shall proceed according to the preceding method resolved for distribution.

2. The Company's lifecycle is in a stable growth stage and will observe the changes to the internal and external environment in seek of sustainable operation and long-term development. It will consider the company's future capital expense budget and need while sustaining the stability of dividends distribution. During each quarter and every year, when the Company distributes its cash dividends, it allocates more than 50% of the accumulated distributable earnings as shareholder bonuses. Of which cash dividends must not be lower than 10% of the shareholder bonuses.

3. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

4. 1) The 2023 dividends of NT$1,450,116 were distributed in cash by the Board of Directors' resolution on March 11, 2024. The 2023 earnings distribution proposal on June 13, 2024 was also approved as follows:

	2023	
	Amount	Dividend per share (NT$)
Special reserve	$ 20,926	
Cash dividends	1,450,116	$ 11.3821
Total	$ 1,471,042	

2) The Company's Board of Directors resolved on March 10, 2025 to distribute the 2024 dividends of NT$1,829,663 in cash. The shareholders' meeting approved the 2024 earnings distribution proposal on June 19, 2025 as follows:

	2024	
	Amount	Dividend per share (NT$)
Reversal of special reserves	($ 103,311)	
Cash dividends	1,829,663	$ 14.3612
Total	$ 1,726,352	

3) The 2025 dividends of NT$1,369,534 were distributed in cash by the Board of Directors' resolution on March 9, 2026. The 2025 earnings distribution proposal was also approved as follows:

	2025	
	Amount	Dividend per share (NT$)
Special reserve	$ 92,429	
Cash dividends	1,369,534	$ 10.7496
Total	$ 1,461,963	

The aforesaid 2025 Appropriation of Earnings has not yet been resolved by the shareholders' meeting as of March 9, 2026.

(s) Operating revenue

	2025	2024
Revenue from contracts with customers		
Food and beverage service revenue	$ 3,176,784	$ 2,999,531
Guest-service revenue	2,270,903	2,059,424
Technical service revenue	64,025	70,189
Other service revenue	135,663	125,535
Subtotal	5,647,375	5,254,679
Lease revenue	659,173	640,152
Total	$ 6,306,548	$ 5,894,831

1. Revenue from contracts with customers

The Company's revenue is derived from the provision of products and services which are gradually transferred as time passes and at a certain point in time. The revenue can be sub-divided into the following major product lines and geographical regions:

	Taiwan				
2025	Food and beverage service	Guest-service	Technical service	Other service	Total
Revenue from contracts with customers	$ 3,176,784	$ 2,270,903	$ 64,025	$ 135,663	$ 5,647,375

2024	Taiwan Food and beverage service	Guest-service	Technical service	Other service	Total
Revenue from contracts with customers	$ 2,999,531	$ 2,059,424	$ 70,189	$ 125,535	$ 5,254,679

2. Contract assets and contract liabilities

The Company does not have related contract assets recognized as customer contract revenue. The Company recognized the contract liabilities as follows:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities:			
Contract liabilities – Advance receipts - Current	$ 553,030	$ 567,757	$ 541,927
Contract liabilities – Advance receipts - Non-Current	6,712	9,392	8,229
Total	$ 559,742	$ 577,149	$ 550,156

Contract liabilities at beginning period recognized as revenue in current period

	2025	2024
Contract liabilities balance at beginning of period recognized as revenue in current period		
Advance receipts - Current	$ 330,192	$ 312,201

(t) Interest income

	2025	2024
Other interest income	$ 11,915	$ 11,437
Income of interest from financial assets measured at amortized cost	3,209	2,700
Interest from cash in the bank	3,140	4,196
Total	$ 18,264	$ 18,333

(u) Other income

	2025	2024
Insurance claim income	$ 2,700	$ 19,386
Government grants revenue	2,958	14,868
Transfer of overdue accounts payable to other revenue	299	77
Others	17,431	23,581
Total	$ 23,388	$ 57,912

(v) Other gains and losses

	2025	2024
Net gain on financial assets at fair value through profit or loss	$ 15,956	$ 21,069
Foreign currency exchange gain (loss), net	(2,808)	4,016
Others	(72)	(185)
Total	$ 13,076	$ 24,900

(w) Finance cost

	2025	2024
Interest expense:		
Lease liabilities	$ 59,754	$ 50,118
Others	1,787	1,769
	$ 61,541	$ 51,887

(x) Additional information other than expenses by nature

	2025		
	Cost	Expenses	Total
Employee benefit expense	$ 1,381,473	$ 233,692	$ 1,615,165
Depreciation expense of property, plant and equipment	253,963	-	253,963
Depreciation expense of right-of-use assets	333,533	-	333,533
Other operating costs and operating expenses	2,219,293	165,993	2,385,286
	$ 4,188,262	$ 399,685	$ 4,587,947

	2024		
	Cost	Expenses	Total
Employee benefit expense	$ 1,311,819	$ 226,641	$ 1,538,460
Depreciation expense of property, plant and equipment	231,583	-	231,583
Depreciation expense of right-of-use assets	299,037	-	299,037
Other operating costs and operating expenses	2,119,441	159,620	2,279,061
	$ 3,961,880	$ 386,261	$ 4,348,141

The Company has reclassified the water/electricity/gas costs of certain operating locations from operating expenses to operating costs since 2025, and has simultaneously adjusted the relevant presentation for 2024 to allow comparison with the consolidated financial statements for 2025.

(y) Employee benefit expense

	2025		
	Cost	Expenses	Total
Wages and salaries	$ 1,147,147	$ 178,493	$ 1,325,640
Labor and health insurance fees	112,564	16,443	129,007
Pension costs	52,010	8,078	60,088
Remuneration of Directors	-	13,715	13,715
Other personnel expenses	69,752	16,963	86,715
	$ 1,381,473	$ 233,692	$ 1,615,165

	2024		
	Cost	Expenses	Total
Wages and salaries	$ 1,093,895	$ 173,504	$ 1,267,399
Labor and health insurance fees	106,815	15,854	122,669
Pension costs	50,936	8,068	59,004
Remuneration of Directors	-	13,135	13,135
Other personnel expenses	60,173	16,080	76,253
	$ 1,311,819	$ 226,641	$ 1,538,460

1. According to the Articles of Incorporation, the Company shall allocate 5% of the remaining profits after deduction of losses, if any, as the remuneration of employees and no more than 0.5% as the remuneration of directors. In addition, no less than 40% of the remuneration of employees shall be appropriated as remuneration of entry-level employees.
2. The estimated amounts for the Company's employee remuneration in 2025 and 2024 are NT$95,765 and NT$89,073, respectively. The estimated amounts for directors are NT$9,577 and NT$8,907. The aforementioned amounts are accounted under the wages and salaries title.

   The estimation is based on 5% and 0.5% of the profit situation for the year 2025. The Board has resolved for the actual distribution to be NT$95,765 and NT$9,577, of which the employee remuneration is to be distributed in the form of cash.

   The 2024 employee and director remuneration resolved by the Board of Directors is consistent with the amounts recognized in the 2024 financial statements. The aforementioned employee and director remuneration is distributed in the form of cash and has been distributed on February 6, 2026.

   Related information on the employee and director remuneration passed by the Company's Board of Directors can be obtained from the MOPS website.

(z) Income tax

1. Income tax expense

   1) Components of income tax expense:

	2025	2024
Income tax for current period:		
Income tax generated for the current period	$ 359,791	$ 332,426
Underestimation (overestimation) of income tax of the previous year	1,492	(94)
Total income tax for current period	361,283	332,332
Deferred tax:		
Origin and reversal of temporary differences	(6,808)	5,117
Income tax expense	$ 354,475	$ 337,449

   2) Income tax amount related to other comprehensive income:

	2025	2024
Re-measurement of defined benefit obligation	$ 1,580	$ 3,181

2. Reconciliation between income tax expense and accounting profit

	2025	2024
Income tax calculated based on profit before tax and statutory tax rate	$ 361,991	$ 336,696
Income tax effects of adjusted items under taxation laws	(5,576)	847
Underestimation (overestimation) of income tax for the previous year	1,492	(94)
Changes in the assessment of the realizability of deferred tax assets	(3,432)	-
Income tax expense	$ 354,475	$ 337,449

3. Various deferred tax assets or liabilities amount generated from temporary differences are as follows:

	2025			
	January 1	Included in profit or loss	Recognized to other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Deferred revenue	$ 3,159	($ 416)	$ -	$ 2,743
Setting up superficies	1,436	(100)	-	1,336
Unrealized exchange loss	2,639	550	-	3,189
Other payables	2,720	4,566	-	7,286
IFRS16 Effects of recognition	1,588	289	-	1,877
Unused leave compensation	-	1,733	-	1,733
Others	1,004	598	-	1,602
Subtotal	12,546	7,220	-	19,766
Deferred tax liabilities:				
-Temporary differences:				
Pension liabilities	(5,015)	(412)	(1,580)	(7,007)
Subtotal	(5,015)	(412)	(1,580)	(7,007)
Total	$ 7,531	$ 6,808	($ 1,580)	$ 12,759

	2024			
	January 1	Included in profit or loss	Recognized to other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Deferred revenue	$ 2,973	$ 186	$ -	$ 3,159
Setting up superficies	1,536	(100)	-	1,436
Unrealized exchange loss	3,471	(832)	-	2,639
Other payables	5,825	(3,105)	-	2,720
IFRS16 Effects of recognition	1,342	246	-	1,588
Others	2,507	(1,503)	-	1,004
Subtotal	17,654	(5,108)	-	12,546
Deferred tax liabilities:				
-Temporary differences:				
Pension liabilities	(1,825)	(9)	(3,181)	(5,015)
Subtotal	(1,825)	(9)	(3,181)	(5,015)
Total	$ 15,829	($ 5,117)	($ 3,181)	$ 7,531

4. The Company has not recognized the taxable temporary differences relating to the Company's investments of certain subsidiaries in deferred tax liabilities. As of December 31, 2025 and 2024, the temporary differences amount of the deferred tax liabilities that are unrecognized are NT$774,497 and NT$773,300, respectively.

5. The Company's profit-seeking enterprise income tax has been approved by the tax collection authorities until 2023.

6. To assist taxpayers who were affected by the COVID-19 pandemic, the National Taxation Bureau, Ministry of Finance allowed income tax installment payments for profit-seeking enterprises in 2021. The Company issued checks. As of December 31, 2025 and 2024, the balances were NT$0 and NT$19,459, respectively, and recorded under the "Notes payable".

(aa) Earnings per share

	2025		
	After-tax amount	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Current period net income attributable to common shares shareholders	$ 1,455,480	127,403	$ 11.42
Diluted earnings per share			
Current period net income attributable to common shares shareholders	$ 1,455,480	127,403	
Effect of potential dilutive common stock			
Employee compensation	-	588	
Current period net income plus potential effects of common stock attributable to common stock shareholders	$ 1,455,480	127,991	$ 11.37

	2024		
	After-tax amount	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Current period net income attributable to common shares shareholders	$ 1,346,033	127,403	$ 10.57
Diluted earnings per share			
Current period net income attributable to common shares shareholders	$ 1,346,033	127,403	
Effect of potential dilutive common stock			
Employee compensation	-	551	
Current period net income plus potential effects of common stock attributable to common stock shareholders	$ 1,346,033	127,954	$ 10.52

(ab) Supplementary information on cash flows

1. Only some of the investing activities with cash payments:

	2025	2024
Procurement of property, plant and equipment	$ 150,173	$ 367,170
Add: Accounts payable - equipment, at the beginning of the period	33,513	28,295
Less: Accounts payable - equipment, at the end of the period	(27,910)	(33,513)
Payments in cash for the current period	$ 155,776	$ 361,952

2. Investing activities that have no effect on cash flow:

	2025	2024
Prepayments for equipment reclassified to property, plant, and equipment	$ 10,280	$ 10,760

(ac) Changes in liabilities from financing activities

	2025		
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 168,794	$ 3,549,865	$ 3,718,659
Changes in cash flows from financing activities	1,420	(302,072)	(300,652)
Increase in right-of-use assets	-	2,031	2,031
Discounted and amortized interest expense	-	59,754	59,754
Interest paid	-	(59,754)	(59,754)
December 31	$ 170,214	$ 3,249,824	$ 3,420,038

	2024		
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 167,261	$ 2,793,787	$ 2,961,048
Changes in cash flows from financing activities	1,533	(275,817)	(274,284)
Increase in right-of-use assets	-	1,044,407	1,044,407
Lease liability reassessment	-	(12,512)	(12,512)
Discounted and amortized interest expense	-	50,118	50,118
Interest paid	-	(50,118)	(50,118)
December 31	$ 168,794	$ 3,549,865	$ 3,718,659

(7) Related party transactions

(a) Names and relationships of related parties

Related parties	Relationship with the Company
Grand Formosa Taroko	Subsidiaries
Silks	"
Silks Palace At National Palace Museum	"
FIHC Property	"
Silks Global	"
FIHC Management Consulting	"

(b) Significant transactions with related parties

1. Operating revenue

	2025	2024
Hotel and restaurant service revenue:		
Subsidiaries	$ 589	$ 3,870
Technical service revenue:		
Subsidiaries	1,394	1,920
Lease revenue:		
Subsidiaries	531	421
	$ 2,514	$ 6,211

1) For hotel and restaurant service of the aforesaid transactions of related parties, its transaction price is processed based on general sales criteria and related contracts.

2) For technical service, its transaction price is determined by both parties and with reference to the market price. There have been no significant differences of the aforesaid criteria and transactions of non-related parties.

3) For lease revenue, its rent calculation method is with reference to the market condition for the rent of nearby office buildings and determined by both parties. The lease term is between 1 year and the collection of rent is on a monthly basis as agreed in the lease contract.

2. Accounts receivable

	December 31, 2025	December 31, 2024
Subsidiaries	$ 296	$ 213

1) Receivables from related parties mainly from sales. The receivables are not pledged and interest-bearing. Receivables from related parties are not recognized in loss allowance.

2) Receivables from related parties do not have overdue circumstances as of both December 31, 2025 and 2024.

3. Other receivables

	December 31, 2025	December 31, 2024
Subsidiaries	$ 2,724	$ 2,840

Mainly due to the fact that the Company has signed and entered into management service agreements with the Silks Palace At National Palace Museum Corp. and FIHC Management Consulting since 2008 and 2025, respectively, for management and consulting services, providing the aforementioned subsidiaries with support in accounting, procurement, engineering works and repairs and labor force. The Company subsequently requested reimbursement from said subsidiaries by providing invoices for the related expenses. In 2025 and 2024, the service income (recorded as a deduction from salaries and wages) recognized by the Company for providing human resources support to the aforementioned subsidiaries amounted to NT$11,064 and NT$7,640, respectively.

4. Other payables

	December 31, 2025	December 31, 2024
Subsidiaries	$ 1,486	$ 2,593

These primarily represent amounts payable to subsidiaries for human resources support and collections made on their behalf. In 2025 and 2024, the service costs (recorded as salaries and wages) recognized by the Company for the above human resources support amounted to NT$573 and NT$4,905, respectively.

(c) Key management remuneration information

	2025	2024
Wages and salaries and other short-term employee benefits	$ 40,738	$ 40,733
Post-employment benefits	540	558
Total	$ 41,278	$ 41,291

(8) Mortgage and pledge of assets

Statements of the guarantees provided by the Company's assets:

Asset item	Carrying value December 31, 2025	Carrying value December 31, 2024	Guarantee purpose
Financial assets at amortized cost - current			
Demand deposit	$ 157,959	$ 124,746	Trust account of performance guarantee for standard contracts for gift certificates
Financial assets at amortized cost - non-current			
- Time deposit	45,991	45,010	Performance bond of leased building
- "	2,200	12,249	Guarantee fund for cooperation
Subtotal	48,191	57,259	
Total	$ 206,150	$ 182,005	

(9) Significant contingent liabilities and unrecognized contractual commitments

(a) Contingency

None of such situations.

(b) Commitment

Besides the narration of Note 6 (k), other major commitments are as follows:

1. The Company has signed an agreement providing technical service, entrustment management and franchise for an international five-star rating hotel and hotel construction as follows:

Contract counterparty	Contract subject matter	Period	Service expense calculation and collection method
1) Rong Chiang International Ltd.	Silks Place Yilan	From January 1, 2019 to December 31, 2028, 10 years	Calculate a certain percentage of the operation revenue on a monthly basis

2) Ybh International Ltd.	Just Sleep Kaohsiung Station (front station)	From June 1, 2015 to May 31, 2030, 15 years	"
3) Ybh International Ltd.	Just Sleep Kaohsiung Station (Zhongzheng)	"	"
4) Ybh International Ltd.	Just Sleep Hualien	"	"
5) Silicon Bay Technology Co., Ltd.	Just Sleep Taipei Sanchong	From May 12, 2019 to May 11, 2039, 20 years	Calculate a certain percentage of the operation revenue on a monthly basis
6) Heya Travel Co., Ltd.	Just Sleep Tainan	From May 13, 2021 to May 12, 2041, 20 years	"
7) MINATO CREATE CO., LTD.	JUST SLEEP OSAKA	From March 1, 2023 to February 28, 2033, 10 years	"
8) Hungmao International Development Co., Ltd.	Just Sleep Taipei Kenting	Preparation period	Collect service revenue based on preparation progress
9) Eastern Home Shopping & Leisure Co., Ltd.	Silks X Linkou	"	"
10) Eastern Ocean Hot Spring Hotel Co., Ltd.	Wellspring by Silk	"	"
11) Eastern Home Shopping & Leisure Co., Ltd.	Just Sleep Linkou	"	"
12) MINATO CREATE CO., LTD.	JUST SLEEP OSAKA II	"	"

2. The entrustment contract signed by the Company for entrusted operation management is as follows:

Contract counterparty	Contract subject matter	Period	Service expense and royalties calculation
A	Hostel	Since January 16, 2013 to December 31, 2024, and renewed in August 2023 to December 31, 2034 for a total of 22 years	Since the first day of the test operation until the expiration or termination date of the entrustment operation period, the royalties are paid on a fixed and monthly basis. Additionally, a certain percentage of the operating revenue is used to pay the management royalties.

3. The major contracts for the leasing of shopping malls, hotel and restaurant management are as follows:

Lessor	Lease subject matter	Period	Rent calculation and payment method
1) Wanhwa Enterprise Company	Wanhwa Enterprise Building 5th~9th Floor	Since April 20, 2009 to April 19, 2027, a total of 18 years	Monthly payment of fixed rent, and an increase of 5% every 3 years
2) Cathay Life Insurance Company, Ltd.	Tainan Cathay Plaza	Since March 12, 2014 to March 11, 2034, a total of 20 years	Monthly payment of fixed rent, from the 5th year an increase starting each year according to the contract
3) Company D	No. 8 and 10, Ln. 24, Deyang Rd., Jiaoxi Township, Yilan County, Taiwan	Since November 1, 2013 to October 31, 2033, a total of 20 years	Monthly payment of fixed rent, an increase of 3% starting from the fourth year and every three years afterward. It is calculated by a certain percentage of one of the operating categories.
4) Company E	No. 67, Wenquan Rd., Jiaoxi Township, Yilan County	Since December 15, 2015 to December 14, 2035, a total of 20 years	"

5) Company K	No. 19 and No. 19-1, Quanyuan Rd., Beitou Dist., Taipei City	Since August 25, 2024 to August 24, 2044, a total of 20 years	The rent is fixed monthly and increases by 3% every 5 years
6) Company M	Shopping Mall, No. 303, Lequn 3rd Rd., Zhongshan Dist., Taipei City	Since March 1, 2024 to February 28, 2030, a total of 6 years	Calculation of rent is based on revenue, but guaranteed revenue shall be achieved.

4. Main rental lease contracts signed and entered into by the Company are as follows:

Lessee	Lease subject matter	Period	Rent calculation and collection method
USPACE TECH CO., LTD.	Underground level 4 and 5 of Regent Taipei	Since August 1, 2023 to July 31, 2028, a total of 5 years	Monthly collection of fixed rent. When the lessee raises the parking fees, the rent shall be adjusted according to the proportion of the parking fee raised.

5. The Company has established the five-star “Silks Place Hotel” in Tainan City at the Tainan Cathay Plaza. Thus, the Company signed a lease contract with Cathay Life Insurance Company, Ltd. In accordance with the contract agreement, it applied for a guarantee credit line with Taipei Fubon Bank and submitted a performance bond of NT$45,991 for the period covering March 12, 2025 to March 11, 2026.
6. On the entrustment contract for operations signed by the Company and A, application for a guarantee deposit of NT$10,000 shall be made to Mega International Commercial Bank for contract fulfillment according to the contract. The period is from January 1, 2025 to December 31, 2026.
7. On the lease contract signed by the Company and K, the application of the credit guarantee amount of NT$28,611 shall be made to Mega International Commercial Bank for contract fulfillment according to the contract. The period is from August 25, 2025, to August 24, 2026.
8. Operating lease arrangements

   Please refer to Notes 6 (i), (j) and (m) for details.

(10) <u>Losses from major disasters</u>

None of such situations.

(11) Significant events after reporting period

1. On March 9, 2026, the Company's Board proposed the 2025 appropriation of earnings plan, please refer to Note 6 (u) 4. for the explanations.
2. On March 9, 2026, the Company's Board of Directors proposed to enter into a hotel lease agreement with a related party, Hsin Hua Development Co., Ltd. The estimated right-of-use assets and lease liabilities to be recognized amount to NT$108,246.

(12) Others

(a) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company uses the debt-to-capital ratio to monitor its capital, and such ratio is calculated by dividing the total debt by the total capital.

(b) Financial instruments

1. Financial instruments by category

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,844,892	$ 2,142,314
Financial assets at fair value through profit or loss (FVTOCI)		
Designation option for investments in equity instruments	500	500
Financial assets at amortized cost		
Cash and cash equivalents	48,712	111,057
Financial assets at amortized cost - current	224,905	124,746
Notes receivable	8,944	9,167
Accounts receivable	161,137	142,531
Accounts receivable due from related parties	296	213
Other receivables due from related parties	2,724	2,840
Financial assets at amortized cost - non-current	48,191	57,259
Refundable deposits	78,008	78,133
	$ 2,418,309	$ 2,668,760

Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable	$ 1,889	$ 25,391
Accounts payable	247,895	237,204
Other payables	1,076,322	994,041
Other account payables-related parties	1,486	2,593
Guarantee deposits received	170,214	168,794
	$ 1,497,806	$ 1,428,023
Lease liabilities - current	$ 300,345	$ 289,816
Lease liabilities - non-current	$ 2,949,479	$ 3,260,049

2. Risk management policy

1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Company's overall risk management policy emphasizes the unforeseeable matters of the financial market and seeks to lower the effects from potential disadvantages to the Company's financial position and performance.

2) The Company's Finance Department performs risk management work in compliance with the policy approved by the Board of Directors. The Company's Finance Department works closely with each of the operating Department within the Company to carry out its responsibilities in the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Nature and extend of significant financial risks

1) Market risk

Foreign currency exchange rate risk

A. The Company operates internationally and is exposed to exchange rate risks from transactions involving currencies that differ from the functional currencies of the Company and its subsidiaries', primarily the USD and JPY. Related exchange rate risk derives from commercial transactions and recognized assets and liabilities.

B. The Company engages in businesses that involve several non-functional currencies (NT$ is the functional currency of the Company and some of the subsidiaries, while USD and JPY are the functional currencies of some of the subsidiaries) which are impacted by exchange rate volatilities. The foreign currency assets and liabilities with significant impacts of exchange rate volatilities are as follows:

	December 31, 2025				
	Foreign currency (in thousand)		Currency exchange rate	Carrying amount (NT$)	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NT$	$	2,130	31.43	$	66,946
Non-monetary items					
USD: NT$		59,304	31.43		1,863,931
JPY: NT$		1,719,512	0.2008		345,278

	December 31, 2024				
	Foreign currency (in thousand)		Currency exchange rate	Carrying amount (NT$)	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NT$	$	2,056	32.79	$	67,416
Non-monetary items					
USD: NT$		56,961	32.79		1,867,744
JPY: NT$		1,648,528	0.2099		346,026

C. For the Company’s monetary items, foreign currency exchange rate volatility has cast a significant impact on the 2025 and 2024 aggregate exchange rate gains (losses) (inclusive of those realized and unrealized) recognized. The aggregate amounts are (NT$2,808) and NT$4,016.

D. Analysis of foreign currency market risks due to effects from significant exchange rate fluctuations as below:

	2025			
	Sensitivity analysis			
	Range of variation	Effects on profit and loss		Effects to other comprehensive income
(Foreign currency: Functional currency)				
Financial assets				
Monetary items				
USD: NT$	1%	$	669	$ -
Non-monetary items				
USD: NT$	1%		-	18,639
JPY: NT$	1%		-	3,453

	2024			
	Sensitivity analysis			
	Range of variation	Effects on profit and loss		Effects to other comprehensive income
(Foreign currency: Functional currency)				
Financial assets				
Monetary items				
USD: NT$	1%	$	674	$ -
Non-monetary items				
USD: NT$	1%		-	18,677
JPY: NT$	1%		-	3,460

Price risks

A. The Company's debt and equity instruments exposed to price risk are accounted for in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of debt and equity instrument investment, the Company diversifies its investment portfolio. The diversification method is based on the limit set by the Company.

B. The Company mainly invests in domestic open-ended funds and closed-end funds. The prices of these debt instruments are affected by the uncertainty of the future value of investment subject matters. If the prices of debt instrument had increased or decreased by 1% with all other variables held constant, net income before taxes from debt instruments at fair value through profit or loss for 2025 and 2024, would have increased/decreased by NT$18,449 and NT$21,423, respectively; other comprehensive income classified as equity instruments at fair value through other comprehensive income would have increased/decreased by NT$5.

2) Credit risk

A. The Company's credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk mainly arises when counterparties are unable to fulfill repayment obligations according to the payment terms. This applies to financial assets measured at amortized cost and liability instruments measured at fair value through profit or loss.

B. The Company builds credit risk management from the company perspectives. Only banks and financial institutions having a rating of "A" level by the independent ratings can become a counterparty in the dealings. According to the internal credit policy, each of the operating unit within the Company shall conduct management and credit risk analysis for each new customer before forming the terms and conditions for the payments and goods delivery. Internal risk control assesses the credit quality of the customers by taking into account its financial position, past experiences and other factors. The limits of individual risks are established by the Board of Directors based on the internal and external rating, and are applied for the regular monitoring of the credit facilities.

C. The Company adopts the premise provided by IFRS 9. When the contractual payments are overdue by more than 90 days, it is deemed a breach of contract.

D. The Company adopts the provisions of IFRS 9 and provides the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition:

When the contractual payments overdue from the payment terms for more than 30 days, the credit risks of the financial assets are deemed to have increased significantly since the initial recognition.

E. The Company applies the simplified approach to the account receivables based on the characteristics of the customers according to the customer ratings and customer type for estimation of the expected credit losses using the loss ratio method as the basis.

F. The indicators used by the Company to determine the credit impairment of debt instrument investment are as follows:

(A) The likelihood of the issuer facing major financial difficulty, or entering bankruptcy or other financial restructuring increases significantly;

(B) An active market for the financial asset disappears due to the issuer’s financial difficulty;

(C) The issuer delays or fails to pay interest or principal;

(D) Changes in national or regional economic conditions related to the issuer’s default are caused.

G. The Company incorporates the business observation report of the Taiwan Institute of Economic Research (TIER) for future forward-looking considerations to estimate the allowance for losses on accounts receivable of customers based on the loss rate of historical and current information for a specific period. The Company’s expected loss rate for accounts receivable that were due and undue as of December 31, 2025 and 2024, are not significant.

H. The amount of the loss allowance for accounts receivable adopted by the Company was immaterial and therefore not recognized in 2025 and 2024.

I. The Company's financial assets measured at amortized cost are trust gift certificate bank deposits, time deposits with maturities of more than three months, and pledged time deposits. Due to the sound credit quality of our counterparty financial institutions, and the Company's diversification of credit risk through relationships with multiple financial institutions, the probability of default is considered to be very low.

3) Liquidity risk

A. The cash flow projection is performed by every individual operation unit within the Company and compiled by the Finance Department of the Company. The Company’s Finance Department monitors the projections for the company’s needs of funds to ensure that there is sufficient funding to support operating requirements. Such projections take into consideration the financial percentage targets of internal balance sheet and external regulatory requirements.

B. When the remaining cash held by all operating units exceed the amount needed for the management of the operating funds, the remaining capital shall be invested in the saving deposit with interest, time deposit, currency market, and securities. The chosen instruments have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2025 and 2024, the Company held currency market positions amounting to NT$1,938,065 and NT$2,232,569, respectively. These positions are expected to immediately generate cash flows to manage liquidity risk.

C. Statements for the unused loan amounts are as follows:

	December 31, 2025	December 31, 2024
Within 1 year	$ 1,911,496	$ 1,703,902

D. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings, non-derivative financial liabilities are based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

Non-derivative financial liabilities:

December 31, 2025	Within 1 year	1 to 2 years	2 years and above
Notes payable	$ 1,889	$ -	$ -
Accounts payable	247,895	-	-
Other payables	1,076,322	-	-
Other payables - Related parties	1,486	-	-
Lease liabilities (current and non-current) (Note)	354,777	343,158	2,901,225
Guarantee deposits received	-	34,594	135,620

Non-derivative financial liabilities:

December 31, 2024	Within 1 year	1 to 2 years	2 years and above
Notes payable	$ 25,391	$ -	$ -
Accounts payable	237,204	-	-
Other payables	994,041	-	-
Other payables - Related parties	2,593	-	-
Lease liabilities (current and non-current) (Note)	349,557	365,433	3,243,937
Guarantee deposits received	-	49,782	119,012

Note: The amount includes estimated future interest payments.

(c) Fair value information

1. The different levels of the valuation techniques used to measure fair value of financial and non-financial instruments have been defined as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of the beneficiary certificates from the Company's investments included.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the asset or liability. Unobservable inputs for the asset or liability. The Company's investment in equity instruments without active is included in Level 3.

2. The Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables from related parties, financial assets at amortized cost, guarantee deposits, notes payable, accounts payable, other payables (including to related parties), and guarantee deposits received) have book values that reasonably approximate their fair values.

3. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

   1) Related information on classifications based on the nature of the Company's assets:

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement disclosures				
Financial assets at fair value through profit or loss (FVTPL)				
Beneficiary certificates	$ 1,844,892	$ -	$ -	$ 1,844,892
Financial assets at fair value through profit or loss (FVTOCI)				
Equity securities	$ -	$ -	$ 500	$ 500

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement disclosures				
Financial assets at fair value through profit or loss (FVTPL)				
Beneficiary certificates	$ 2,142,314	$ -	$ -	$ 2,142,314
Financial assets at fair value through profit or loss (FVTOCI)				
Equity securities	$ -	$ -	$ 500	$ 500

2) The methods and assumptions the Company used to measure fair value are as follows:

A. The Company used market quoted prices as their fair values (i.e. Level 1), which are listed below according to the characteristics of the instruments:

	Close-end funds	Open-end funds
Quoted market price	Closing price	Net worth

B. Except for above financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

C. When assessing non-standard and low-complexity financial instruments, for example, debt instrument for which no active market exists, interest rate swap contracts, foreign exchange swap contracts, and option, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

D. The output of valuation model is an estimated value and the valuation technique may not be able to reflect all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model would be adjusted accordingly with additional parameters, such as model risk or liquidity risk. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, the management believes that adjustment to valuation is appropriate and necessary in order to reasonably represent the fair value of financial and non-financial instruments in the parent company only balance sheet. The parameters and pricing information used during valuation are carefully assessed and appropriate adjustments are made based on current market conditions.

E. Since the amount for the equity securities of financial assets at fair value through profit or loss (FVTOCI) is not significant, the amount is measured at initial investment cost.

4. There was no transfer between levels 1 and 2 in 2025 and 2024.
5. There was no transfer in or out of Level 3 in 2025 and 2024.

(13) Disclosures in Notes

(a) Information About Significant Transactions

1. Lending of funds to others: None of such situations.
2. Provision of endorsements and guarantees to others: None of such situations.
3. Holding of major securities at the end of the period (not including subsidiaries, associates and joint venture interests): Please refer to Table 1.
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.
6. Business relationships and material transactions between parent company and subsidiaries: None.

(b) Related information about reinvestment business

Related information on the investee companies including name and location (investee companies in Mainland China excluded): Please refer to Table 2.

(c) Information on Investments in Mainland China

1. Basic Information: None.

2. Significant transaction matters incurred for businesses in third area and investee companies in Mainland China through reinvestments, directly or indirectly controlled by the company: None of such situations.

(14) Operating segments information

Not applicable.

Formosa International Hotels Corporation and Subsidiaries
Holding of major securities at the end of the period (not including subsidiaries, associates and joint venture interests)
December 31, 2025

Table 1

(In Thousands of New Taiwan Dollars)

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of company held	Type and Name of Marketable Securities (Note 1)	Relationship with the securities issuer (Note 2)	Account title	At end of period: Number of units	At end of period: Book value (Note 3)	At end of period: Ownership held by the Company	At end of period: Fair value	Remark (Note 4)
Formosa International Hotels Corporation	Share List of Centenary International Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income - Non-current	-	$ 500	-	$ 500	
	Millerful R1 Real Estate Investment Trust	-	Financial assets measured at fair value through profit or loss - Current	41,759,952	$ 418,852	-	$ 418,852	
	Federal Money Market Fund	-	"	19,793,575	276,544	-	276,544	
	FUBON CHI-HSIANG MONEY MARKET FUND	-	"	13,608,988	225,627	-	225,627	
	CAPITAL MONEY MARKET FUND	-	"	11,722,907	200,149	-	200,149	
	Yuanta Wan Tai Money Market Fund	-	"	12,392,400	198,271	-	198,271	
	Yuanta De- Bao Money Market Fund	-	"	15,540,701	197,406	-	197,406	
	Fubon Money Market Fund	-	"	9,393,193	147,555	-	147,555	
	Yuanta De-Li Money Market Fund	-	"	7,550,190	130,236	-	130,236	
	Shin Kong Chi-Shin Money-Market Fund	-	"	3,070,631	50,252	-	50,252	
					$ 1,844,892		$1,844,892	
Silks Palace At National Palace Museum Corp.	Eastspring Investments Well Pool Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	1,304,008	$ 18,704	-	$ 18,704	
	Shin Kong Chi-Shin Money-Market Fund	-	"	833,110	13,634	-	13,634	
	Yuanta De- Bao Money Market Fund	-	"	1,032,409	13,114	-	13,114	
	Yuanta De-Li Money Market Fund	-	"	754,345	13,012	-	13,012	
					$ 58,464		$ 58,464	
FIHC Property Management Corp.	Millerful R1 Real Estate Investment Trust	-	Financial assets measured at fair value through profit or loss - Current	14,508,481	$ 145,520	-	$ 145,520	Note 5
	Federal Money Market Fund	-	"	3,878,357	54,186	-	54,186	
					$ 199,706		$ 199,706	
FIHC Management Consulting Corp.	Yuanta Wan Tai Money Market Fund	-	Financial assets measured at fair value through profit or loss - Current	1,285,124	$ 20,562	-	$ 20,562	

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the aforementioned items within the scope of IFRS 9, “Financial Instruments”.

Note 2: If the securities issuer is not a related party, this field can be omitted.

Note 3: For the book value measured at fair value, please fill in Column B the book balance after adjustment for fair value evaluation and deducting the accumulated impairment amount; for book value not measured at fair value, please fill in Column B the book balance by taking the original acquisition cost or post-amortization cost and deducting the accumulated impairment.

Note 4: The number of shares provided as collateral or pledges, the amount of collateral or pledges, and the restriction of use shall be indicated in the remark column of the listed marketable securities that are restricted due to provision of collateral, pledge of loans, or other agreements.

Note 5: Pledged 14,467,000 units for short-term borrowings, amounting to NT$144,911.

Formosa International Hotels Corporation and Subsidiaries
Related information on the investee companies including name and location (investee companies in Mainland China excluded)
January 1 to December 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Investor	Name of investee company	Location	Main business activities	Initial investment amount: End of current period	Initial investment amount: End of last year	Shares held at end of period: Number of shares	Shares held at end of period: Ratio	Shares held at end of period: Book value	Income of the investee company for the current period	Investment income (loss) recognized by the Company for the current period	Remark
Formosa International Hotels Corporation	Grand Formosa Taroko Hotel Corporation	Taiwan	Management consulting for hotel operations and tourism and entertainment businesses	$ 342,473	$ 342,473	24,897,933	55	$ 222,401	($ 58,092)	($ 31,948)	Subsidiary of the Company
Formosa International Hotels Corporation	Silks Palace At National Palace Museum Corp.	Taiwan	F&B business	221,000	221,000	20,122,076	100	149,440	10,007	10,007	Subsidiary of the Company
Formosa International Hotels Corporation	Silks International Investment Inc.	British Virgin Islands	Investment	23,899	23,899	185	100	345,278	14,800	14,800	Subsidiary of the Company
Formosa International Hotels Corporation	FIHC Property Management Corp.	Taiwan	Real estate management services	10,000	10,000	1,000,200	50.01	86,116	38,433	19,220	Subsidiary of the Company
Formosa International Hotels Corporation	Silks Global Holding, Limited	British Virgin Islands	Investment	1,171,553	1,171,553	11,838,820	100	1,863,931	73,068	73,068	Subsidiary of the Company
Formosa International Hotels Corporation	FIHC Management Consulting Corp.	Taiwan	Managed services	10,000	10,000	1,000,000	100	23,069	13,020	13,020	Subsidiary of the Company
Silks Global Holding, Limited	Silks Hospitality (BVI) Limited	British Virgin Islands	Investment	181,193	181,193	1,000	100	2,829	17	Note 1	Subsidiaries of the Company
Silks Global Holding, Limited	Silks Residences Limited	United States	Investment	-	-	1	100	18,327	2,122	"	Subsidiaries of the Company
Silks Global Holding, Limited	FIH Management Limited	Hong Kong	Hotel business management	37,385	37,385	251,046,449	100	1,143,628	42,092	"	Subsidiaries of the Company (Note 2)
FIH Management Limited	Regent Hospitality Worldwide, Inc.	Cayman Islands	Trademark registration	251,646	251,646	7,942,900	49	1,143,628	90,476	"	Investment under equity method
Silks Hospitality (BVI) Limited	Silks Hospitality, LLC	United States	Cruise ship trademark business	-	-	-	100	2,387	18	"	Third-tier subsidiary of the Company

Note 1: The profit and loss of the investee company has been included in its investing company's. It shall not be expressed separately again to avoid confusion.
Note 2: The liquidation of FIH Management Limited was approved by the Board of Directors in October 2025, and relevant procedures are still in process.

Formosa International Hotels Corporation
Statement of Cash and Cash Equivalents
December 31, 2025

Statement 1 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remark
Cash on hand		$ 9,315	
Cash in banks			
- Checking accounts		13,170	
- Demand deposit	Including EUR 3 thousands, the exchange rate is 36.90	26,227	
		$ 48,712	

Formosa International Hotels Corporation
Statement of Current Financial Assets Measured at Fair Value Through Profit or Loss
December 31, 2025

Statement 2 (In Thousands of New Taiwan Dollars)

Names of financial instruments	Summary	Number of shares/lots	Face value	Total amount	Interest rate	Acquisition cost	Fair value Unit Price (NT$)	Fair value Total amount	Changes in fair value attributable to credit risk	Remark
Millerful R1 Real Estate Investment Trust	-	41,759,952	$ -	$ 417,600	-	$ 417,600	$ 10.0300	$ 418,852	-	
Federal Money Market Fund	-	19,793,575	-	275,629	-	275,629	13.9714	276,544	-	
FUBON CHI-HSIANG MONEY MARKET FUND	-	13,608,988	-	225,130	-	225,130	16.5793	225,627	-	
CAPITAL MONEY MARKET FUND	-	11,722,907	-	200,000	-	200,000	17.0733	200,149	-	
Yuanta Wan Tai Money Market Fund	-	12,392,400	-	198,000	-	198,000	15.9994	198,271	-	
Yuanta De- Bao Money Market Fund	-	15,540,701	-	197,210	-	197,210	12.7025	197,406	-	
Fubon Money Market Fund	-	9,393,193	-	147,000	-	147,000	15.7087	147,555	-	
Yuanta De-Li Money Market Fund	-	7,550,190	-	130,000	-	130,000	17.2494	130,236	-	
Shin Kong Chi-Shin Money-Market Fund	-	3,070,631	-	50,000	-	50,000	16.3654	50,252	-	
Subtotal						1,840,569		$ 1,844,892		
Add: Adjustment to valuation of financial assets measured at fair value through profit or loss - current						4,323				
Total						$ 1,844,892				

Note 1: The names of financial instruments should be itemized by type, including stocks, corporate bonds, government bonds, and other marketable securities.
Note 2: The interest payment and principal repayment dates for corporate bonds and government bonds should be specified in the summary field.
Note 3: In accordance with Paragraph 9 of IFRS 7 “Financial Instruments: Disclosures”, when an entity designates a financial asset that should have been measured at amortized cost, or a debt instrument investment measured at fair value through other comprehensive income, as measured at fair value through profit or loss, it shall disclose the amount of fair value changes attributable to changes in credit risk.

Formosa International Hotels Corporation
Statement of Accounts Receivable
December 31, 2025

Statement 3 (In Thousands of New Taiwan Dollars)

Customer Name	Summary	Amount	Remark
Company U		$ 27,355	
Company V		10,271	
Other sporadic clients		124,697	The balance of any sporadic client has not exceeded 5% of this account title.
		162,323	
Less: Loss allowance		(1,186)	
		$ 161,137	

Formosa International Hotels Corporation
Statement of Changes in Investment Accounted for Under Equity Method
January 1, 2025, to December 31, 2025

Statement 4

(In Thousands of New Taiwan Dollars)

Name	Opening balance: Shares (shares in thousands)	Opening balance: Amount	Increase in current period: Shares (shares in thousands)	Increase in current period: Amount	Decrease in current period: Shares (shares in thousands)	Decrease in current period: Amount	Closing balance: Shares (shares in thousands)	Closing balance: Ownership held by the Company	Closing balance: Amount	Market value or net worth: Unit Price (NT$)	Market value or net worth: Gross price	Valuation basis	Pledge or collateral	Remark
Grand Formosa Taroko Hotel Corporation	24,898	$ 254,192	-	$ 157	-	($ 31,948)	24,898	55%	$ 222,401	8.93	$ 222,401	Equity method	None	
Silks Palace At National Palace Museum Corp.	20,122	139,433	-	10,007	-	-	20,122	100%	149,440	7.43	149,440	〃	〃	
Silks International Investment Inc.	-	346,026	-	14,800	-	(15,548)	-	100%	345,278	-	345,278	〃	〃	
FIHC Property Management Corp.	1,000	75,027	-	19,220	-	(8,131)	1,000	50.01%	86,116	86.12	86,116	〃	〃	
Silks Global Holding, Limited	11,838	1,867,744	-	73,068	-	(76,881)	11,838	100%	1,863,931	157.45	1,863,931	〃	〃	
FIHC Management Consulting Co., Ltd.	1,000	10,495	-	13,020	-	(446)	1,000	100%	23,069	23.07	23,069	〃	〃	
		$ 2,692,917		$ 130,272		($ 132,954)			$ 2,690,235		$ 2,690,235			

Note 1: Increase in current period includes:
(I) Share of subsidiaries accounted for using the equity method.
(II) Recognized as adjustment items for shareholder equity of subsidiaries.
(III) Currency exchange differences on the translation of financial statements.

Note 2: Decrease in current period is:
(I) Share of subsidiaries accounted for using the equity method.
(II) FIHC Property Management Corporation and FIHC Management Consulting distributing cash dividends at NT$8,131 and NT$446, respectively.
(III) Currency exchange differences on the translation of financial statements.

Formosa International Hotels Corporation
Statement of changes in right-of-use assets and accumulated depreciation
January 1, 2025, to December 31, 2025

Statement 5 (In Thousands of New Taiwan Dollars)

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Remark
Cost					
Land	$ 1,231,653	$ -	$ -	$ 1,231,653	
Building	3,841,584	2,031	(1,793)	3,841,822	
	5,073,237	2,031	(1,793)	5,073,475	
Accumulated depreciation					
Land	(480,765)	(80,128)	-	(560,893)	
Building	(1,154,801)	(253,405)	1,793	(1,406,413)	
	(1,635,566)	($ 333,533)	$ 1,793	(1,967,306)	
	$ 3,437,671			$ 3,106,169	

Formosa International Hotels Corporation
Statement of Accounts Payable
December 31, 2025

Statement 6 (In Thousands of New Taiwan Dollars)

Customer Name	Summary	Amount	Remark
Company N		$ 26,522	
Company O		15,021	
Other sporadic clients		206,352	The balance of any sporadic client has not exceeded 5% of this account title.
		$ 247,895	

Formosa International Hotels Corporation
Statement of Lease Liabilities
December 31, 2025

Statement 7 (In Thousands of New Taiwan Dollars)

Item	Summary	Lease term	Discounted rate	Amount	Remark
Land		1984/5/11~2034/5/10	1.90%	$ 650,524	
Building		2009/4/20~2044/8/24	0.96%~1.93%	2,599,300	
Subtotal				3,249,824	
Less: Lease liabilities maturing within one year				(300,345)	
Total				$ 2,949,479	

Formosa International Hotels Corporation
Statement of Operating Revenue
January 1, 2025, to December 31, 2025

Statement 8 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remark
Hotel and restaurant service revenue			
Food and beverage revenue		$ 3,176,784	
Guestrooms revenue		2,270,903	
Gym club revenue		46,175	
Guestroom delivery revenue		5,698	
Guestroom laundry revenue		6,418	
Telephone revenue		99	
Other income		77,273	
Subtotal		5,583,350	
Lease revenue		659,173	
Technical service revenue		64,025	
Total		$ 6,306,548	

Formosa International Hotels Corporation
Statement of Operating Cost
January 1, 2025, to December 31, 2025

Statement 9 (In Thousands of New Taiwan Dollars)

Item	Amount
Hotel and restaurant service cost	
Food and beverage cost	
Beginning inventory	$ 26,632
Add: Current purchase	1,149,264
Less: Ending inventory	(31,099)
	1,144,797
Less: Inventory transferred to other cost and expense	
- Entertainment	(11,066)
- Food Stipend	(3,747)
- Guest supplies	(117,515)
- Others	(22,979)
	989,490
Guestroom cost	1,542,419
Telephone cost	11
Other hotel and restaurant service cost	1,405,153
	3,937,073
Cost of technical services	38,936
Lease cost	212,253
Total	$ 4,188,262

Formosa International Hotels Corporation
Statement of Selling Expenses
January 1, 2025, to December 31, 2025

Statement 10 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remark
Salary and wages		$ 15,108	
Advertisement		11,018	
Entertainment		2,612	
Other expenses		7,937	
		$ 36,675	

Formosa International Hotels Corporation
Statement of Administrative and General Affairs Expenses
January 1, 2025, to December 31, 2025

Statement 11 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remark
Salary and wages		$ 163,385	
Credit card commission		96,738	
Insurance		19,526	
Other expenses		83,361	
		$ 363,010	

Formosa International Hotels Corporation
Summary Statement of Current Period Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function
January 1, 2025, to December 31, 2025

Statement 12 (In Thousands of New Taiwan Dollars)

Function / Nature	2025 Classified as operating cost	2025 Classified as operating expenses	2025 Total	2024 Classified as operating cost	2024 Classified as operating expenses	2024 Total
Employee benefit expense						
Wages and salaries	1,147,147	178,493	1,325,640	1,093,895	173,504	1,267,399
Labor and health insurance fees	112,564	16,443	129,007	106,815	15,854	122,669
Pension costs	52,010	8,078	60,088	50,936	8,068	59,004
Remuneration of Directors	-	13,715	13,715	-	13,135	13,135
Other employee benefit expense	69,752	16,963	86,715	60,173	16,080	76,253
Depreciation expense	587,496	-	587,496	530,620	-	530,620

Note:

I. The number of employees for the current year and the previous year are 2,029 and 1,948, respectively, of which 9 directors are not employees.

II. For companies that have issued stocks that is listed in Taiwan Stock Exchange Corporation (TWSE) or traded in Taipei Exchange shall disclose additional information as follows:

1. The average employee benefits expense for the current period is NT$793 (which is calculated as “(total amount of current employee benefits expense - total amount of directors’ remuneration) / (number of employees for the current period - number of directors who have not served as employees)”).
   The average employee benefits expense of the previous year was NT$787 (which was calculated as “(total employee benefits expense for the previous year - total directors’ remuneration) / (number of employees for the previous year - number of directors who have not served as employees)”).

Statement 12 (In Thousands of New Taiwan Dollars)

2. The average employee's wage and salary of the current period is NT$656 (which is calculated as "(total amount of current employee's wages and salaries) / (number of employees for the current period - number of directors who have not served as employees)").

   The average employee's wage and salary of the previous year was NT$654 (which was calculated as "(total amount of employee's wages and salaries for the previous year) / (number of employees for the previous year - number of directors who have not served as employees)").

3. The range of adjustments in the average employees' wages and salaries is 0.31% (which is calculated as "(current average employees' wages and salaries - average employees' wages and salaries for the previous year) / (average employees' wages and salaries for the previous year)").

4. Salary and remuneration policy

   (1) Directors: The remuneration for directors includes transport fees, and compensation. Transport fees are processed according to Article 22 and 28 of the Company's Articles of Incorporation and are paid to the directors when they attend the Board meeting in person. Compensation is processed according to Article 22-1 and 28-1 of the Company's Articles of Incorporation. Director remuneration is processed according to Article 30 of the Company's Articles of Incorporation. If the Company makes earnings for the fiscal year, it shall allocate 5% of the earnings as employee remuneration and no more than 0.5% as the director's remuneration. From the aforementioned employee remuneration, no less than 40% shall be appropriated as remuneration for entry-level employees. They are to be distributed only after approval from the Remuneration Committee and Board of Directors, and subsequently reported to the shareholders' meeting.

   (2) Managerial officers and employees: The Company pays the managerial officers and employees remuneration including wages and salaries, bonus reward, providing dormitories and vehicles arrangements and employee remuneration. Wages and salaries and bonus rewards are determined based on the level of the position held and the responsibilities, and with reference to industry practice in the market and other factors. The employee remuneration is allocated based on the company's Articles of Incorporation and the contribution by the managerial officer to the profit center that he/she is responsible for, while it is based on the appraisal results for the employees for distribution.

   The remuneration for directors and managerial officers must be evaluated and determined by the Company's Remuneration Committee on a regular basis, and the outcome is to be submitted to the Board of Directors meeting for approval before processing.