

Bafang Yunji International Co., Ltd.

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

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Bafang Yunji International Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Bafang Yunji International Co., Ltd. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the 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 most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2025 is described as follows:

Authenticity of Sales Revenues from Shipments to Specific Customers

The Company is principally engaged in food processing, food ingredients trading and providing food and restaurant services. Based on the materiality and the presumption of significant risk in revenue recognition in the Statement of Auditing Standards; Therefore, we believe that the authenticity of sales revenues from shipments to specific customers recognized by the Company has a significant impact on the financial statements. Therefore, the authenticity of the sales revenues from shipments to specific customers is listed as a key audit matter of this year. For a description of the revenue recognition policy, refer to Note 4(11).

We conducted the following audit procedures:

1. Understand and test the design and implementation of internal control relevant to revenue recognition for specific customers.
2. Review a selected sample of the revenue details of the specific customers, review the supporting documentation and test the collection status to confirm that the sales transaction occurred.
3. Review whether significant sales returns and discounts have occurred for the specific customers since the balance sheet date to confirm whether there is any material misstatement of revenues.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company 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.

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee and Po-Jen, Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2026

Notice to Readers

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

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

BAFANG YUNJI INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 723,753	12	\$ 146,699	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	120,417	2	250,390	5
Financial assets at amortized cost - current (Notes 4, 8, 9, 32 and 34)	439,721	7	-	-
Accounts receivables - unrelated parties (Notes 4, 10, 24 and 32)	124,683	2	111,753	2
Accounts receivables - related parties (Notes 4, 10, 24, 32 and 33)	20,856	-	35,341	1
Other receivables - unrelated parties (Notes 4, 10 and 32)	3,499	-	2,629	-
Other receivables - related parties (Notes 4, 10, 32 and 33)	17,634	-	361	-
Inventories (Notes 4 and 11)	390,846	7	238,473	5
Prepayments (Note 16)	110,258	2	84,685	2
Other current assets (Note 17)	1,250	-	593	-
Total current assets	1,952,917	32	870,924	18
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 8, 9, 32 and 34)	-	-	9,780	-
Investments accounted for using the equity method (Notes 4, 12 and 33)	1,754,922	29	1,628,874	34
Property, plant and equipment (Notes 4, 13, 33 and 34)	1,978,323	32	1,847,231	39
Right-of-use assets (Notes 4, 14 and 33)	359,898	6	334,441	7
Intangible assets (Notes 4 and 15)	23,956	-	16,960	-
Deferred tax assets (Notes 4 and 26)	4,247	-	2,377	-
Prepayments for equipment (Note 17)	1,724	-	44,661	1
Other non-current assets (Notes 17 and 32)	52,131	1	52,035	1
Total non-current assets	4,175,201	68	3,936,359	82
TOTAL	\$ 6,128,118	100	\$ 4,807,283	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 32 and 34)	\$ -	-	\$ 100,000	2
Notes payable (Notes 20 and 32)	15	-	2	-
Accounts payables - unrelated parties (Notes 20 and 32)	254,864	4	233,632	5
Accounts payables - related parties (Notes 20, 32 and 33)	47	-	1,409	-
Other payables - unrelated parties (Notes 21 and 32)	568,912	9	412,421	9
Other payables - related parties (Notes 21, 32 and 33)	6,759	-	11,668	-
Lease liabilities - current (Notes 4, 14, 32 and 33)	62,544	1	60,542	1
Current tax liabilities (Notes 4 and 26)	150,996	3	91,578	2
Other current liabilities (Notes 21 and 32)	5,537	-	5,912	-
Total current liabilities	1,049,674	17	917,164	19
NON-CURRENT LIABILITIES				
Bonds payable(Notes 4, 7 and 19)	941,301	15	-	-
Lease liabilities - non-current (Notes 4, 14, 32 and 33)	283,286	5	258,355	5
Deferred tax liabilities (Notes 4 and 26)	8,690	-	25,156	1
Net defined benefit liabilities - non-current (Notes 4 and 22)	342	-	347	-
Guarantee deposits received (Notes 21, 32 and 33)	45,329	1	32,865	1
Total non-current liabilities	1,278,948	21	316,723	7
Total liabilities	2,328,622	38	1,233,887	26
Equity (Notes 12, 19, 23 and 28)				
Ordinary shares	666,448	11	666,448	14
Capital surplus	1,076,754	18	1,000,579	21
Retained earnings				
Legal reserve	555,767	9	495,473	10
Special reserve	-	-	1,619	-
Unappropriated earnings	1,492,800	24	1,362,129	28
Total retained earnings	2,048,567	33	1,859,221	38
Other equity	7,727	-	47,148	1
Total equity	3,799,496	62	3,573,396	74
TOTAL	\$ 6,128,118	100	\$ 4,807,283	100

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

BAFANG YUNJI INTERNATIONAL CO., LTD.

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)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 6,206,887	100	\$ 5,343,696	100
OPERATING COSTS (Notes 4, 11, 25 and 33)	<u>(4,357,261)</u>	<u>(70)</u>	<u>(3,918,627)</u>	<u>(73)</u>
GROSS PROFIT	<u>1,849,626</u>	<u>30</u>	<u>1,425,069</u>	<u>27</u>
OPERATING EXPENSES (Notes 22, 25 and 33)				
Selling and marketing expenses	(444,085)	(7)	(438,550)	(8)
General and administrative expenses	(309,517)	(5)	(289,640)	(6)
Research and development expenses	<u>(14,335)</u>	<u>(1)</u>	<u>(12,710)</u>	<u>-</u>
Total operating expenses	<u>(767,937)</u>	<u>(13)</u>	<u>(740,900)</u>	<u>(14)</u>
PROFIT FROM OPERATIONS	<u>1,081,689</u>	<u>17</u>	<u>684,169</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 25, 29 and 33)				
Interest income	8,154	-	13,472	-
Other income	38,903	1	46,330	1
Other gains and losses	872	-	14,581	-
Financial costs	(15,291)	-	(7,591)	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>(45,547)</u>	<u>(1)</u>	<u>4,466</u>	<u>-</u>
Total non-operating income and expenses	<u>(12,909)</u>	<u>-</u>	<u>71,258</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,068,780	17	755,427	14
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(212,844)</u>	<u>(3)</u>	<u>(153,411)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>855,936</u>	<u>14</u>	<u>602,016</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 22)	197	-	1,798	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	(39)	-	(360)	-

(Continued)

BAFANG YUNJI INTERNATIONAL CO., LTD.**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)**

	2025		2024	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 23)	(49,275)	(1)	60,958	1
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 4, 23 and 26)	<u>9,854</u>	<u>-</u>	<u>(12,191)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(39,263)</u>	<u>(1)</u>	<u>50,205</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 816,673</u>	<u>13</u>	<u>\$ 652,221</u>	<u>12</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 12.84</u>		<u>\$ 9.05</u>	
Diluted	<u>\$ 12.67</u>		<u>\$ 9.02</u>	

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

BAFANG YUNJI INTERNATIONAL CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity	Total Equity
	Number of Shares (In Thousands of Shares)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
BALANCE AT JANUARY 1, 2024	66,495	664,948	996,533	440,197	4,247	1,277,604	(1,619)	3,381,910
Appropriation of earnings								
Legal reserve	-	-	-	55,276	-	(55,276)	-	-
Special reserve	-	-	-	-	(2,628)	2,628	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(465,763)	-	(465,763)
Difference between actual disposal or acquisition price and carrying amount of subsidiary shares	-	-	56	-	-	-	-	56
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	(518)	-	(518)
Share-based payment transactions	-	-	1,725	-	-	-	-	1,725
Issuance of ordinary shares under employee share options	150	1,500	2,265	-	-	-	-	3,765
Net profit for the year ended December 31, 2024	-	-	-	-	-	602,016	-	602,016
Other comprehensive income for the year ended December 31, 2024, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438</u>	<u>48,767</u>	<u>50,205</u>
Total comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,454</u>	<u>48,767</u>	<u>652,221</u>
BALANCE AT DECEMBER 31, 2024	66,645	664,448	1,000,579	495,473	1,619	1,362,129	47,148	3,573,396
Appropriation of earnings								
Legal reserve	-	-	-	60,294	-	(60,294)	-	-
Special reserve	-	-	-	-	(1,619)	1,619	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(666,748)	-	(666,748)
Other Changes in Equity:								
Equity component of convertible bonds			76,175	-	-	-	-	76,175
Net profit for the year ended December 31, 2025	-	-	-	-	-	855,936	-	855,936
Other comprehensive income for the year ended December 31, 2025, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>(39,421)</u>	<u>(39,263)</u>
Total comprehensive income for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>856,094</u>	<u>(39,421)</u>	<u>816,673</u>
BALANCE AT DECEMBER 31, 2025	<u>66,645</u>	<u>\$ 666,448</u>	<u>\$ 1,076,754</u>	<u>\$ 555,767</u>	<u>\$ -</u>	<u>\$ 1,492,800</u>	<u>\$ 7,727</u>	<u>\$ 3,799,496</u>

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

BAFANG YUNJI INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,068,780	\$ 755,427
Adjustments for:		
Depreciation expense	221,684	208,508
Amortization expense	5,480	5,056
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(205)	(2,182)
Share of loss (profit) of subsidiaries, associates and joint ventures	45,547	(4,466)
Financial costs	15,291	7,591
Interest income	(8,154)	(13,472)
Share-based compensation cost	-	1,725
(Gain) Loss on disposal of property, plant and equipment	(148)	448
Write-down of inventories	6,059	-
Loss (Gain) on lease modification	13	(380)
Changes in operating assets and liabilities		
Accounts receivables - unrelated parties	(12,930)	(19,465)
Accounts receivables - related parties	14,485	(10,035)
Other receivables- unrelated parties	(870)	10,103
Other receivables - related parties	(17,273)	6,667
Inventories	(158,432)	(37,499)
Prepayments	(25,573)	3,177
Other current assets	(657)	184
Notes payable	13	2
Accounts payables - unrelated parties	21,232	38,123
Accounts payables - related parties	(1,362)	(1,317)
Other payables- unrelated parties	47,302	10,580
Other payables - related parties	(4,909)	2,736
Other current liabilities	(375)	(603)
Net defined benefit liabilities	192	(490)
Cash generated from operations	1,215,190	960,418
Interest received	8,154	13,472
Interest paid	(6,254)	(2,570)
Income tax paid	(161,947)	(99,245)
Net cash generated from operating activities	1,055,143	872,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(120,000)	(1,494,000)
Proceeds from sale of financial assets at fair value through profit or loss	250,478	1,456,033
Purchase of financial assets at amortized cost	(429,941)	-
Proceeds from sale of financial assets at amortized cost	-	499,220
Payments for property, plant and equipment	(271,231)	(265,292)
Proceeds from disposal of property, plant and equipment	12,008	86
Increase in refundable deposits	(96)	(5,448)
		(Continued)

BAFANG YUNJI INTERNATIONAL CO., LTD.**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	2025	2024
Decrease in other receivables due from related parties	-	132,468
Payments for intangible assets	(12,476)	(4,187)
Increase in prepayments for equipment	-	(10,227)
Decrease in prepayments for equipment	1,652	-
Dividends received	<u>4,690</u>	<u>5,928</u>
Net cash (used in) generated from investing activities	<u>(564,916)</u>	<u>314,581</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(100,000)	(190,000)
Proceeds from bonds payable	1,013,117	-
Proceeds from guarantee deposits received	12,464	5,000
Repayment of the principal portion of lease liabilities	(80,035)	(77,054)
Dividends paid	(533,159)	(465,463)
Proceeds from exercise of employee share options	-	3,765
Acquisition of additional interests in subsidiaries	<u>(225,560)</u>	<u>(550,004)</u>
Net cash generated from (used in) financing activities	<u>86,827</u>	<u>(1,273,756)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	577,054	(87,100)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>146,699</u>	<u>233,799</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 723,753</u>	<u>\$ 146,699</u>

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

BAFANG YUNJI INTERNATIONAL CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. COMPANY HISTORY

Bafang Yunji International Co., Ltd. (“the Company”) was incorporated on January 19, 2000, and is currently engaged in restaurant business, wholesale of food and groceries, retail of beverages, manufacturing of processed bean products, and manufacturing of baked and steamed food products.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 2021.

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

2. DATE AND PROCEDURE FOR APPROVAL OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the board of directors on March 10, 2026.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATION

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

- 1) Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Company’s accounting policies.

- 2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets.

- 3) Identification of related parties

In accordance with the Q&A “Identification of Related Parties” issued by the ARDF in June 2025, the Company has reassessed its relationship with its managed funds to determine whether it exercises control or significant influence, or if it solely provides key management services to them. Since the Company only provides key management services to certain managed funds, the previous identification of related parties based on the Q&A issued by the ARDF in July 2013 was revised. Accordingly, these funds are no longer identified as related parties of the Company, effective from January 1, 2025. Furthermore, in accordance with the Q&A issued by the FSC, comparative information for the year 2024 needs not to be restated, which means the identified and disclosed related party relationships and transactions in prior financial statements are not required to be adjusted retrospectively.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by 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 Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

- 1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

- 2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

- The settlement risk associated with the electronic payment system being insignificant.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

- 2) IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

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

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations (the “Regulations”).

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, semi-finished goods and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

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

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any

impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32: Financial Instruments.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables) as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety under IFRS 9, the difference between the asset's carrying amount and the sum of the consideration received and any cumulative gain or loss previously recognized in other comprehensive income is recognized in profit or loss. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods is derived from the sale of ingredients and related items to franchisees.

Revenue and accounts receivables are recognized at the point in time when the goods are delivered to the location specified by the customer, as the franchisee obtains the right to use the goods at agreed prices, assumes primary responsibility for the sale of the goods, and bears the risk of obsolescence.

2) Licensing revenue

The Company's licensing revenue is generated from the licensing of franchisee chain. The business practice of the Company is to continuously analyze consumers' preferences for products in order to launch new products, conduct pricing analysis and marketing activities, while the franchisee is required to launch new products. Since the aforementioned business practices do not transfer merchandises or services to the franchisee, the nature of the license is to provide the franchisee with access to intellectual property existing during the license period, and the original license fee is recognized as licensing revenue on a straight-line basis over the license period.

l. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less

any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term that affects future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

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

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are

recognized in profit or loss in the period in which they are received.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to employees

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of equity-settled share-based payment arrangements granted to employees is the date on which the number of shares to be purchased by the employees is confirmed.

q. Taxation

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

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred

tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of climate change and related government policies and regulations on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivables and investments in debt instruments is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9 "Credit risk

management for investments in debt instruments” and Note 10 “Accounts receivables and other receivables”. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on credit risk of financial assets arising from the uncertain impact and volatility in financial markets caused by inflation and interest rate fluctuations.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand and working capital	\$ 747	\$ 702
Checking accounts and demand deposits	313,006	85,997
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>410,000</u>	<u>60,000</u>
	<u>\$ 723,753</u>	<u>\$ 146,699</u>

The interest rate ranges at the balance sheet date for bank deposits were as follows:

	December 31	
	2025	2024
Bank deposits	0.01%-1.63%	0.002%-1.46%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual fund beneficiary certificates	\$ -	\$ 120,125
Hybrid financial assets		
Structured deposits	120,017	130,265
Call options of convertible corporate bonds (Note 19)	<u>400</u>	<u>-</u>
	<u>\$ 120,417</u>	<u>\$ 250,390</u>

The Company has entered into a structured time deposit agreement with a financial institution. This structured time deposit includes an embedded derivative that is not closely related to the host contract. Since the host contract of this hybrid contract is an asset within the scope of IFRS 9, the entire hybrid contract is required to be classified as measured at fair value through profit or loss.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2025	2024
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 420,000	\$ -
Corporate bonds - First Commercial Bank	<u>19,721</u>	<u>-</u>
	<u>\$ 439,721</u>	<u>-</u>
<u>Non-current</u>		
Corporate bonds - First Commercial Bank	<u>\$ -</u>	<u>\$ 9,780</u>
The interest rate ranges were as follows:		
	2025	2024
Time deposits with original maturities of more than 3 months	1.385%-1.645%	-
Corporate bonds		
Coupon rate	0.52%	0.52%
Effective interest rate	0.82%-1.28%	1.28%

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost was as follows:

December 31, 2025

	Measured at amortized cost
Gross carrying amount	\$ 439,721
Less: Allowance for impairment loss	<u>-</u>
Amortized cost	<u>\$ 439,721</u>

December 31, 2024

	Measured at amortized cost
Gross carrying amount	\$ 9,780
Less: Allowance for impairment loss	<u>-</u>
Amortized cost	<u>\$ 9,780</u>

The credit risk associated with the Company's bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's counterparties and trading partners are reputable banks and financial institutions, as well as corporate organizations with investment-grade ratings or higher, there are no significant concerns regarding performance, and therefore, no significant credit risk.

The Company's current credit risk grading mechanism and the gross carrying amounts of debt instrument investments classified by credit rating were shown below:

Credit rating	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount as of December 31	
				2025	2024
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0%	<u>\$ 439,721</u>	<u>\$ 9,780</u>

10. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2025	2024
<u>Accounts receivables</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 125,027	\$ 112,097
Less: Allowance for impairment loss	<u>(344)</u>	<u>(344)</u>
	<u>\$ 124,683</u>	<u>\$ 111,753</u>
Gross carrying amount - related parties (Note 33)	<u>\$ 20,856</u>	<u>\$ 35,341</u>
<u>Other receivables</u>		
Non-related parties (b)	<u>\$ 3,499</u>	<u>\$ 2,629</u>
Related parties (Note 33)	<u>\$ 17,634</u>	<u>\$ 361</u>

a. Accounts receivable

The Company's sales of goods to customers are based on the credit period agreed upon by both parties, and the credit period is 3 to 15 days. In determining the recoverability of accounts receivable, the Company considers any changes in the credit quality of accounts receivable from the original credit date to the balance sheet date.

To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables. Accordingly, the Company's management believes that the credit risk of the Company has been significantly reduced.

The Company uses the simplified IFRS 9 method to recognize an allowance for losses on accounts receivable based on expected credit losses over the duration of the receivables. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as the GDP forecast and industry outlook. Since the credit loss history of the Company shows that there is no significant difference in the loss patterns of different customer groups, the

allowance matrix does not further differentiate between customer groups and only uses the number of days to establish accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt has been outstanding for more than 120 days, the Company directly writes off the related receivables, but continues the recovery activities, and the amount recovered from the recovery is recognized in profit or loss.

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

December 31, 2025

	<u>0 to 30 Days</u>	<u>31 to 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0.02%	4.69%	15.97%	29.25%	100%	
Gross carrying amount	\$ 143,753	\$ 1,840	\$ -	\$ -	\$ 290	\$ 145,883
Loss allowance (Lifetime ECLs)	-	(54)	-	-	(290)	(344)
Amortized cost	<u>\$ 143,753</u>	<u>\$ 1,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,539</u>

December 31, 2024

	<u>0 to 30 Days</u>	<u>31 to 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	0.07%	14.2%	30.66%	40.52%	100%	
Gross carrying amount	\$ 146,986	\$ 72	\$ -	\$ 90	\$ 290	\$ 147,438
Loss allowance (Lifetime ECLs)	(8)	(10)	-	(36)	(290)	(344)
Amortized cost	<u>\$ 146,978</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 147,094</u>

The above is an aging analysis based on the number of days since initial recognition of the accounts receivables.

The movements of the loss allowance of accounts receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 344	\$ 477
Less: Amounts written off	-	(133)
Balance at December 31	<u>\$ 344</u>	<u>\$ 344</u>

b. Other receivables

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts.

11. INVENTORIES

	December 31	
	2025	2024
Raw materials	\$ 319,350	\$ 176,295
Semi-finished goods	17,440	15,137
Finished goods	33,755	25,640
Merchandise inventory	<u>20,301</u>	<u>21,401</u>
	<u>\$ 390,846</u>	<u>\$ 238,473</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2025	2024
Cost of inventories sold	\$ 4,351,202	\$ 3,918,627
Inventory write-downs	<u>6,059</u>	<u>-</u>
	<u>\$ 4,357,261</u>	<u>\$ 3,918,627</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investments in subsidiary(s)	<u>\$ 1,754,922</u>	<u>\$ 1,628,874</u>

Investments in subsidiary(s)

	December 31	
	2025	2024
Bafang Yunji Restaurant Co., Ltd.	\$ 169,170	\$ 159,497
Bafang Yunji (Samoa) International Co., Ltd.	26,540	26,957
Fang Sin International Trading Co., Ltd.	45,709	47,171
Bafang Co., Ltd.	45,936	48,916
Bafang Yunji International (USA) Limited	557,856	395,002
Dante Coffee & Foods Co., Ltd.	2,158	7,039
Bafang Yunji International Company Limited	677,209	693,919
Ji Yuan Foods Co., Ltd.	<u>230,344</u>	<u>250,373</u>
	<u>\$ 1,754,922</u>	<u>\$ 1,628,874</u>

Name of subsidiary	Proportion of Ownership and Voting Rights		Note
	December 31, 2025	December 31, 2024	
Bafang Yunji Restaurant Co., Ltd.	100%	100%	-
Bafang Yunji (Samoa) International Co., Ltd.	100%	100%	-
Fang Sin International Trading Co., Ltd.	100%	100%	-
Bafang Co., Ltd.	100%	100%	-
Bafang Yunji International (USA) Limited	100%	100%	b.
Dante Coffee & Foods Co., Ltd.	100%	100%	-
Bafang Yunji International Company Limited	100%	100%	-
Ji Yuan Foods Co., Ltd.	100%	100%	a.

- a. Ji Yuan Food Co., Ltd., located in Tamsui District, New Taipei City, was established on March 28, 2024. Bafang Yunji International Co., Ltd. invested \$30,000 thousand and obtained 60% of the equity. Its main business is livestock product processing and retail. In addition, the Company invested \$182,500 thousand in Ji Yuan Food Co., Ltd. on August 3, 2024. The capital injection was not processed in accordance with the shareholding ratio so that the retained earnings were reduced by \$9 thousand. After the capital injection, the shareholding ratio is 85%. Additionally, on December 31, 2024, the Company acquired a 15% equity stake for \$37,500 thousand in cash, increasing its ownership from 85% to 100%. The difference between the acquisition cost and the carrying amount of the acquired equity was \$56 thousand, which was recorded as an increase in capital surplus. Refer to Note 33.
- b. On February 5, June 14, July 12 and October 9, 2024, and January 22, August 20, and October 9, 2025, the Company invested in total of \$300,004 thousand (US\$9,400 thousand) and \$225,560 thousand (US\$7,200 thousand) in Bafang Yunji International (USA) Limited.

Refer to Table 5 “Information on Investees” and Table 6 “Information on Investments in Mainland China” for the principal places of business and countries of incorporation.

The share of profit or loss and other comprehensive income of subsidiaries included in the parent company only financial statements is recognized based on the subsidiaries’ financial statements for the same period, which have been reviewed by independent auditors.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2025	2024
Assets used by the Company	<u>\$ 1,978,323</u>	<u>\$ 1,847,231</u>

Assets Used by the Company

	Land	Building and Construction	Machinery Equipment	Office Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Unfinished Construction and Equipment Pending Acceptance	Total
<u>Cost</u>									
Balance at January 1, 2025	\$ 764,999	\$ 505,092	\$ 657,427	\$ 60,622	\$ 58,028	\$ 138,255	\$ 118,894	\$ 261,921	\$ 2,565,238
Additions	20,821	2,676	92,604	4,955	7,907	5,518	30,753	81,597	246,831
Reclassification	-	123	81,590	48	5,103	54	5,173	(50,806)	41,285
Disposals	-	-	(12,146)	(1,313)	(5,476)	(290)	(252)	-	(19,477)
Balance at December 31, 2025	<u>\$ 785,820</u>	<u>\$ 507,891</u>	<u>\$ 819,475</u>	<u>\$ 64,312</u>	<u>\$ 65,562</u>	<u>\$ 143,537</u>	<u>\$ 154,568</u>	<u>\$ 292,712</u>	<u>\$ 2,833,877</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2025	\$ -	\$ 132,162	\$ 393,935	\$ 39,335	\$ 28,597	\$ 49,567	\$ 74,411	\$ -	\$ 718,007
Depreciation expenses	-	18,374	85,532	7,751	8,196	8,978	16,333	-	145,164
Disposals	-	-	(1,166)	(1,161)	(4,868)	(171)	(251)	-	(7,617)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 150,536</u>	<u>\$ 478,301</u>	<u>\$ 45,925</u>	<u>\$ 31,925</u>	<u>\$ 58,374</u>	<u>\$ 90,493</u>	<u>\$ -</u>	<u>\$ 855,554</u>
Carrying amount at December 31, 2025	<u>\$ 785,820</u>	<u>\$ 357,355</u>	<u>\$ 341,174</u>	<u>\$ 18,387</u>	<u>\$ 33,637</u>	<u>\$ 85,163</u>	<u>\$ 64,075</u>	<u>\$ 292,712</u>	<u>\$ 1,978,323</u>
<u>Cost</u>									
Balance at January 1, 2024	\$ 764,999	\$ 504,449	\$ 610,023	\$ 61,804	\$ 44,855	\$ 135,357	\$ 114,039	\$ 20,715	\$ 2,256,241
Additions	-	643	23,460	4,330	13,173	4,021	4,919	241,634	292,180
Reclassification	-	-	34,393	129	-	260	668	(428)	35,022
Disposals	-	-	(10,449)	(5,641)	-	(1,383)	(732)	-	(18,205)
Balance at December 31, 2024	<u>\$ 764,999</u>	<u>\$ 505,092</u>	<u>\$ 657,427</u>	<u>\$ 60,622</u>	<u>\$ 58,028</u>	<u>\$ 138,255</u>	<u>\$ 118,894</u>	<u>\$ 261,921</u>	<u>\$ 2,565,238</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2024	\$ -	\$ 113,997	\$ 324,924	\$ 37,230	\$ 22,856	\$ 42,527	\$ 61,986	\$ -	\$ 603,520
Depreciation expenses	-	18,165	78,971	7,701	5,741	8,423	13,125	-	132,126
Reclassification	-	-	-	32	-	-	-	-	32
Disposals	-	-	(9,960)	(5,628)	-	(1,383)	(700)	-	(17,671)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 132,162</u>	<u>\$ 393,935</u>	<u>\$ 39,335</u>	<u>\$ 28,597</u>	<u>\$ 49,567</u>	<u>\$ 74,411</u>	<u>\$ -</u>	<u>\$ 718,007</u>
Carrying amount at December 31, 2024	<u>\$ 764,999</u>	<u>\$ 372,930</u>	<u>\$ 263,492</u>	<u>\$ 21,287</u>	<u>\$ 29,431</u>	<u>\$ 88,688</u>	<u>\$ 44,483</u>	<u>\$ 261,921</u>	<u>\$ 1,847,231</u>

There was no indication of impairment of property, plant and equipment listed above in 2025 and 2024 as assessed by management.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Building and construction	
Plant main building	22-50 years
Wastewater treatment equipment	10 years
Renovation construction	4-5 years
Machinery equipment	1-10 years
Office equipment	4-5 years
Transportation equipment	3-7 years
Leasehold improvements	1-7 years
Other equipment	2-15 years

In 2025, the Company purchased land classified as agricultural and livestock use in the Tianyuan Section of Tamsui District, New Taipei City, under the chairperson's name, for a total price of NT\$20,821 thousand. The Company has executed a real estate nominee registration agreement, stipulating that, without consent, the registered owner may not transfer or encumber the property, as an appropriate safeguard measure.

14. LEASE AGREEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
Carrying amount		
Land	\$ 131,393	\$ 139,784
Buildings	87,753	87,823
Transportation equipment	<u>140,752</u>	<u>106,834</u>
	<u>\$ 359,898</u>	<u>\$ 334,441</u>
	For the Year Ended December 31	
	2025	2024
Additions of right-of-use assets		
Buildings	\$ 12,772	\$ 16,922
Transportation equipment	<u>89,980</u>	<u>49,469</u>
	<u>\$ 102,752</u>	<u>\$ 66,391</u>
Depreciation expenses of right-of-use assets		
Land	\$ 8,391	\$ 8,391
Buildings	12,383	14,918
Transportation equipment	<u>55,746</u>	<u>53,073</u>
	<u>\$ 76,520</u>	<u>\$ 76,382</u>

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount		
Current	<u>\$ 62,544</u>	<u>\$ 60,542</u>
Non-current	<u>\$ 283,286</u>	<u>\$ 258,355</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2025	2024
Land	1.42%	1.42%
Buildings	1.25%-1.75%	1.25%-1.70%
Transportation equipment	1.25%-1.75%	1.25%-1.70%

c. Material leasing activities and terms

The Company leases certain land and buildings for the use of plants and offices with lease terms of 1 to 20 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to low-value asset leases	\$ 1,394	\$ 6,974
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 22	\$ 23
Total cash (outflow) for leases	\$ (81,451)	\$ (84,051)

The Company's leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease periods beginning after the balance sheet date are as follows:

	December 31	
	2025	2024
Lease commitments	\$ -	\$ 1,957

15. OTHER INTANGIBLE ASSETS

	For the Year Ended December 31	
	2025	2024
<u>Cost</u>		
Balance at the beginning of the year	\$ 39,561	\$ 36,283
Additions	12,476	4,187
Reclassification	-	(58)
Disposals	(501)	(851)
Balance at the end of the year	\$ 51,536	\$ 39,561

	For the Year Ended December 31	
	2025	2024
<u>Accumulated amortization</u>		
Balance at the beginning of the year	\$ 22,601	\$ 18,428
Amortization expenses	5,480	5,056
Reclassification	-	(32)
Disposals	(501)	(851)
Balance at the end of the year	\$ 27,580	\$ 22,601
Carrying amount at the end of the year	\$ 23,956	\$ 16,960

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	5-10 years
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16. PREPAYMENTS

	December 31	
	2025	2024
Prepaid rent	\$ 100	\$ 434
Prepayments for goods	86,980	62,921
Prepaid insurance	1,302	1,205
Others	<u>21,876</u>	<u>20,125</u>
	<u>\$ 110,258</u>	<u>\$ 84,685</u>

17. OTHER ASSETS

	December 31	
	2025	2024
<u>Current</u>		
Temporary payments	\$ 306	\$ 209
Payments on behalf of others	<u>944</u>	<u>384</u>
	<u>\$ 1,250</u>	<u>\$ 593</u>
<u>Non-current</u>		
Prepayments for equipment (a)	<u>\$ 1,724</u>	<u>\$ 44,661</u>
Refundable deposits (b)	<u>\$ 52,131</u>	<u>\$ 52,035</u>

a. Prepayments for equipment

The Company's prepayments for equipment represent advance payments made under purchase agreements for property, plant, and equipment intended for the production and supply of goods or services.

b. Refundable deposits

The Company's refundable deposits represent lease deposits paid in accordance with lease agreements.

18. BORROWINGS

Short-term borrowings

	December 31	
	2025	2024
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ -</u>	<u>\$ 100,000</u>

The range of effective interest rates was 1.86% per annum at December 31, 2024.

19. BONDS PAYABLE

	December 31	
	2025	2024
Unsecured domestic convertible bonds	\$ 941,301	\$ -
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 941,301</u>	<u>\$ -</u>

First Unsecured Domestic Convertible Bonds

The Company issued its First Domestic Unsecured Convertible Bonds on October 9, 2025. The total face value of the issuance was NT\$800,000 thousand, with a par value of NT\$100 thousand per bond, issued at 100.5% of par value, for a total of 8 thousand bonds issued. The bonds carry a coupon rate of 0% per annum and have a term of three years, maturing on October 9, 2028.

The redemption and conversion terms are as follows:

1. The Company may, the day after three months of the issuance date until the day preceding the maturity date, redeem the bonds at par value in accordance with the terms and conditions agreed upon.
2. Bondholders may, from the day after three months of the issuance date until the maturity date, request conversion of the bonds into the Company's common shares.
3. The conversion price of the convertible bonds was determined with September 30, 2025 as the pricing reference date. The benchmark price was selected from the simple arithmetic average of the closing prices of the Company's common shares for one, three, or five business days prior to (excluding) the reference date, whichever was chosen. The conversion price was then determined by multiplying the benchmark price by a conversion premium rate of 105.21%. Pursuant to the foregoing method, the benchmark price determined based on the simple arithmetic average of the closing price of the Company's common shares for the one business day prior to the reference date was NT\$201.5 per share, resulting in a conversion price of \$212 per share.
4. The conversion price of the Company's First Domestic Unsecured Convertible Bonds was adjusted in accordance with the anti-dilution provisions under the conversion terms. Effective December 31, 2025, the conversion price was adjusted from \$212 to \$207.6.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 2.19% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$4,166 thousand)	\$ 799,834
Equity component (less transaction costs allocated to the equity component of \$250 thousand)	(50,310)
Call option value	<u>240</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$3,916 thousand)	749,764
Interest charged at an effective interest rate of 2.19%	<u>3,385</u>
Liability component on December 31, 2025	<u>\$ 753,149</u>

Second Unsecured Domestic Convertible Bonds

The Company issued its Second Domestic Unsecured Convertible Bonds on October 20, 2025. The total face value of the issuance was NT\$200,000 thousand, with a par value of NT\$100 thousand per bond. The bonds were publicly offered through a competitive auction process and issued at 107.18% of face value, with a total issuance of 2 thousand bonds. The annual coupon rate is 0%, the term of the bonds is

three years, and the maturity date is October 20, 2028.

The redemption and conversion terms are as follows:

1. The Company may, the day after three months of the issuance date until the day preceding the maturity date, redeem the bonds at par value in accordance with the terms and conditions agreed upon.
2. Bondholders may, from the day after three months of the issuance date until the maturity date, request conversion of the bonds into the Company's common shares.
3. The conversion price of the convertible bonds was determined with September 25, 2025 as the pricing reference date. The benchmark price was selected from the simple arithmetic average of the closing prices of the Company's common shares for one, three, or five business days prior to (excluding) the reference date, whichever was chosen. The conversion price was then determined by multiplying the benchmark price by a conversion premium rate of 102.44%. Pursuant to the foregoing method, the benchmark price determined based on the simple arithmetic average of the closing price of the Company's common shares for the one business day prior to the reference date was \$205 per share, resulting in a conversion price of \$210 per share.
4. The conversion price of the Company's Second Domestic Unsecured Convertible Bonds was adjusted in accordance with the anti-dilution provisions under the conversion terms. Effective December 31, 2025, the conversion price was adjusted from \$210 to \$205.6.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 2.18% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$1,071 thousand)	\$ 213,283
Equity component (less transaction costs allocated to the equity component of \$128 thousand)	(25,865)
Call option value	<u>60</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$943 thousand)	187,478
Interest charged at an effective interest rate of 2.18%	<u>674</u>
Liability component on December 31, 2025	<u>\$ 188,152</u>

20. NOTES PAYABLE AND ACCOUNTS PAYABLES

	December 31	
	2025	2024
<u>Notes payable</u>		
Operating - non-related parties	<u>\$ 15</u>	<u>\$ 2</u>
<u>Accounts payables</u>		
Operating - non-related parties	\$ 254,864	\$ 233,632
Operating - related parties	<u>47</u>	<u>1,409</u>
	<u>\$ 254,911</u>	<u>\$ 235,041</u>

The average credit period on purchases of raw materials was 30 to 60 days.

21. OTHER LIABILITIES

	December 31	
	2025	2024
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 164,507	\$ 145,447
Payables for remuneration to employees and directors	22,000	17,000
Payables for insurance premiums	12,770	10,649
Payables for pension contributions	6,012	5,485
Payables for purchases of equipment	12,377	36,777
Payables for business tax	23,458	16,455
Payables for service fees	2,804	2,820
Payables for dividends	266,579	132,990
Others	<u>58,405</u>	<u>44,798</u>
	<u>\$ 568,912</u>	<u>\$ 412,421</u>
Other payables - related parties		
Payables for marketing and advertising fees	\$ 5,160	\$ 10,034
Others	<u>1,599</u>	<u>1,634</u>
	<u>\$ 6,759</u>	<u>\$ 11,668</u>
Other liabilities - current		
Financial liabilities	\$ 1,945	\$ 2,092
Advance receipts	110	93
Temporary receipts	1,312	1,878
Collections on behalf of others	<u>2,170</u>	<u>1,849</u>
	<u>\$ 5,537</u>	<u>\$ 5,912</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits received	<u>\$ 45,329</u>	<u>\$ 32,865</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The Company recognized pension expenses of \$23,064 thousand and \$21,906 thousand for the years ended December 31, 2025 and 2024, respectively.

b. Defined benefit plan

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of

service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2025	2024
Present value of defined benefit obligations	\$ 12,577	\$ 11,400
Fair value of plan assets	<u>(12,235)</u>	<u>(11,053)</u>
Net defined benefit liabilities	<u>\$ 342</u>	<u>\$ 347</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	<u>\$ 12,618</u>	<u>\$ (9,983)</u>	<u>\$ 2,635</u>
Service costs			
Net interest expense (income)	-	(141)	(141)
Current service cost	<u>173</u>	<u>-</u>	<u>173</u>
Recognized in profit or loss	<u>173</u>	<u>(141)</u>	<u>32</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(850)	(850)
Actuarial gain - changes in financial assumptions	<u>(750)</u>	<u>-</u>	<u>(750)</u>
Actuarial gain - experience adjustments	<u>(198)</u>	<u>-</u>	<u>(198)</u>
Recognized in other comprehensive income	<u>(948)</u>	<u>(850)</u>	<u>(1,798)</u>
Contribution from the employer	-	(522)	(522)
Benefits paid	<u>(443)</u>	<u>443</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 11,400</u>	<u>\$ (11,053)</u>	<u>\$ 347</u>
Balance at January 1, 2025	<u>\$ 11,400</u>	<u>\$ (11,053)</u>	<u>\$ 347</u>
Service costs			
Net interest expense (income)	185	(184)	1
Current service cost	148	-	148
Past service cost	<u>275</u>	<u>-</u>	<u>275</u>
Recognized in profit or loss	<u>608</u>	<u>(184)</u>	<u>424</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(766)	(766)

(Continued)

Actuarial gain - changes in financial assumptions	202	-	202
Actuarial gain - experience adjustments	<u>367</u>	<u>-</u>	<u>367</u>
Recognized in other comprehensive income	<u>569</u>	<u>(766)</u>	<u>(197)</u>
Contribution from the employer	-	(232)	(232)
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 12,577</u>	<u>\$ (12,235)</u>	<u>\$ 342</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2025	2024
Operating expenses	<u>\$ 424</u>	<u>\$ 32</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2025	2024
Discount rate	1.5%	1.625%
Expected rate of salary increase	2.75%	2.75%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	<u>\$ (399)</u>	<u>\$ (354)</u>
0.25% decrease	<u>\$ 417</u>	<u>\$ 372</u>

Expected rate of salary increase		
0.25% increase	\$ 405	\$ 361
0.25% decrease	\$ (389)	\$ (346)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plans for the next year	\$ 43	\$ 525
Average duration of the defined benefit obligation	15.6 years	14.2 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2025	2024
Shares authorized (in thousands of shares)	100,000	100,000
Shares authorized	\$ 1,000,000	\$ 1,000,000
Shares issued and fully paid (in thousands of shares)	66,645	66,645
Shares issued and fully paid	\$ 666,448	\$ 666,448

Each issued ordinary share has a par value of \$10 and entitles the holder to one vote and the right to receive dividends.

Changes in share capital for the years ended December 31, 2024 primarily resulted from the exercise of employee share options. A total of 150 thousand new ordinary shares were issued, increasing share capital by \$1,500 thousand. The related capital increases were duly registered with the competent authority on November 27, 2024. Refer to Note 28 for details of employee share option exercises during the period.

b. Capital surplus

	December 31	
	2025	2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of ordinary shares	\$ 977,557	\$ 977,557
The difference between the consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	56	56
Employee share-based payment compensation costs	22,735	22,735
Forfeited employee share options	132	132
	<u>1,000,480</u>	<u>1,000,480</u>

(Continued)

May only be used to offset a deficit (Note 2)

Gains from the exercise of subscription rights by the Company	<u>99</u>	<u>99</u>
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May not be used for any purpose

Conversion options of convertible corporate bonds	<u>76,175</u>	<u>-</u>
	<u>\$ 1,076,754</u>	<u>\$ 1,000,579</u>
		(Concluded)

Note 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

Note 2) Such capital surplus represents the amount transferred from the gains obtained by the company from the exercise of subscription rights and may only be used to offset a deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), the proposal for profit distribution or offsetting of losses should be made at the end of each six months of the fiscal year. Cash dividends shall be resolved by the board of directors, while stock dividends shall require approval by the shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit each six months of the fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing a special reserve. However, once the legal reserve has accumulated to the amount of the Company's paid-in capital, no further allocation is required. Any remaining profit together with any undistributed retained earnings each six months of the fiscal year shall be used by the Company's board of directors as the basis for proposing a distribution plan. Under the dividends policy as set forth in the Articles, the Company's board of directors is authorized, with the attendance of at least two-thirds of all directors and the approval of a majority of the directors present, to distribute dividends and bonuses, or all or part of the legal reserve and capital surplus as prescribed under Article 241, Paragraph 1 of the Company Act, in the form of cash. Such distribution shall be reported to the shareholders' meeting. However, if the distribution is to be made in the form of new shares, it shall be subject to a resolution adopted at the shareholders' meeting.

The remuneration distribution policy for employees and directors as stipulated in the Company's Articles of Incorporation is disclosed in Note 25(g), compensation of employees and remuneration of directors.

As the Company is in a growth stage, its dividend policy takes into consideration the stage of business development, profitability, the Company's medium- and long-term financial and capital planning, as well as the interests of shareholders. Dividends may be distributed in the form of cash or stock, as deemed appropriate. Each year, no less than 20% of distributable earnings shall be allocated for shareholder dividends, of which the cash portion shall not be less than 20% of the total dividends distributed.

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

In accordance with applicable laws and regulations, when distributing earnings, the Company is

required to appropriate a special reserve from retained earnings for the net deductions under other equity items. If the amount of such deductions decreases in subsequent periods, the corresponding portion of the special reserve may be reversed and transferred back to unappropriated earnings. When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriation of the quarterly earnings in 2025 and 2024, which were resolved by the Company's board of directors, were as follows:

	January 1 to June 30, 2025	July 1 to December 31, 2024	January 1 to June 30, 2024
Date of board resolution	August 12, 2025	March 13, 2025	August 7, 2024
Legal reserve	<u>\$ 38,754</u>	<u>\$ 30,695</u>	<u>\$ 29,599</u>
Appropriation (reversal) of special reserve	<u>\$ 62,002</u>	<u>\$ -</u>	<u>\$ (1,619)</u>
Cash dividends	<u>\$ 266,579</u>	<u>\$ 400,168</u>	<u>\$ 132,990</u>
Cash dividends per share (NT\$)	<u>\$ 4.00</u>	<u>\$ 6.00</u>	<u>\$ 2.00</u>

The appropriation of earnings for the second half of 2025, which were proposed by the Company's board of directors on March 10, 2026, were as follows:

	July 1 to December 31, 2025
Legal reserve	<u>\$ 46,856</u>
Appropriation (reversal) of special reserve	<u>\$ (62,002)</u>
Cash dividends	<u>\$ 499,836</u>
Share dividends	<u>\$ 33,322</u>
Cash dividends per share (NT\$)	<u>\$ 7.50</u>
Share dividends per share (NT\$)	<u>\$ 0.50</u>

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 11, 2026.

d. Special reserve

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 1,619	\$ 4,247
Reversals:		
Reversal of the debits to other equity items	<u>(1,619)</u>	<u>(2,628)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,619</u>

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 47,148	\$ (1,619)
Exchange differences on the translation of the financial statements of foreign operations	(49,275)	60,958
Income tax related to translation of the financial statements of foreign operations	<u>9,854</u>	<u>(12,191)</u>
Balance at December 31	<u>\$ 7,727</u>	<u>\$ 47,148</u>

24. REVENUE

	For the Year Ended December 31	
	2025	2024
<u>Revenue from contracts with customers</u>		
Revenue from the sale of goods	\$ 6,183,757	\$ 5,322,713
Licensing revenue	<u>23,130</u>	<u>20,983</u>
	<u>\$ 6,206,887</u>	<u>\$ 5,343,696</u>

a. Contract information

1) Revenue from the sale of goods

Revenue from sale of goods mainly comprises the sales of food ingredients supplied to franchisees for use in their production and sale of related products. The Company recognizes revenue and accounts receivable at the point when the products and the food ingredients delivered to the franchisee's designated location, as the customer has the right to set the price and use the merchandise and has the primary responsibility for the merchandise at the time of resale, and bears the risk of obsolescence of the merchandise. Revenue from merchandise sales is based on contract agreements with fixed prices.

2) Licensing revenue

Licensing revenue represents franchise fees received by the Company from franchisees for the right to access the Company's intellectual property during the license term.

b. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivables (Note 10)	<u>\$ 145,539</u>	<u>\$ 147,094</u>	<u>\$ 117,594</u>

25. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	\$ 7,487	\$ 8,475
Interest income from loans to related parties	-	4,362
Other interest income	<u>667</u>	<u>635</u>
	<u>\$ 8,154</u>	<u>\$ 13,472</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Rental income		
Other operating leases	\$ 1,220	\$ 7,291
Manpower dispatch service income	8,207	9,580
Government grants (Note 29)	174	7,623
Others	<u>29,302</u>	<u>21,836</u>
	<u>\$ 38,903</u>	<u>\$ 46,330</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Gain (Loss) on disposal of property, plant and equipment	\$ 148	\$ (448)
Net foreign exchange gains	536	12,748
Gain (Loss) on lease modification	(13)	380
Gain on financial assets at fair value through profit or loss	205	2,182
Others	<u>(4)</u>	<u>(281)</u>
	<u>\$ 872</u>	<u>\$ 14,581</u>

d. Financial costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 6,254	\$ 2,570
Interest on lease liabilities	4,978	5,021
Interest on convertible bonds	<u>4,059</u>	<u>-</u>
	<u>\$ 15,291</u>	<u>\$ 7,591</u>

The Company did not capitalize any interest for the years ended December 31, 2025 and 2024.

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
An analysis of depreciation by function		
Operating costs	\$ 145,246	\$ 134,539
Operating expenses	<u>76,438</u>	<u>73,969</u>
	<u>\$ 221,684</u>	<u>\$ 208,508</u>
An analysis of amortization by function		
Operating costs	\$ 28	\$ 28
Selling expenses	-	7
Administrative expenses	<u>5,452</u>	<u>5,021</u>
	<u>\$ 5,480</u>	<u>\$ 5,056</u>
f. Employee benefits expense		

	For the Year Ended December 31	
	2025	2024
Short-term benefits	\$ 777,848	\$ 679,607
Post-employment benefits (Note 22)		
Defined contribution plan	23,064	21,906
Defined benefit plans	424	32
Share-based payments		
Equity-settled (Note 28)	<u>-</u>	<u>1,725</u>
Total employee benefits expense	<u>\$ 801,336</u>	<u>\$ 703,270</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 380,232	\$ 331,367
Operating expenses	<u>421,104</u>	<u>371,903</u>
	<u>\$ 801,336</u>	<u>\$ 703,270</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 40% of the compensation of employees as compensation distributions for non-executive employees. The compensation of employees (including non-executive employees) and the remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on March 10, 2026 and March 13, 2025, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2025	2024
Compensation of employees	1.47%	1.50%
Remuneration of directors	0.55%	0.70%

Amount

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Compensation of employees	\$ 16,000	\$ 11,600
Remuneration of directors	6,000	5,400

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

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

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors for 2025 and 2024 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 225,457	\$ 148,652
Income tax on unappropriated earnings	555	1,733
Adjustments for prior year	<u>(4,648)</u>	<u>(408)</u>
	<u>221,364</u>	<u>149,977</u>
Deferred tax		
In respect of the current year	<u>(8,520)</u>	<u>3,434</u>
Income tax expense recognized in profit or loss	<u>\$ 212,844</u>	<u>\$ 153,411</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2025	2024
Profit before tax from continuing operations	<u>\$1,068,780</u>	<u>\$ 755,427</u>
Income tax expense calculated at the statutory rate	\$ 213,756	\$ 151,085
Income tax effects of adjusting items		
Items to be adjusted in determining taxable income	3,181	1,001
Income tax on unappropriated earnings	555	1,733
Adjustments for prior years' tax	<u>(4,648)</u>	<u>(408)</u>
Income tax expense recognized in profit or loss	<u>\$ 212,844</u>	<u>\$ 153,411</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 9,854	\$ (12,191)
Remeasurement of defined benefit plans	<u>(39)</u>	<u>(360)</u>
Total income tax recognized in other comprehensive income	<u>\$ 9,815</u>	<u>\$ (12,551)</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax liabilities		
Income tax payable	<u>\$ 150,996</u>	<u>\$ 91,578</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory write-downs	\$ 1,714	\$ 1,212	\$ -	\$ 2,926
Allowance for doubtful accounts	22	-	-	22
Convertible bonds	-	697	-	697
Exchange differences on translating the financial statements of foreign operations	-	-	-	-
Defined benefit obligations	<u>641</u>	<u>-</u>	<u>(39)</u>	<u>602</u>
	<u>\$ 2,377</u>	<u>\$ 1,909</u>	<u>\$ (39)</u>	<u>\$ 4,247</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Differences in contributions to defined contribution plans	\$ (819)	\$ -	\$ -	\$ (819)
Unrealized exchange gains	(34)	(77)	-	(111)
Convertible bonds	-	(19)	-	(19)
Exchange differences on translating the financial statements of foreign operations	(11,748)	-	9,854	(1,894)
Undistributed earnings of subsidiaries	<u>(12,555)</u>	<u>6,708</u>	<u>-</u>	<u>(5,847)</u>
	<u>\$ (25,156)</u>	<u>\$ 6,612</u>	<u>\$ 9,854</u>	<u>\$ (8,690)</u>

For the year ended December 31, 2024

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory write-downs	\$ 1,714	\$ -	\$ -	\$ 1,714
Allowance for doubtful accounts	22	-	-	22
Exchange differences on translating the financial statements of foreign operations	443	-	(443)	-
Defined benefit obligations	<u>1,000</u>	<u>1</u>	<u>(360)</u>	<u>641</u>
	<u>\$ 3,179</u>	<u>\$ 1</u>	<u>\$ (803)</u>	<u>\$ 2,377</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Differences in contributions to defined contribution plans	\$ (720)	\$ (99)	\$ -	\$ (819)
Unrealized exchange gains	(295)	261	-	(34)
Exchange differences on translating the financial statements of foreign operations	-	-	(11,748)	(11,748)
Undistributed earnings of subsidiaries	<u>(8,958)</u>	<u>(3,597)</u>	<u>-</u>	<u>(12,555)</u>
	<u>\$ (9,973)</u>	<u>\$ (3,435)</u>	<u>\$ (11,748)</u>	<u>\$ (25,156)</u>

e. Income tax assessments

The income tax returns through 2023, have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Basic earnings per share	<u>\$ 12.84</u>	<u>\$ 9.05</u>
Diluted earnings per share	<u>\$ 12.67</u>	<u>\$ 9.02</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Earnings used in the computation of basic earnings per share	\$ 855,936	\$ 602,016
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>3,247</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 859,183</u>	<u>\$ 602,016</u>

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	66,645	66,542
Effect of potentially dilutive ordinary shares		
Compensation of employees	97	90
Employee share options	-	84
Convertible bonds	<u>1,078</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>67,820</u>	<u>66,716</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT AGREEMENTS

a. Employee share option plan of the Company

Information on employee share options was as follows:

	For the Year Ended December 31			
	2025		2024	
Employee Share Option	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)
Balance at January 1	-	-	150	\$ 25.9
Options exercised	<u>-</u>	-	<u>(150)</u>	25.1
Balance at December 31	<u>-</u>	-	<u>-</u>	-
Options exercisable, end of the year	<u>-</u>	-	<u>-</u>	-

Compensation costs recognized were \$1,725 thousand for the year ended December 31, 2024.

29. GOVERNMENT GRANTS

The Company received government grants for trading in old cars for new ones and incentives for scrapping official vehicles, and recognized \$174 thousand in non-operating income and expenses - other income in the consolidated statement of comprehensive income in 2025.

The Company received government grant from the National Animal Industry Foundation and Workforce Development Agency, and recognized \$7,623 thousand in non-operating income and expenses - other income in the parent company only statement of comprehensive income in 2024.

30. NON-CASH TRANSACTION

a. Non-cash transaction

- 1) The Company entered into the following non-cash investing activities which were not reflected in the company only statements of cash flows for the years ended December 31, 2025 and 2024:

	For the Year Ended December 31	
	2025	2024
<u>Acquisition of property, plant and equipment</u>		
Additions to property, plant and equipment	\$ 246,831	\$ 292,180
Add: Equipment payables at the beginning of the period	36,777	9,889
Less: Equipment payables at the end of the period	<u>(12,377)</u>	<u>(36,777)</u>
Cash paid	<u>\$ 271,231</u>	<u>\$ 265,292</u>

- 2) The Company reclassified prepayments for equipment to property, plant and equipment of \$41,285 thousand and \$34,964 thousand in 2025 and 2024, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2025

	Non-Cash changes				
	Opening Balance	Cash Flows	New/ Amended Leases	Interest Expense	Others (note)
Short-term borrowings	\$ 100,000	\$ (100,000)	\$ -	\$ -	\$ -
Lease liabilities	318,897	(80,035)	101,990	4,978	-
Bonds payable	<u>-</u>	<u>1,013,117</u>	<u>-</u>	<u>4,059</u>	<u>(75,875)</u>
	<u>\$ 418,897</u>	<u>\$ 833,082</u>	<u>\$ 101,990</u>	<u>\$ 9,037</u>	<u>\$ (75,875)</u>
					<u>\$1,287,131</u>

Note: recognition of equity components and derivative instruments of convertible bonds

For the year ended December 31, 2024

	Non-cash changes			
	Opening Balance	Cash Flows	New/ Amended Leases	Interest Expense
Short-term borrowings	\$ 290,000	\$ (190,000)	\$ -	\$ -
Lease liabilities	<u>334,492</u>	<u>(77,054)</u>	<u>56,438</u>	<u>5,021</u>
	<u>\$ 624,492</u>	<u>\$ (267,054)</u>	<u>\$ 56,438</u>	<u>\$ 5,021</u>
				<u>\$ 418,897</u>

31. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves and retained earnings).

The Company is not subject to any externally imposed capital requirements.

The Company's key management reviews the capital structure on an annual basis. The review includes consideration of the cost of each type of capital and the related risks. The Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or paying off old debt, as recommended by key management.

32. FINANCIAL INSTRUMENTS

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

Except for the table below, the Company considers that the carrying amount of financial assets and liabilities that are not at fair value is close to the fair value, or the fair value cannot be reliably measured.

December 31, 2025

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 941,301	\$ 1,100,400	\$ -	\$ -	\$ 1,100,400

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Structured deposits	\$ -	\$ 120,017	\$ -	\$ 120,017
Call options of convertible corporate bonds	-	-	400	400
	<u>\$ -</u>	<u>\$ 120,017</u>	<u>\$ 400</u>	<u>\$ 120,417</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Mutual fund beneficiary certificates	\$ 120,125	\$ -	\$ -	\$ 120,125
Structured deposits	<u>-</u>	<u>130,265</u>	<u>-</u>	<u>130,265</u>
	<u>\$ 120,125</u>	<u>\$ 130,265</u>	<u>\$ -</u>	<u>\$ 250,390</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2025

<u>Financial Assets</u>	<u>Financial Assets at FVTPL Derivatives</u>
Balance on January 1, 2025	\$ -
Recognized in profit or loss (included in other gains and losses)	100
Issued conversion of convertible bonds	<u>300</u>
Balance on December 31, 2025	<u>\$ 400</u>
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 100</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial instrument</u>	<u>Valuation technique and inputs</u>
Structured deposits mandatorily measured at fair value through profit or loss	The fair value is determined based on the present value of future cash flows, using a discount rate curve derived from quoted prices in the active market.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Convertible bonds with embedded derivatives - call options are valued using a binomial tree convertible bond valuation model, with significant unobservable inputs including stock price volatility, risk discount rate, and liquidity risk parameters.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,382,277	\$ 358,598
FVTPL	120,417	250,390

(Continued)

Financial liabilities

Amortized cost (Note 2)	1,819,172	794,089 (Concluded)
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Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, accounts receivables, other receivables, other financial assets - current, and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable, other payables, other financial liabilities - current, bonds payable, long-term loans and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivables and accounts payables. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see a. below) and interest rates (see b. below).

a) Foreign currency risk

The Company is exposed to foreign currency risk arising from purchases denominated in foreign currencies, which result in monetary assets (such as bank deposits) and monetary liabilities that are denominated in currencies other than the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 36.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ 278	\$ 195

b) Interest rate risk

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates and hold bank deposits. However, because interest rate fluctuations are minimal, the impact of market interest rate changes on the Company's revenue, operating cash flow, and operations is limited.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 969,738	\$ 200,045
Cash flow interest rate risk		
Financial assets	313,006	85,997
Financial liabilities	-	100,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. The rate of change used in reporting interest rates internally to key management of the Company is an increase or decrease in interest rates by 1%, which represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased or decreased by 1%, with all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$3,130 thousand and \$140 thousand, respectively, which was mainly a result of variable-rate deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's policy is to engage in transactions only with counterparties that have strong credit ratings. When necessary, the Company obtains sufficient collateral to mitigate the risk of financial loss resulting from default. The Company continuously monitors its credit exposure and the creditworthiness of counterparties. Credit risk is managed through the establishment of counterparty credit limits, which are reviewed and approved annually by personnel designated by management. At each balance sheet date, the recoverability of accounts receivables is assessed on an individual basis to ensure that adequate impairment losses are recognized for receivables that are deemed uncollectible.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Company had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield rate at the balance sheet date.

December 31, 2025

	Less Than 1 Year	1-2 Years	2-5 Years	5+ Years
Lease liabilities	\$ 70,148	\$ 58,598	\$ 102,308	\$ 144,012
Bonds payable	-	1,000,000	-	-
Non-interest bearing				
Notes payable	15	-	-	-
Accounts payables	254,911	-	-	-
Other payables	575,671	-	-	-
Guarantee deposits received	<u>45,329</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 946,074</u>	<u>\$1,058,598</u>	<u>\$ 102,308</u>	<u>\$ 144,012</u>

Further information on the maturity analysis of lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 70,148</u>	<u>\$ 160,906</u>	<u>\$ 63,802</u>	<u>\$ 62,764</u>	<u>\$ 17,446</u>

December 31, 2024

	Less Than 1 Year	1-2 Years	2-5 Years	5+ Years
Floating interest rate instrument				
Short-term borrowings	\$ 100,930	\$ -	\$ -	\$ -
Lease liabilities	69,803	52,934	81,611	152,175
Non-interest bearing				
Notes payable	2	-	-	-
Accounts payables	235,041	-	-	-
Other payables	424,089	-	-	-
Guarantee deposits received	<u>32,865</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 862,730</u>	<u>\$ 52,934</u>	<u>\$ 81,611</u>	<u>\$ 152,175</u>

Further information on the maturity analysis of lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 69,803</u>	<u>\$ 134,545</u>	<u>\$ 61,603</u>	<u>\$ 61,621</u>	<u>\$ 28,951</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

	December 31	
	2025	2024
Bank short-term loan facilities which may be extended by mutual agreement		
Amount drawn	\$ -	\$ 100,000
Amount undrawn	<u>1,314,290</u>	<u>1,002,785</u>
	<u>\$ 1,314,290</u>	<u>\$ 1,102,785</u>

33. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in other notes, the Company's transactions with related parties are as follows:

a. Related party name and category

Related Party Name	Related Party Category
Bafang Yunji Restaurant Co., Ltd. (Bafang Restaurant Company)	Subsidiary
Fang Sin International Trading Co., Ltd. (Fang Sin Company)	Subsidiary
Dante Coffee & Foods Co., Ltd. (Dante Coffee Company)	Subsidiary
Bafang Yunji International (USA) Limited	Subsidiary
Bafang Yunji Restaurant Group LLC	Subsidiary

(Continued)

Bafang Yunji Foods LLC	Subsidiary
Bafang Yunji Foods Texas LLC	Subsidiary
Bafang Yunji International Company Limited (Bafang Hong Kong Company)	Subsidiary
Ji Yuan Foods Co., Ltd. (Ji Yuan Foods Company)	Subsidiary
Fu Yu Investment Co., Ltd.	Corporate director of the Company
Meide Eatery	Substantive related party
Taiyuan Eatery	Substantive related party
Chengde Eatery	Substantive related party (closed down on June 17, 2024)
Wuhua Eatery	Substantive related party
Taimanhan Diner	Substantive related party
Taimanji Diner	Substantive related party
Yutingyuan Enterprise	Substantive related party
Yangyang Eatery	Substantive related party
Su, Hsiao-Chi	Substantive related party
Lung, Chia-Hui	Substantive related party

(Concluded)

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Operating revenue	Subsidiary		
	Bafang Restaurant Company	\$ 487,939	\$ 565,480
	Fang Sin Company	12,138	12,082
	Others	<u>2,261</u>	<u>874</u>
		<u>502,338</u>	<u>578,436</u>
	Substantive related party		
	Others	<u>49,483</u>	<u>48,340</u>
		<u>\$ 551,824</u>	<u>\$ 626,776</u>

The sales prices and payment terms for transactions with related parties were comparable to those with third-party customers.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Bafang Restaurant Company	\$ 750	\$ 455
Fang Sin Company	40,019	36,504
Others	<u>-</u>	<u>13</u>
	<u>\$ 40,769</u>	<u>\$ 36,972</u>

The purchase prices and payment terms for transactions with related parties were comparable to those with third-party suppliers.

d. Manufacturing expenses and operating expenses

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Manufacturing expenses	Subsidiary		
Meal expenses and others	Bafang Restaurant Company	\$ 4,056	\$ 1,798
Others	Others	<u>16</u>	<u>9</u>
		<u>\$ 4,072</u>	<u>\$ 1,807</u>
Operating expenses	Subsidiary		
Training expenses	Bafang Restaurant Company	\$ 11,730	\$ 12,376
Advertising expenses	Bafang Restaurant Company	32,755	52,635
Miscellaneous expense	Bafang Restaurant Company	34,182	39,267
Others	Bafang Restaurant Company	818	869
Others	Others	<u>337</u>	<u>579</u>
		<u>79,822</u>	<u>105,726</u>
	Substantive related party		
Service fees	Others	<u>1,120</u>	<u>3,040</u>
		<u>\$ 80,956</u>	<u>\$ 108,766</u>

e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2025	2024
Accounts receivables	Subsidiary		
	Bafang Restaurant Company	\$ 19,405	\$ 22,962
	Others	<u>201</u>	<u>11,147</u>
		<u>19,606</u>	<u>34,109</u>
	Substantive related party		
	Others	<u>1,250</u>	<u>1,232</u>
		<u>\$ 20,856</u>	<u>\$ 35,341</u>
Other receivables	Subsidiary		
	Bafang Yunji Restaurant Group LLC	\$ 2,723	\$ -
	Bafang Yunji Foods Texas LLC	12,827	-
	Others	<u>2,084</u>	<u>361</u>
		<u>\$ 17,634</u>	<u>\$ 361</u>

The outstanding accounts receivables from related parties are unsecured. For the years ended December 31, 2025 and 2024, no impairment losses were recognized for accounts receivables from related parties.

f. Payable to related parties

Line Item	Related Party Category/Name	December 31	
		2025	2024
Accounts payables	Subsidiary		
	Bafang Restaurant Company	\$ 47	\$ 41
	Fang Sin Company	<u>-</u>	<u>1,368</u>
		<u>\$ 47</u>	<u>\$ 1,409</u>
Other payables	Subsidiary		
	Bafang Restaurant Company	\$ 6,667	\$ 11,468
	Others	<u>12</u>	<u>80</u>
		<u>6,679</u>	<u>11,548</u>
	Substantive related party		
	Others	<u>80</u>	<u>120</u>
		<u>\$ 6,759</u>	<u>\$ 11,668</u>

The outstanding accounts payables to related parties are unsecured.

g. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2025	2024
Subsidiary		
Others	<u>\$ 119</u>	<u>\$ 125</u>

h. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024
Subsidiary				
Bafang Restaurant Company	\$ 1	\$ -	\$ -	\$ -
Bafang Yunji Foods Texas LLC	<u>11,262</u>	<u>-</u>	<u>378</u>	<u>-</u>
	<u>\$ 11,263</u>	<u>\$ -</u>	<u>\$ 378</u>	<u>\$ -</u>

i. Lease arrangements - the Company is lessee

Line Item	Related Party Category/Name	December 31	
		2025	2024
Lease liabilities	Subsidiary		
	Bafang Restaurant Company	<u>\$ -</u>	<u>\$ 514</u>

For the Year Ended December 31, 2025				
Related Party Category/Name	Leased Asset	Lease Term	Rental Terms	Monthly Rent
Subsidiary				
Bafang Restaurant Company	2nd Floor, No. 205, Jieshou Village, Nangan Township, Lianjiang County	October 1, 2018 - September 30, 2025	Negotiated	\$ 57

For the Year Ended December 31, 2024				
Related Party Category/Name	Leased Asset	Lease Term	Rental Terms	Monthly Rent
Subsidiary				
Bafang Restaurant Company	2nd Floor, No. 205, Jieshou Village, Nangan Township, Lianjiang County	October 1, 2018 - September 30, 2025	Negotiated	\$ 57

- j. Lease arrangements - the Company is lessor

Lease arrangements - the Company is lessor under operating leases

The Company leases out assets under operating lease in 2025 and 2024. As of December 31, 2025 and 2024, the gross lease payments to be received are \$4,217 thousand and \$4,891 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2025 and 2024 were as follows:

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Lease income	Subsidiary		
	Bafang Restaurant Company	\$ 103	\$ 103
	Fang Sin Company	120	120
	Dante Coffee Company	<u>720</u>	<u>720</u>
		<u>943</u>	<u>943</u>
	Substantive related party		
	Others	<u>57</u>	<u>57</u>
		<u>\$ 1,000</u>	<u>\$ 1,000</u>

- k. Loans to related parties

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
<u>Interest revenue</u>		
Subsidiary		
Bafang Restaurant Company	\$ -	\$ 688
Bafang Yunji Restaurant Group LLC	-	3,210
Bafang Yunji Foods LLC	<u>-</u>	<u>464</u>
	<u>\$ -</u>	<u>\$ 4,362</u>

The Company provided Subsidiaries with unsecured short-term loans at interest rates ranging from 2% to 4.5%. It is anticipated that these loans will be repaid within one year, with no expected credit losses upon assessment.

l. Endorsements and guarantees

The Company provided financial guarantees for bank borrowings of its subsidiaries. For details of endorsements and guarantees as of December 31, 2025 and 2024, refer to Table 2 of Note 37.

m. Guarantee deposits received

Related Party Category/Name	December 31	
	2025	2024
Substantive related party		
Others	<u>\$ 400</u>	<u>\$ 400</u>

n. Other income

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Other income	Subsidiary		
	Bafang Restaurant Company	\$ 321	\$ 140
	Dante Coffee Company	3,291	3,298
	Bafang Yunji Restaurant Group LLC	-	5,665
	Others	4,824	629
	Substantive related party		
	Others	<u>32</u>	<u>69</u>
		<u>\$ 8,468</u>	<u>\$ 9,801</u>

o. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Investments accounted for using the equity method - cash dividends received	Subsidiary		
	Bafang Restaurant Company	\$ -	\$ 2,550
	Fang Sin Company	4,355	3,378
	Ji Yuan Foods Company	<u>335</u>	<u>-</u>
		<u>\$ 4,690</u>	<u>\$ 5,928</u>
Investments accounted for using the equity method - acquisition of shares	Director of the Company		
	Fu Yu Investment Co., Ltd.	\$ -	\$ 37,500
Investments accounted for using the equity method - capital injection	Subsidiary		
	Bafang Yunji International (USA) Limited	225,560	300,004
	Ji Yuan Foods Company	<u>-</u>	<u>182,500</u>
		<u>\$ 225,560</u>	<u>\$ 520,004</u>

p. Remuneration of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 86,363	\$ 71,447
Post-employment benefits		
Defined contribution plan	6,756	1,375
Share-based payments		
Equity-settled	-	1,006
	<u>\$ 93,119</u>	<u>\$ 73,828</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2025 and 2024 were as follows:

As of December 31, 2025 and 2024, the total contract amounts for the construction and acquisition of related plant and equipment were \$400,063 thousand and \$471,306 thousand, respectively. The amounts paid were \$100,150 thousand and \$161,603 thousand, respectively.

35. SIGNIFICANT SUBSEQUENT EVENTS

On March 10, 2026, the Board of Directors of the Company resolved to increase the capital of its subsidiary, Bafang Yunji International (USA) Limited, planning to expand its business in the U.S.A. The total capital increase amounted to US\$7,900 thousand.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
CNY (RMB)	\$ 45	4.496 (CNY:NTD)	\$ 202
USD	883	31.43 (USD:NTD)	<u>27,767</u>
			<u>\$ 27,969</u>

(Continued)

Non-monetary items

Investments accounted for using the equity method

USD	\$	18,594	31.43 (USD:NTD)	\$	584,396
HKD		167,709	4.038 (HKD:NTD)		677,209
JPY		228,765	0.2008 (JPY:NTD)		<u>45,936</u>
					<u>\$ 1,307,541</u>
					(Concluded)

December 31, 2024

		Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>					
Monetary items					
CNY (RMB)	\$	45	4.478 (CNY:NTD)	\$	201
USD		594	32.785 (USD:NTD)		<u>19,461</u>
					<u>\$ 19,662</u>

Non-monetary items

Investments accounted for using the equity method

USD		12,870	32.785 (USD:NTD)	\$	421,959
HKD		164,358	4.222 (HKD:NTD)		693,919
JPY		233,043	0.210 (JPY:NTD)		<u>48,916</u>
					<u>\$ 1,164,794</u>

For the years ended December 31, 2025 and 2024, the Company recognized realized and unrealized foreign exchange gains of \$536 thousand and \$12,748 thousand, respectively.

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)

- b. Information on investees (Table 5)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

38. SEGMENT INFORMATION

The Company has disclosed segment information in accordance with applicable regulations in the consolidated financial statements for the year 2025.

TABLE 1

BAFANG YUNJI INTERNATIONAL CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	Other receivables - related parties	Yes	\$ 100,000	\$ -	\$ -	2.0	Short-term financing needs	\$ -	Operating turnover	\$ -	-	\$ -	\$ 759,899	\$ 759,899	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Group LLC	Other receivables - related parties	Yes	99,615	-	-	4.8	Short-term financing needs	-	Operating turnover	-	-	-	759,899	759,899	
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	2.0	Short-term financing needs	-	Operating turnover	-	-	-	759,899	759,899	

Note 1: The number column is filled out as follows:

a. Fill in 0 for the issuer.

b. Each invested company is numbered in sequential order starting from 1.

Note 2: The nature of the loan should be specified as either business-related transactions or necessary for short-term financing purposes.

Note 3: The maximum amount of loans to any individual party is \$3,799,496 thousand x 20% of the net worth of the lending company (Bafang Yunji International Co., Ltd.) = \$759,899 thousand; the total loan limit is \$3,799,496 thousand x 20% of the net worth of the lending company (Bafang Yunji International Co., Ltd.) = \$759,899 thousand.

TABLE 2

BAFANG YUNJI INTERNATIONAL CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed By Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	b.	\$ 759,899	\$ 80,000	\$ -	\$ -	\$ -	-	\$ 1,519,798	Y	N	N	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Foods LLC	b.	759,899	66,410	62,860	47,145	-	1.65	1,519,798	Y	N	N	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Group LLC	b.	759,899	332,050	314,300	159,004	-	8.27	1,519,798	Y	N	N	
0	Bafang Yunji International Co., Ltd.	Ji Yuan Foods Co., Ltd.	b.	759,899	100,000	-	-	-	-	1,519,798	Y	N	N	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Group Texas LLC	b.	759,899	66,410	62,860	-	-	1.65	1,519,798	Y	N	N	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	b.	759,899	50,000	-	-	-	-	1,519,798	Y	N	N	
1	Bafang Yunji International (USA) Limited	Bafang Yunji Restaurant Group Texas LLC	b.	446,285	127,420	120,608	120,608	-	21.62	1,519,798	Y	N	N	
										557,856	N	N	N	

Note 1: The number column is filled out as follows:

a. Fill in 0 for the issuer.

b. Each invested company is numbered in sequential order starting from 1.

Note 2: Relationship with the Company:

a. The companies with which it has business relations.

b. Subsidiaries in which the company directly holds more than 50% of its total outstanding common stocks.

c. Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.

d. The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.

e. Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

f. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

g. Companies in the same industry providing among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party: Not exceeding 20% of the Company’s net assets as of December 31, 2025: \$3,799,496 thousand x 20% = \$759,899 thousand.

Ceiling on total amount of endorsements/guarantees provided: Not exceeding 40% of the Company’s net assets as of December 31, 2025: \$3,799,496 thousand x 40% = \$1,519,798 thousand.

Note 4: The maximum endorsement/guarantee amount for Bafang Yunji International (USA) Limited is limited to 100% of the company's net worth. In addition, the maximum amount for any single entity is limited to 80% of the company's net worth.

TABLE 3

BAFANG YUNJI INTERNATIONAL CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Bafang Yunji International Co., Ltd.	<u>Corporate bonds</u> First Commercial Bank	-	Financial assets at amortized cost - non-current	-	\$ 19,721	-	\$ 19,721	Domestic corporate bonds
	<u>Structured deposits</u> President DSU NTD 100% Capital Protected Structured Instrument	-	Financial assets at fair value through profit or loss - current	-	120,017	-	120,017	
Fang Sin International Trading Co., Ltd.	<u>Domestic unlisted equity investments</u> WiXtar Corporation	-	Financial assets at fair value through other comprehensive income - non-current	150,000	3,750	0.98	3,750	

Note 1: The term “securities” as used in this table refers to stocks, bonds, mutual fund beneficiary certificates, and derivative securities arising from the aforementioned items, as defined under IFRS 9 “Financial Instruments”.

Note 2: For information on investment in subsidiaries, affiliates and joint venture interests, refer to Tables 5 and 6.

TABLE 4

BAFANG YUNJI INTERNATIONAL CO., LTD.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	Subsidiary	Sales	\$ 487,939	7.86	Semi-monthly settlement	Same as the transaction price with regular customers	Same as the credit terms offered to regular customers	\$ 19,405	13.3	Note
Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Sister company	Sales	193,678	100.00	Semi-monthly settlement	Same as the transaction price with regular customers	Same as the credit terms offered to regular customers	17,494	100.0	Note

Note : The above transactions have been eliminated in the consolidated financial statements.

TABLE 5

BAFANG YUNJI INTERNATIONAL CO., LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
Bafang Yunji International Co., Ltd.	Bafang Yunji (Samoa) International Co., Ltd.	Samoa	Investment management	\$ 50,055	\$ 50,055	1,833,048	100	\$ 26,540	\$ 692	\$ 692	Note 1
				US\$ 1,833,048	US\$ 1,833,048			US\$ 844,411	US\$ 22,172	US\$ 22,172	
	Bafang Yunji Restaurant Co., Ltd.	Taiwan	Food and beverage services	150,727	150,727	15,000,000	100	169,170	9,673	9,673	Note 1
	Fang Sin International Trading Co., Ltd.	Taiwan	Food trading	40,000	40,000	4,000,000	100	45,709	2,893	2,893	Note 1
	Bafang Co., Ltd.	Japan	Food processing and food and beverage services	81,621	81,621	30,000	100	45,936	(892)	(892)	Note 1
				JPY 300,000,000	JPY 300,000,000			JPY 228,764,702	(JPY 4,278,682)	(JPY 4,278,682)	
	Bafang Yunji International (USA) Limited	United States	Investment management	676,511	450,951	4,316	100	557,856	(46,742)	(46,742)	Note 1
				US\$ 21,580,000	US\$ 14,380,000			US\$ 17,749,150	(US\$ 1,499,108)	(US\$ 1,499,108)	
	Bafang Yunji International Company Limited	Hong Kong	Food processing and food and beverage services	476,538	476,538	17,500,000	100	677,209	13,405	13,405	Note 1
				HK\$ 119,617,830	HK\$ 119,617,830			HK\$ 167,708,987	HK\$ 3,351,108	HK\$ 3,351,108	
	Dante Coffee & Foods Co., Ltd.	Taiwan	Food and beverage services	20,000	20,000	2,000,000	100	2,158	(4,881)	(4,881)	Note 1
	Ji Yuan Foods Co., Ltd.	Taiwan	Livestock products manufacturing and sales	250,000	250,000	25,000,000	100	230,344	(19,694)	(19,694)	Note 1
Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji Restaurant Group Limited	Hong Kong	Investment management	-	397,549	-	-	-	-	-	Note 1
				US\$ -	US\$ 12,940,438						
Bafang Yunji International Company Limited	Hsin Chiao International Co. Limited	Hong Kong	Transportation	-	-	1	100	53,041	5,900	5,900	Note 1
				HK\$ 1	HK\$ 1			HK\$ 13,135,435	HK\$ 1,474,879	HK\$ 1,474,879	
	Long Success (HK) Industrial Limited	Hong Kong	Food and beverage services	-	-	1	100	84,029	(13,295)	(13,295)	Note 1
				HK\$ 1	HK\$ 1			HK\$ 20,809,477	(HK\$ 3,323,795)	(HK\$ 3,323,795)	
	Rich Grade Limited	Hong Kong	Food and beverage services	-	-	1	100	9,530	(1,189)	(1,189)	Note 1
				HK\$ 1	HK\$ 1			HK\$ 2,359,997	(HK\$ 297,188)	(HK\$ 297,188)	
	Wise Success Enterprise Limited	Hong Kong	Transportation	-	-	1	100	1,061	659	659	Note 1
				HK\$ 1	HK\$ 1			HK\$ 262,783	(HK\$ 164,873)	(HK\$ 164,873)	
	Jiashide Limited	Hong Kong	Investment management	6,891	6,891	10,000	100	-	-	-	Note 1
				RMB 1,500,000	RMB 1,500,000						
Jiashide Limited	Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Mainland China	Food trading	6,891	6,891	-	100	-	-	-	Notes 1 and 2
				RMB 1,500,000	RMB 1,500,000						
Bafang Yunji International (USA) Limited	Bafang Yunji Foods LLC	United States	Food processing	116,598	97,050	-	60	41,897	(31,267)	(18,760)	Notes 1 and 3
				US\$ 3,780,000	US\$ 3,180,000			US\$ 1,333,023	(US\$ 1,002,788)	(US\$ 601,673)	
	Bafang Yunji Restaurant Group LLC	United States	Food and beverage services	84,205	84,205	-	60	76,238	(8,036)	(4,822)	Notes 1 and 3
				US\$ 2,700,000	US\$ 2,700,000			US\$ 2,425,648	US\$ 257,735	US\$ 154,641	
	Bafang Yunji Franchise (USA) Co.	United States	Franchising	16,140	16,140	500,000	100	14,912	(89)	(89)	Note 1
				US\$ 500,000	US\$ 500,000			US\$ 474,445	(US\$ 2,848)	(US\$ 2,848)	
	Bafang Yunji Texas Corporation	United States	Investment management	439,353	231,732	13,800,000	60	412,446	(34,029)	(20,417)	Notes 1 and 3
				US\$ 13,800,000	US\$ 7,200,000			US\$ 13,122,658	(US\$ 1,091,373)	(US\$ 654,824)	
Bafang Yunji Texas Corporation	Bafang Yunji Foods Texas LLC	United States	Food processing	568,830	385,080	-	100	534,829	(29,774)	(29,774)	Note 1
				US\$ 18,000,000	US\$ 12,000,000			US\$ 17,016,509	(US\$ 954,908)	(US\$ 954,908)	
	Bafang Yunji Restaurant Group Texas LLC	United States	Food and beverage services	148,163	-		100	138,123	(3,286)	(3,286)	Note 1
				US\$ 4,500,000	US\$ -			US\$ 4,394,624	(US\$ 105,376)	(US\$ 105,376)	

Note 1: The above investment income or loss of the investee for 2025 was recognized based on the investee’s financial statements for the same period audited by CPAs.

Note 2: Refer to Table 6 for the information on investees in Mainland China.

Note 3: Significant non-controlling interests.

BAFANG YUNJI INTERNATIONAL CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

1. The name of the investees in Mainland China, main business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment income and losses, investment book value, repatriated investment income and loss.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2b.2))	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Food trading	\$ 6,891	b.	\$ 6,891 (RMB 1,500,000)	\$ -	\$ -	\$ 6,891 (RMB 1,500,000)	\$ - (RMB -)	100	\$ - (RMB -)	\$ - (RMB -)	\$ -	

2. Investment quota for Mainland China

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA (Note 3)
\$502,428 (US\$16,341,534)	\$502,428 (US\$16,341,534)	\$2,491,930

Note 1: The investment methods can be divided into the following three types, and just indicate as such.

a. Invest in mainland China directly.

b. Invest in Mainland China through companies in third regions. (Please specify the investment company of the third region).

c. Other methods.

Note 2: In the column of investment income or loss recognized in the current period.

a. If the investment is under preparation and there is no investment income or loss, it should be noted.

b. The basis for recognizing investment income or losses is divided into the following three categories, which should be specified.

1) The financial statements have been audited by an international CPA firm with which CPA firms in the ROC. has a cooperative relationship.

2) The financial statements have been audited by the attesting CPA of the parent company in Taiwan.

3) Others: Unaudited financial statements.

Note 3: In accordance with the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China” of the Investment Commission dated 2008.8.29, the higher of 60% of the net worth of the investor company or the consolidated net worth shall be the limit.

Note 4: Including the deregistration of Zhejiang Fuyu Foods Co., Ltd. in July 2020, Xiamen Fuyu Bafang Equity Investment Co., Ltd. in February 2021, and Zhejiang Fuyu Foods Co., Ltd. and Zhejiang Fuyu Restaurant & Management Co., Ltd. in March 2021, and Shanghai Dante Coffee Co., Ltd was deregistered in September 2022, Fujian Bafang Yunji Foods Co., Ltd. was deregistered in September 2023, and Fujian Bafang Yunji Restaurant & Management Co., Ltd. was deregistered in October 2023, the accumulated investment amount of \$472,503 thousand remitted from Taiwan was not repatriated back.

3. Significant transactions with investees in Mainland China directly or indirectly through third-region businesses: None.
4. Endorsement, guarantee or provision of collaterals provided to investees in Mainland China directly or indirectly through third-region businesses: None.
5. For financial accommodation provided to investees in Mainland China directly or indirectly through third-region businesses: None.
6. Other transactions that have a significant effect on the current profit or loss or financial position: None.

BAFANG YUNJI INTERNATIONAL CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Number/Index
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Statement of inventories	5
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STATEMENT 1**BAFANG YUNJI INTERNATIONAL CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

Item	Description	Amount
Cash on hand		\$ 747
Checking deposits	Bank A	1,450
Demand deposits	Bank A	223,037
	Others	78,043
Foreign currency deposits	Bank A (including US\$162 thousand @31.43)	5,075
	Others (including US\$171 thousand @31.43, etc.)	5,401
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposit		<u>410,000</u>
		<u>\$ 723,753</u>

Note: Time deposit.

Bank	Period	Interest Rate	Description	Amount
Mega Bank	November 17, 2025 - January 19, 2026	1.61%	\$ 100,000 thousand	\$ 100,000
Taishin Bank	November 18, 2025 - January 19, 2026	1.6%	100,000 thousand	100,000
Yuanta Bank	November 19, 2025 - February 19, 2026	1.63%	100,000 thousand	100,000
Mega Bank	December 22, 2025 - March 22, 2026	1.56%	50,000 thousand	50,000
Taishin Bank	December 19, 2025 - January 19, 2026	1.4%	60,000 thousand	<u>60,000</u>
				<u>\$ 410,000</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

Name of Financial Instruments	Beginning of the Period		Increase in the Period		Decrease in the Period		Valuation Amount	End of the Period		Pledged or Collateral Status	Remarks
	Number of Shares or Board	Fair Value	Number of Shares or Board	Amount	Number of Shares or Board	Amount		Number of Shares or Board	Fair Value		
	Lots		Lots		Lots			Lots			
President DSU USD 100% Capital Protected Structured Instrument	-	\$ 130,265	-	\$ 120,000	-	\$ 130,318	\$ 70	-	\$ 120,017	None	
Fubon Chi-Hsiang Money Market fund	7,355,330	120,125	-	-	7,355,330	120,160	35	-	-	None	
Call options of convertible corporate bonds	-	-	-	300	-	-	100	-	400	None	
		<u>\$ 250,390</u>		<u>\$ 120,300</u>		<u>\$ 250,478</u>	<u>\$ 205</u>		<u>\$ 120,417</u>		

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

Name	Number of Board Lots	Par Value	Total Amount	Interest Rate	Carrying Amount	Accumulated Impairment	Remarks
Corporate bonds - First Commercial Bank	1	10,000	\$ 9,780	0.52%	\$ 9,780	\$ -	
Corporate bonds - First Commercial Bank	1	10,000	9,941	0.52%	9,941	-	
Bank time deposit with E.SUN Commercial Bank	-	-	20,000	1.55%	20,000	-	
Bank time deposit with Yuanta Commercial Bank	-	-	400,000	1.385%~1.645%	400,000	-	
			<u>\$439,721</u>		<u>\$439,721</u>	<u>\$ -</u>	

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF ACCOUNTS RECEIVABLES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>
Franchisee receivable	Food ingredients receivable	\$ 125,027
Less: Allowance for impairment loss		<u>(344)</u>
		124,683
Accounts receivables - related parties	Bafang Restaurant Company	19,405
	Other	<u>1,451</u>
		20,856
		<u>\$ 145,539</u>

Note: The balance of each account does not exceed 5% of the balance in this account.

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

<u>Item</u>	<u>Description</u>	<u>Book Value</u>	<u>Market Price</u>
Raw materials	Meat, other food ingredients, etc.	\$ 319,350	\$ 326,221
Semi-finished goods	Defrosted meat, etc.	17,440	19,139
Finished goods	Stuffing, marinated meat, etc.	33,755	47,772
Merchandise inventory	Store supplies, etc.	<u>20,301</u>	<u>24,804</u>
		<u>\$ 390,846</u>	<u>\$ 417,936</u>

Note: Market price is calculated based on net realizable value.

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

	Balance at the Beginning of the Period		Increase in the Period (Note 4)		Decrease in the Period (Note 3)		Investment Income (Loss)	Cumulative Translation Adjustments	Balance at the End of the Period			Fair Value or Equity Value (Note 2)		Valuation Basis	Pledged or Collateral Status
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	Shareholding %	Amount	Unit Price (NT\$)	Total Price		
Investments in unlisted companies accounted for using the equity method (Note 1)															
Bafang Yunji Restaurant Co., Ltd.	15,000,000	\$ 159,497	-	\$ -	-	\$ -	\$ 9,673	\$ -	15,000,000	100	\$ 169,170	11.28	\$ 169,170	Equity method	None
Bafang Yunji (Samoa) International Co., Ltd.	1,833,048	26,957	-	-	-	-	692	(1,109)	1,833,048	100	26,540	14.48	26,540	Equity method	None
Fang Sin International Trading Co., Ltd.	4,000,000	47,171	-	-	-	(4,355)	2,893	-	4,000,000	100	45,709	11.43	45,709	Equity method	None
Bafang Co., Ltd.	30,000	48,916	-	-	-	-	(892)	(2,088)	30,000	100	45,936	1,531.2	45,936	Equity method	None
Bafang Yunji International (USA) Limited	2,876	395,002	1,440	225,560	-	-	(46,742)	(15,964)	4,316	100	557,856	129,252.97	557,856	Equity method	None
Dante Coffee & Foods Co., Ltd.	2,000,000	7,039	-	-	-	-	(4,881)	-	2,000,000	100	2,158	1.08	2,158	Equity method	None
Bafang Yunji International Company Limited	17,500,000	693,919	-	-	-	-	13,404	(30,114)	17,500,000	100	677,209	38.7	677,209	Equity method	None
Ji Yuan Foods Co., Ltd.	25,000,000	<u>250,373</u>	-	<u>-</u>	-	<u>(335)</u>	<u>(19,694)</u>	<u>-</u>	25,000,000	100	<u>230,344</u>	9.21	<u>230,344</u>	Equity method	None
		<u>\$ 1,628,874</u>		<u>\$ 225,560</u>		<u>\$ (4,690)</u>	<u>\$ 45,547</u>	<u>\$ (49,275)</u>			<u>\$ 1,754,922</u>		<u>\$ 1,754,922</u>		

- Note 1: The calculation is based on the financial statements audited by CPAs for the same period.
- Note 2: The calculation of equity net worth is based on the investee’s financial statements and the Company’s shareholding percentage.
- Note 3: Details of the decrease for the period are as follows:

Item	Amount
Cash dividends received from subsidiaries	<u>\$ (4,690)</u>

Note 4: Details of the Increase for the period are as follows:

Item	Amount
Actual consideration paid for the acquisition of shares in Bafang Yunji International (USA) Limited.	<u>\$ 225,560</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Land	\$ 167,823	\$ -	\$ -	\$ 167,823
Buildings	122,738	12,772	(17,885)	117,625
Transportation equipment	<u>252,239</u>	<u>89,980</u>	<u>(75,555)</u>	<u>266,664</u>
	<u>\$ 542,800</u>	<u>\$ 102,752</u>	<u>\$ (93,440)</u>	<u>\$ 552,112</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Land	\$ 28,039	\$ 8,391	\$ -	\$ 36,430
Buildings	34,915	12,383	(17,426)	29,872
Transportation equipment	<u>145,405</u>	<u>55,746</u>	<u>(75,239)</u>	<u>125,912</u>
	<u>\$ 208,359</u>	<u>\$ 76,520</u>	<u>\$ (92,665)</u>	<u>\$ 192,214</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayments for equipment	Prepayments for purchase of production equipment, etc.	\$ 1,724
Refundable deposits	Lease deposits, etc.	<u>52,131</u>
		<u>\$ 53,855</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>
Others (Note)	Payment for goods	<u>\$ 15</u>

Note: The balance of each account does not exceed 5% of the balance in this account.

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>
Master Channels	Payment for goods	\$ 18,113
Mastertai Enterprise	"	12,958
Kingrich	"	12,668
Chang Jiang Frozen Foods	"	11,877
Others (Note)	"	199,248
Related parties	"	<u>47</u>
		<u>\$ 254,911</u>

Note: The balance of each account does not exceed 5% of the balance in this account.

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other payables	Payables for dividends	\$ 266,579
	Payables for salaries or bonuses	164,507
	Remuneration payable to employees and directors	22,000
	Payables for insurance premiums	12,770
	Payables for pension contributions	6,012
	Payables for purchases of equipment	12,377
	Payables for business tax	23,458
	Payables for service fees	2,804
	Other expenses payable (Note)	<u>58,405</u>
		<u>568,912</u>
Related parties	Marketing and advertising expenses payable	5,160
	Others (Note)	<u>1,599</u>
		<u>6,759</u>
		<u>\$ 575,671</u>

Note: The balance of each account does not exceed 5% of the balance in this account.

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Collections on behalf of others	Withholding income tax, etc.	\$ 2,170
Advanced receipts		110
Financial liabilities		1,945
Temporary receipts		<u>1,312</u>
		<u>\$ 5,537</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

<u>Item</u>	<u>Lease Term</u>	<u>Discount Rate</u>	<u>Amount</u>
Land	20 years	1.42%	\$ 122,571
Buildings	1-20 years	1.25%-1.75%	82,276
Transportation equipment	3-5 years	1.25%-1.75%	140,983
Less: Classified as current liabilities			<u>(62,544)</u>
Lease liabilities - non-current			<u>\$ 283,286</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

<u>Name</u>	<u>Amount</u>
Food processing	\$ 5,039,391
Merchandise trading	1,144,366
Licensing revenue	<u>23,130</u>
	<u>\$ 6,206,887</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

Name	Amount
Merchandise inventory	
Beginning merchandise inventory	\$ 22,170
Purchases in the period, net	806,254
Ending merchandise inventory	(20,897)
Less: Loss on physical inventory of merchandise	(37)
Less: Merchandise scrapped	(490)
Less: Others	(140)
Cost of merchandise inventory sold	<u>806,860</u>
Raw materials	
Beginning raw materials	176,846
Purchases of raw materials in the period	2,877,193
Ending raw materials	(326,802)
Add: Others	631
Less: Loss on physical inventory of raw materials	(3,055)
Less: Raw materials scrapped	(887)
Less: Sales of raw materials	(163,295)
Direct raw materials consumption	<u>2,560,631</u>
Supplies	
Beginning supplies	5,785
Purchases of supplies in the period	79,611
Ending supplies	(5,122)
Add: Gain on physical inventory of supplies	53
Less: Supplies scrapped	(464)
Less: Transferred to other expenses and others	(5,298)
Indirect materials consumption	<u>74,565</u>
Direct labors	<u>249,466</u>
Manufacturing expenses	<u>506,686</u>
Manufacturing costs	<u>3,391,348</u>
Semi-finished goods	
Beginning semi-finished goods	15,681
Purchases of semi-finished goods in the period	-
Ending semi-finished goods	(17,868)
Add: Gain on physical inventory of semi-finished product	18
Less: Semi-finished product scrapped	(459)
Less: Sales of semi-finished product	(5,510)
Less: Others	(4,123)
	<u>(12,261)</u>

(Continued)

Name	Amount
Finished goods	
Beginning finished goods	\$ 26,562
Purchases of finished goods in the period	-
Ending finished goods	(34,788)
Add: Transferred to other expenses and others	813
Add: Gain on physical inventory of finished goods	186
Less: Finished product scrapped	<u>(4,624)</u>
	<u>(11,851)</u>
Finished goods cost	<u>3,367,236</u>
Cost of finished goods sold	<u>4,174,096</u>
Cost of raw materials sold	163,295
Cost of semi-finished goods sold	5,510
Loss on physical inventory	2,835
Inventory scrap losses	6,924
Inventory write-downs	6,059
Income from scrap sales	<u>(1,458)</u>
	<u>\$ 4,357,261</u>
	(Concluded)

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF OPERATING EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Total
Salaries expense	\$ 224,739	\$ 131,893	\$ 6,372	\$ 363,004
Advertising expense	47,466	66	-	47,532
Insurance expense	19,270	10,343	363	29,976
Pension expense	8,797	5,300	216	14,313
Depreciation expense	61,485	13,302	1,651	76,438
Amortization expense	-	5,452	-	5,452
Service fees	750	22,464	1,200	24,414
Other expenses	<u>81,578</u>	<u>120,697</u>	<u>4,533</u>	<u>206,808</u>
	<u>\$ 444,085</u>	<u>\$ 309,517</u>	<u>\$ 14,335</u>	<u>\$ 767,937</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.**STATEMENT OF OTHER INCOME AND EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Unless Stated Otherwise)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Gain on disposal of property, plant and equipment		\$ 148
Net foreign exchange gains		536
Gain on financial assets at fair value through profit or loss		205
Loss on lease modification		(13)
Others		<u>(4)</u>
		<u>\$ 872</u>

BAFANG YUNJI INTERNATIONAL CO., LTD.

STATEMENT OF ANALYSIS OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (In Thousands of New Taiwan Dollars and Unless Stated Otherwise)

	2025			2024		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Employee benefits expense						
Salaries expense	\$ 323,147	\$ 343,196	\$ 666,343	\$ 281,531	\$ 304,856	\$ 586,387
Labor and health insurance expense	28,014	27,446	55,460	24,361	25,915	50,276
Pension expense	9,175	14,313	23,488	8,701	13,237	21,938
Remuneration of directors	-	19,808	19,808	-	19,026	19,026
Other employee benefits expense	<u>19,896</u>	<u>16,340</u>	<u>36,236</u>	<u>16,774</u>	<u>8,869</u>	<u>25,643</u>
	<u>\$ 380,232</u>	<u>\$ 421,103</u>	<u>\$ 801,335</u>	<u>\$ 331,367</u>	<u>\$ 371,903</u>	<u>\$ 703,270</u>
Depreciation expense	<u>\$ 145,246</u>	<u>\$ 76,438</u>	<u>\$ 221,684</u>	<u>\$ 134,539</u>	<u>\$ 73,969</u>	<u>\$ 208,508</u>
Amortization expense	<u>\$ 28</u>	<u>\$ 5,452</u>	<u>\$ 5,480</u>	<u>\$ 28</u>	<u>\$ 5,028</u>	<u>\$ 5,056</u>

Note:

1. The number of employees in the current and previous years was 687 and 647, respectively, of which the number of directors who were not also employees was 7 and 7.
2.
 - a. The average employee benefit expense for the current year was \$1,149 thousand (“Total employee benefit expense for the current year - total directors’ remuneration”/“Number of employees for the current year - number of directors who are not also employees”).

 The average employee benefit expense for the previous year was \$1,069 thousand (“Total employee benefit expense for the previous year - total directors’ remuneration”/“Number of employees for the previous year - number of directors who are not also employees”).
 - b. The average employee salary expense for the current year was \$980 thousand (“Total employee salary expense for the current year”/“Number of employees for the current year - number of directors who are not also employees”).

 The average employee salary expense for the previous year was \$916 thousand (“Total employee salary expense for the previous year”/“Number of employees for the previous year - number of directors who are not also employees”).
 - c. Increase of 6.99% in the adjustment of average employee salary expense (“Average employee salary expense for the current year - Average employee salary expense for the previous year”/“Average employee salary expense for the previous year”).
 - d. There was no remuneration for the supervisor for the current and previous years as no supervisor was appointed.

(Continued)

e. The Company's salary and remuneration policy (including directors, managers and employees)

- 1) Salary and remuneration of the Company's directors is determined in accordance with the "Regulations Governing the Salary and Remuneration of Directors and Functional Members", which includes remuneration, retirement pension, business execution related expenses and other remuneration; their remuneration is reasonably paid in accordance with the regulations; the remuneration of directors is determined in accordance with Article 18 of the Company's Articles of Incorporation, and no more than 1% of the Company's annual profit shall be appropriated as remuneration to directors; retirement pension and business execution expenses are determined in accordance with the relevant regulations. Salary and remuneration of directors is reviewed by the Remuneration Committee and the Board of Directors, and the salary and remuneration system is reviewed from time to time depending on the actual operating conditions.
- 2) Remuneration of the president, vice president and managerial officers includes salary remuneration, retirement pension, employee remuneration and business execution related expenses. Remuneration is determined by reference to industry standards, taking into account the position, rank, education and experience, professional ability and contribution to the Company, and the Company's operating results. In accordance with Article 18 of the Company's Articles of Incorporation, not less than 1% of the Company's annual profit, if any, shall be provided as employee remuneration; retirement pension and business execution expenses shall be handled in accordance with the relevant regulations. The relevant salary and remuneration to employees are submitted to the Remuneration Committee for consideration and distribution after the Board of Directors' approval.
- 3) Remuneration of the regular employees includes salary remuneration, retirement pension, employee remuneration and business execution related expenses. Salary is determined by reference to industry standards, taking into account the position, rank, education and experience, professional ability; Bonuses and related incentives are paid based on individual performance, achievement of departmental goals, and consideration of the Company's operating results. In accordance with Article 18 of the Company's Articles of Incorporation, not less than 1% of the Company's annual profit, if any, shall be provided as employee remuneration. The allocation of 40% of the above compensation of employees as compensation distributions for non-executive employees.

(Concluded)