

GROUNDHOG INC. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of material accounting policies	11~24
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	24~25
(6) Explanation of significant accounts	25~43
(7) Related-party transactions	43
(8) Pledged assets	44
(9) Commitments and contingencies	44
(10) Losses Due to Major Disasters	44
(11) Subsequent Events	44
(12) Other	44
(13) Other disclosures	
(a) Information on significant transactions	45
(b) Information on investees	46
(c) Information on investment in mainland China	46
(14) Segment information	46~47

Representation Letter

The entities that are required to be included in the combined financial statements of Groundhog Inc. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Groundhog Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Groundhog Inc.

Chairman: David, Chiu

Date: March 11, 2026



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Independent Auditors' Report

To the Board of Directors of Groundhog Inc.:

Opinion

We have audited the consolidated financial statements of Groundhog Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 of our opinion.

Other Matter

Groundhog Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(l) “Revenue” and Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” to the consolidated financial statements.

Description of key audit matter:

The Group engages in optimizing its intelligence platform system and provides big data analytics for its clients, which particularly involved the estimates made for percentage of completion ratio recognized as revenue. Therefore, considered revenue recognition as our key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included understanding the revenue recognition's accounting policy and assessing whether they are consistent with the accounting standards; random sampling of each revenue transaction and compare it with the purchase orders, condition of sales contract, input of the project time report, acceptance documentation, and collection records. In addition, we also obtained the ongoing project list to examine the calculation of completion percentage used as a basis for the recognition of contract assets.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 audit resulting in this independent auditors' report are Huang, Yung-Hua and Yu, Sheng-Ho.



KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

Notes to Readers

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

GROUNDHOG INC. AND ITS SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2025</u>		<u>December 31, 2024</u>				<u>December 31, 2025</u>		<u>December 31, 2024</u>	
Assets		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:											
1100	Cash and cash equivalents (note 6(a))	\$ 620,102	69	856,246	75	2130	Current contract liabilities (note 6(l))	\$ 50,872	6	45,121	4
1137	Current financial assets at amortized cost (notes 6(b) and 8)	41,520	4	48,079	4	2170	Accounts payable	1,013	-	1,056	-
1140	Current contract assets (note 6(l))	158,583	18	162,306	14	2200	Other payables	62,797	7	66,875	6
1170	Accounts receivable, net (notes 6(c) and (l))	45,686	5	53,475	5	2230	Current tax liabilities	22,128	3	37,518	3
1470	Other current assets	<u>9,574</u>	<u>1</u>	<u>6,070</u>	<u>1</u>	2280	Current lease liabilities (note 6(f))	11,037	1	8,937	1
		<u>875,465</u>	<u>97</u>	<u>1,126,176</u>	<u>99</u>	2300	Other current liabilities	<u>11,005</u>	<u>1</u>	<u>18,412</u>	<u>2</u>
	Non-current assets:							<u>158,852</u>	<u>18</u>	<u>177,919</u>	<u>16</u>
1600	Property, plant and equipment (note 6(d))	2,131	-	3,334	-		Non-Current liabilities:				
1755	Right-of-use assets (note 6(e))	14,751	2	8,063	1	2580	Non-current lease liabilities (note 6(f))	3,741	-	-	-
1995	Other non-current assets (note 6(h))	<u>6,213</u>	<u>1</u>	<u>4,907</u>	<u>-</u>	2670	Other non-current liabilities (notes 6(g) and (h))	<u>7,893</u>	<u>1</u>	<u>10,473</u>	<u>1</u>
		<u>23,095</u>	<u>3</u>	<u>16,304</u>	<u>1</u>			<u>11,634</u>	<u>1</u>	<u>10,473</u>	<u>1</u>
							Total liabilities	<u>170,486</u>	<u>19</u>	<u>188,392</u>	<u>17</u>
							Equity attributable to owners of parent (notes 6(i) and (j)):				
						3110	Ordinary share	<u>335,374</u>	<u>38</u>	<u>335,374</u>	<u>29</u>
						3200	Capital surplus	<u>461,225</u>	<u>51</u>	<u>461,225</u>	<u>40</u>
							Retained earnings:				
						3310	Legal reserve	45,323	5	33,377	3
						3351	Unappropriated retained earnings	<u>64,485</u>	<u>7</u>	<u>119,806</u>	<u>11</u>
								<u>109,808</u>	<u>12</u>	<u>153,183</u>	<u>14</u>
						3400	Other equity	<u>3,152</u>	<u>-</u>	<u>4,306</u>	<u>-</u>
						3500	Treasury shares	<u>(181,485)</u>	<u>(20)</u>	<u>-</u>	<u>-</u>
							Total equity	<u>728,074</u>	<u>81</u>	<u>954,088</u>	<u>83</u>
Total assets		\$ <u>898,560</u>	<u>100</u>	<u>1,142,480</u>	<u>100</u>		Total liabilities and equity	\$ <u>898,560</u>	<u>100</u>	<u>1,142,480</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

GROUNDHOG INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (note 6(l))	\$ 348,178	100	393,778	100
5000	Operating costs (notes 6(g), (m) and 12)	<u>45,948</u>	<u>13</u>	<u>61,484</u>	<u>16</u>
5900	Gross profit from operations	<u>302,230</u>	<u>87</u>	<u>332,294</u>	<u>84</u>
6000	Operating expenses (notes 6(c), (g), (m) and 12)				
6100	Selling expenses	50,245	14	44,932	11
6200	Administrative expenses	40,782	12	41,807	11
6300	Research and development expenses	151,859	44	125,293	32
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>1,892</u>	<u>-</u>	<u>(1,467)</u>	<u>-</u>
		<u>244,778</u>	<u>70</u>	<u>210,565</u>	<u>54</u>
6900	Net operating income	<u>57,452</u>	<u>17</u>	<u>121,729</u>	<u>30</u>
	Non-operating income and expenses:				
7100	Interest income	9,139	3	9,984	3
7050	Finance costs (note 6(f))	(219)	-	(282)	-
7020	Other gains and losses, net (note 6(n))	<u>3,495</u>	<u>1</u>	<u>17,823</u>	<u>5</u>
	Total non-operating income and expenses	<u>12,415</u>	<u>4</u>	<u>27,525</u>	<u>8</u>
	Profit before income tax	69,867	21	149,254	38
7950	Less: Income tax expenses (note 6(h))	<u>8,630</u>	<u>3</u>	<u>30,101</u>	<u>8</u>
	Profit	<u>61,237</u>	<u>18</u>	<u>119,153</u>	<u>30</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(g))	2,708	-	309	-
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	(1,442)	-	2,422	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(h))	<u>288</u>	<u>-</u>	<u>(484)</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>1,554</u>	<u>-</u>	<u>2,247</u>	<u>1</u>
8500	Comprehensive income	<u>\$ 62,791</u>	<u>18</u>	<u>121,400</u>	<u>31</u>
	Profit, attributable to:				
	Owners of parent	<u>\$ 61,237</u>	<u>18</u>	<u>119,153</u>	<u>30</u>
	Comprehensive income attributable to:				
	Owners of parent	<u>\$ 62,791</u>	<u>18</u>	<u>121,400</u>	<u>31</u>
9750	Basic earnings per share (NT dollars) (note 6(k))	<u>\$ 1.87</u>		<u>3.56</u>	
9850	Diluted earnings per share (NT dollars) (note 6(k))	<u>\$ 1.87</u>		<u>3.55</u>	

See accompanying notes to consolidated financial statements.

GROUNDHOG INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2024	\$ 305,424	78,102	22,537	111,796	2,368	-	520,227
Profit for the year ended December 31, 2024	-	-	-	119,153	-	-	119,153
Other comprehensive income for the year ended December 31, 2024	-	-	-	309	1,938	-	2,247
Comprehensive income for the year ended December 31, 2024	-	-	-	119,462	1,938	-	121,400
Legal reserve appropriated	-	-	10,840	(10,840)	-	-	-
Cash dividends on ordinary share	-	-	-	(100,612)	-	-	(100,612)
Proceeds from issuing shares	29,950	380,881	-	-	-	-	410,831
Share-based payment transaction	-	2,242	-	-	-	-	2,242
Balance at December 31, 2024	335,374	461,225	33,377	119,806	4,306	-	954,088
Profit for the year ended December 31, 2025	-	-	-	61,237	-	-	61,237
Other comprehensive income for the year ended December 31, 2025	-	-	-	2,708	(1,154)	-	1,554
Comprehensive income for the year ended December 31, 2025	-	-	-	63,945	(1,154)	-	62,791
Legal reserve appropriated	-	-	11,946	(11,946)	-	-	-
Cash dividends on ordinary share	-	-	-	(107,320)	-	-	(107,320)
Purchase of treasury share	-	-	-	-	-	(181,485)	(181,485)
Balance at December 31, 2025	<u>\$ 335,374</u>	<u>461,225</u>	<u>45,323</u>	<u>64,485</u>	<u>3,152</u>	<u>(181,485)</u>	<u>728,074</u>

See accompanying notes to consolidated financial statements.

GROUNDHOG INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 69,867	149,254
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	12,106	12,508
Amortization expense	101	336
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	1,892	(1,467)
Interest expense	219	282
Interest income	(9,139)	(9,984)
Compensation cost for share-based payments	-	2,242
Other	-	440
Total adjustments to reconcile profit	5,179	4,357
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	1,776	(67,155)
Accounts receivables	17,677	(10,750)
Other current assets	(495)	(1,351)
	18,958	(79,256)
Changes in operating liabilities:		
Contract liabilities	(3,996)	13,208
Accounts payable	(43)	67
Other payable	(4,151)	6,280
Other current liabilities	(7,407)	17,562
Net defined benefit liability	605	699
	3,966	(41,440)
Total adjustments	9,145	(37,083)
Cash inflow generated from operations	79,012	112,171
Interest received	9,138	9,889
Income taxes paid	(27,691)	(19,617)
Net cash flows from operating activities	60,459	102,443
Cash flows from (used in) investing activities:		
Proceeds from (acquisition of) financial assets at amortized cost	6,559	(41,937)
Acquisition of property, plant and equipment	(752)	(327)
Other investing activities	(165)	(138)
Net cash flows from (used in) investing activities	5,642	(42,402)
Cash flows from (used in) financing activities:		
Payments of lease liabilities	(10,876)	(10,800)
Cash dividends paid	(107,320)	(100,612)
Proceeds from issuing shares	-	410,831
Payments to acquire treasury shares	(181,485)	-
Net cash flows from (used in) financing activities	(299,681)	299,419
Effect of exchange rate changes on cash and cash equivalents	(2,564)	2,660
Net increase (decrease) in cash and cash equivalents	(236,144)	362,120
Cash and cash equivalents at beginning of period	856,246	494,126
Cash and cash equivalents at end of period	\$ 620,102	856,246

See accompanying notes to consolidated financial statements.

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Groundhog Inc.(the “Company”) was incorporated on September 12, 2019 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company mainly engages in application development, design, implementation, and installation of other information software services on intelligence platform. The Company and its subsidiaries (together referred to as the “Group”) are engaged in the same business as mentioned above.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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GROUNDHOG INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding	
			December 31, 2025	December 31, 2024
The Company	Groundhog Pte. Ltd (the “Groundhog Singapore”)	Mobile smart platform application development and implementation	100.00 %	100.00 %
Groundhog Singapore	Groundhog Technologies Inc. (USA) (the “Groundhog USA”)	Mobile smart platform application development and construction	100.00 %	100.00 %

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from, or payable to, a foreign operation is neither planned nor likely to occur in the foreseeable future, the exchange differences arising thereon form part of the net investment in the foreign operation and are recognized in other comprehensive income.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables, other receivables, and guarantee deposit paid),

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group enters into a transaction to transfer financial assets, if it retains all or substantially all the risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When repurchasing an equity instrument recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity, wherein the repurchased shares are classified as treasury shares. For the subsequent disposal or re-issuance of treasury shares, the amount collected is recognized as an increase in equity, and the surplus or loss generated from the transaction is recognized as the capital surplus or retained earnings (if the capital surplus is insufficient for offsetting).

4) Financial liabilities

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

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

- 1) Office equipment: 2~5 years
- 2) Leased improvements: 5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

If the agreement contains lease and non-lease components, the Group allocates the consideration in the contract to the individual lease components on a relative stand-alone price basis. However, when leasing land and buildings, the Group chose not to distinguish between non-lease components and treated the lease components and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Intangible assets

(i) Recognition and measurement

Other intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

- 1) Computer software cost: 2~5 years

Amortization methods, useful lives and residual values are reviewed at and adjusted if appropriate.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than contract assests and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets excluding the goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group engages in implementation of system project services and extended warranty services, wherein revenue recognition is based on the proportion of the actual services provided, which depends on the input of labor, to the total services as of the reporting date. Contracts between the Group and its customers may include fixed and variable considerations. Considering that the progress of system implementation is highly affected by factors beyond the control of the combined company, variable consideration is only within a range that is highly unlikely to significantly reverse. The Group reclassifies its contract assets, which do not have the right to receive payment upon service rendered by the Company, to accounts receivable when it has an unconditional right to the consideration.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(m) Government grants

When the Group receives government grants, it recognizes the relevant amounts as deferred income and recognizes the grants as non-operating income when it is reasonably certain that the Group has complied with the conditions attached to the government grants.

For other asset-related grants, the Group recognizes deferred income at fair value when it is reasonably confident that the conditions attached to the government grant will be complied with and that the grant will be received, and recognizes the deferred income as non-operating income on a systematic basis over the useful life of the asset.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation, in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of the plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as employee expenses, with a corresponding increase in equity, over the vesting period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) The same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Dilutive potential ordinary shares comprise employee remuneration.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively in the period of the change and future periods.

There are no critical judgment made in applying the accounting policies that have significant effects on the amounts recognized in consolidated financial statements.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows :

(a) Revenue recognition

The Group recognizes contract revenue based on the degree of completion of service provision, which is measured based on the proportion of total labor invested in each project incurred to date to the estimated total investment. The Group estimates the total contract investment by considering factors such as the service content and work schedule planning of each project. During the project implementation process, it continuously reviews the actual occurrence of various costs and expenses attributed to the project, and revise the total contract cost accordingly. The above estimate changes may result in significant adjustments to the total contract investment, thereby affecting the measurement results of the degree of completion.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

Please refer to note 6(o) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash	\$ 80	80
Checking deposits and demand deposits	<u>620,022</u>	<u>856,166</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 620,102</u>	<u>856,246</u>

Please refer to note 6(o) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

- (b) Financial assets measured at amortized cost

	December 31, 2025	December 31, 2024
Time deposits with a maturity date of more than three months	\$ -	<u>6,559</u>
Restricted bank deposits	<u>\$ 41,520</u>	<u>41,520</u>

- (i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.
- (ii) For credit risk, please refer to note 6(o).
- (iii) As of December 31, 2025 and 2024, the financial assets measured at amortized costs of the Group had been pledged as collateral. Please refer to note 8.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Accounts receivable, net

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 48,955	56,885
Less : Loss allowance	(3,269)	(3,410)
	<u>\$ 45,686</u>	<u>53,475</u>

- (i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The analysis of expected credit losses on accounts receivable of the Group were determined as follows:

December 31, 2025			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 45,686	0%	-
More than 365 days past due	3,269	100%	3,269
Total	<u>\$ 48,955</u>		<u>3,269</u>

December 31, 2024			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 50,775	0%	-
1 to 30 days past due	1,880	0%	-
91 to 180 days past due	820	0%	-
More than 365 days past due	3,410	100%	3,410
Total	<u>\$ 56,885</u>		<u>3,410</u>

- (ii) The statement of changes in allowance for losses on accounts receivable of the Group are as follows:

	2025	2024
Balance at January 1	\$ 3,410	3,295
Reversal of impairment loss	(55)	(22)
Foreign exchange gains (losses)	(86)	137
Balance at December 31	<u>\$ 3,269</u>	<u>3,410</u>

- (iii) As of December 31, 2025 and 2024, the accounts receivable of the Group were not pledged as collateral.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2025 and 2024, were as follows:

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Equipment to be tested</u>	<u>Total</u>
Cost or deemed cost:				
Balance at January 1, 2025	\$ 5,660	9,273	175	15,108
Additions	752	244	-	996
Disposals	(3,610)	(1,523)	-	(5,133)
Reclassifications	175	-	(175)	-
Balance at December 31, 2025	<u>\$ 2,977</u>	<u>7,994</u>	<u>-</u>	<u>10,971</u>
Balance at January 1, 2024	\$ 7,393	9,273	-	16,666
Additions	152	-	175	327
Disposals	(1,885)	-	-	(1,885)
Balance at December 31, 2024	<u>\$ 5,660</u>	<u>9,273</u>	<u>175</u>	<u>15,108</u>
Depreciation and impairments loss:				
Balance at January 1, 2025	\$ 3,899	7,875	-	11,774
Depreciation for the year	774	1,425	-	2,199
Disposals	(3,610)	(1,523)	-	(5,133)
Balance at December 31, 2025	<u>\$ 1,063</u>	<u>7,777</u>	<u>-</u>	<u>8,840</u>
Balance at January 1, 2024	\$ 4,539	6,287	-	10,826
Depreciation for the year	1,245	1,588	-	2,833
Disposals	(1,885)	-	-	(1,885)
Balance at December 31, 2024	<u>\$ 3,899</u>	<u>7,875</u>	<u>-</u>	<u>11,774</u>
Carrying amounts:				
Balance at December 31, 2025	<u>\$ 1,914</u>	<u>217</u>	<u>-</u>	<u>2,131</u>
Balance at December 31, 2024	<u>\$ 1,761</u>	<u>1,398</u>	<u>175</u>	<u>3,334</u>

As of December 31, 2025 and 2024, the property, plant and equipment of the Group had not been pledged as collateral.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Right-of-use assets

The Group leases many assets including buildings. Information about leases for which the Group is a lessee was presented below:

	<u>Buildings and structures</u>
Cost:	
Balance at January 1, 2025	\$ 53,214
Additions	<u>16,595</u>
Balance at December 31, 2025	<u>\$ 69,809</u>
Balance at December 31, 2024 (equal to balance at January 1, 2024)	<u>\$ 53,214</u>
Accumulated depreciation and impairment losses:	
Balance at January 1, 2025	\$ 45,151
Depreciation for the year	<u>9,907</u>
Balance at December 31, 2025	<u>\$ 55,058</u>
Balance at January 1, 2024	\$ 35,476
Depreciation for the year	<u>9,675</u>
Balance at December 31, 2024	<u>\$ 45,151</u>
Carrying amount:	
Balance at December 31, 2025	<u>\$ 14,751</u>
Balance at December 31, 2024	<u>\$ 8,063</u>

(f) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	<u>\$ 11,037</u>	<u>8,937</u>
Non-current	<u>\$ 3,741</u>	<u>-</u>

For the maturity analysis, please refer to note 6(o) financial instruments.

The amounts recognized in profit or loss was as follows:

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Interest on lease liabilities	<u>\$ 126</u>	<u>259</u>
Expenses relating to short-term leases	<u>\$ 108</u>	<u>128</u>

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Total cash outflow for leases	<u><u>\$ 10,984</u></u>	<u><u>10,928</u></u>

(g) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	\$ 6,859	8,701
Fair value of plan assets	<u>(1,382)</u>	<u>(1,121)</u>
Net defined benefit liabilities	<u><u>\$ 5,477</u></u>	<u><u>7,580</u></u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$1,382 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Movements in the present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	2025	2024
Defined benefit obligations at January 1	\$ 8,701	8,048
Current service costs and interest cost	795	898
Remeasurements loss (gain)	154	(207)
Actuarial loss (gain) arising from experience adjustment	(2,791)	(38)
Defined benefit obligations at December 31	<u><u>\$ 6,859</u></u>	<u><u>8,701</u></u>

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2025	2024
Fair value of plan assets at January 1	\$ (1,121)	(858)
Remeasurements loss (gain)		
- Return on plan assets excluding interest income	(71)	(64)
Interest income	(20)	(15)
Contributions paid by the employer	(170)	(184)
Fair value of plan assets at December 31	<u><u>\$ (1,382)</u></u>	<u><u>(1,121)</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2025	2024
Current service costs	\$ 653	777
Net interest of net liabilities for defined benefit obligations	122	106
	<u><u>\$ 775</u></u>	<u><u>883</u></u>
	2025	2024
Operating cost	\$ 207	294
Selling expenses	361	412
Administration expenses	52	59
Research and development expenses	155	118
	<u><u>\$ 775</u></u>	<u><u>883</u></u>

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	1.50 %	1.625 %
Future salary increase rate	3.75 %	3.75 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$170 thousand dollars.

The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2025 is 27 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligations	
	<u>Increase of 0.25%</u>	<u>Decrease of 0.25%</u>
December 31, 2025		
Discount rate	\$ (302)	322
Future salary increasing rate	\$ 311	(294)
December 31, 2024		
Discount rate	\$ (395)	419
Future salary increasing rate	\$ 406	(384)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The consolidated entities set up overseas have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries, and recognized as the contribution in the current period.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,157 thousand and \$7,622 thousand for the years ended December 31, 2025 and 2024, respectively.

(h) Income taxes

(i) The components of income tax in the years 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Current tax expense	\$ 10,328	28,986
Deferred tax expense (income)	<u>(1,698)</u>	<u>1,115</u>
	<u><u>\$ 8,630</u></u>	<u><u>30,101</u></u>

(ii) The amount of income tax recognized directly in equity and in other comprehensive income was as follows:

	<u>2025</u>	<u>2024</u>
Exchange differences on translation of foreign financial statements	\$ <u>(288)</u>	<u>484</u>

(iii) Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Profit excluding income tax	\$ 69,867	149,254
Income tax using the Company's domestic tax rate	13,973	29,851
Effect of tax rates in foreign jurisdiction	(6)	(20)
Change in provision in prior periods and others	<u>(5,337)</u>	<u>270</u>
	<u><u>\$ 8,630</u></u>	<u><u>30,101</u></u>

(iv) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

	<u>Unrealized exchange gain (loss)</u>	<u>Unpaid leave</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2025	\$ -	(1,674)	(197)	(1,871)
Recognized in profit or loss	<u>(988)</u>	<u>(196)</u>	<u>(61)</u>	<u>(1,245)</u>
Balance at December 31, 2025	<u><u>\$ (988)</u></u>	<u><u>(1,870)</u></u>	<u><u>(258)</u></u>	<u><u>(3,116)</u></u>
Balance at January 1, 2024	\$ (768)	(1,401)	(147)	(2,316)
Recognized in profit or loss	<u>768</u>	<u>(273)</u>	<u>(50)</u>	<u>445</u>
Balance at December 31, 2024	<u><u>\$ -</u></u>	<u><u>(1,674)</u></u>	<u><u>(197)</u></u>	<u><u>(1,871)</u></u>

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Investment income recognized under the equity method	Foreign currency translation differences for foreign operations	Unrealized exchange gain (loss)	Total
Deferred tax liabilities				
Balance at January 1, 2025	\$ 53	1,092	\$ 497	1,642
Recognized in profit or loss	44	-	(497)	(453)
Recognized in Other Comprehensive Income	(396)	108	-	(288)
Balance at December 31, 2025	<u>\$ (299)</u>	<u>1,200</u>	<u>\$ -</u>	<u>901</u>
Balance at January 1, 2024	\$ (334)	822	-	488
Recognized in profit or loss	173	-	497	670
Recognized in other comprehensive income or loss	214	270	-	484
Balance at December 31, 2024	<u>\$ 53</u>	<u>1,092</u>	<u>\$ 497</u>	<u>1,642</u>

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax effect of deductible temporary differences	<u>\$ 200</u>	<u>210</u>

(v) Assessment of tax

The Company's income tax return for the year 2023 was assessed by the Taipei National Tax Administration.

(i) Share capital and other equity

(i) Issuance of capital stock

As of December 31, 2025 and 2024, the total value of authorized ordinary shares each amounted to \$500,000 thousand, of which, \$335,374 thousand ordinary shares, with par value of \$10 per share, at the amount of 5,000 thousands, were reserved as employee stock options.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Share Capital	\$ 392,176	392,176
Organization restructuring	<u>69,049</u>	<u>69,049</u>
	<u>\$ 461,225</u>	<u>461,225</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Group's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Group shall first take into consideration its profit, capital structure, and operating efficiency in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current year retained earnings available for distribution. The dividend to be distributed may be in the form of cash and stock, and cash portion of the dividend, should not be less than 10% of the total distributed dividend.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Earnings distribution

The amounts of cash dividends on the 2024 and 2023 earnings distribution had been approved during the shareholders' meeting on June 23, 2025 and June 24, 2024, respectively.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2024		2023	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.33	<u>107,320</u>	3.0	<u>100,612</u>

(iv) Treasury shares

In accordance with the Securities and Exchange Act, the Company purchased 1,300 thousand treasury shares, which may not be pledged and, prior to their transfer, do not carry any shareholder rights, at the amount of \$181,485 thousand, as of December 31, 2025 for the purpose of transferring them to its employees.

(j) Share-based payment

- (i) The board of directors of the company passed a resolution to issue new shares through cash capital increase as a public underwriting before the listing of the stock on October 20, 2023, and set January 11, 2024 as the base date for cash capital increase. In accordance with the provisions of the Company Law, the total amount of new shares issued is reserved for employee subscription. The employees subscribed for 298.5 thousand shares. All the issued share funds have been collected, and the relevant statutory registration has been completed. The compensation cost recognized in the year of 2024 is \$2,242 thousand.
- (ii) The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>2024</u>
Fair value at grant date	\$ 118.00
Share price at grant date	\$ 125.50
Expected volatility (%)	21.68 %
Risk-free interest rate (%)	1.0896 %
Expected life (years)	0.0110 years

(k) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

The Group's basic earnings per share as of December 31, 2025 and 2024 was based on profit and the weighted average number of ordinary shares outstanding. The relevant calculations are as follows:

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>2025</u>	<u>2024</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>61,237</u>	<u>119,153</u>
Weighted average number of ordinary shares (thousand shares) at December 31	<u>32,664</u>	<u>33,456</u>
Basic earnings per share (dollars)	\$ <u>1.87</u>	<u>3.56</u>

(ii) Diluted Earnings Per Share

	<u>2025</u>	<u>2024</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>61,237</u>	<u>119,153</u>
Weighted average number of ordinary shares (thousand shares) at December 31	32,664	33,456
Effect of employee share bonus (thousands of shares)	<u>119</u>	<u>133</u>
Weighted average number of ordinary shares (thousand shares)	<u>32,783</u>	<u>33,589</u>
Diluted earnings per share (dollars)	\$ <u>1.87</u>	<u>3.55</u>

(l) Revenue from contracts with customers

(i) Details of revenue

	<u>2025</u>	<u>2024</u>
Primary geographical markets		
India	\$ 88,999	47,237
Arab	77,992	136,140
Africa	42,006	49,993
Indonesia	38,729	50,078
Taiwan	27,046	33,023
Others	<u>73,406</u>	<u>77,307</u>
	<u>\$ 348,178</u>	<u>393,778</u>
Main products/service lines		
Software technical service revenue	\$ 338,441	384,160
Targeted advertising revenue	<u>9,737</u>	<u>9,618</u>
	<u>\$ 348,178</u>	<u>393,778</u>

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable	\$ 48,955	56,885	51,781
Less: Loss allowance	(3,269)	(3,410)	(3,295)
	<u>\$ 45,686</u>	<u>53,475</u>	<u>48,486</u>
Contract assets	\$ 160,568	162,344	95,189
Less: Loss allowance	(1,985)	(38)	(1,483)
	<u>\$ 158,583</u>	<u>162,306</u>	<u>93,706</u>
Contract liabilities	<u>\$ 50,872</u>	<u>45,121</u>	<u>37,559</u>

The Group has provided mobile smart platform implementation and installation services to its customers, wherein revenue recognition is based on the percentage of completion of the contract. The Group reclassifies its contract assets, which do not have the right to receive payment upon service rendered by the Company, to accounts receivable when it has an unconditional right to the consideration.

The amount of revenue recognized for the years ended December 31, 2025 and 2024 that was included in the contract liability balance at the beginning of the period were \$26,318 thousand and \$27,273 thousand, respectively.

(iii) Transaction price allocated to outstanding performance obligations

As of December 31, 2025 and 2024, revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) were \$450,236 thousand and \$519,774 thousand, respectively. The Group will recognize this revenue over time as the service is completed, which is expected to occur over the next one to five years.

(m) Remunerations to Employees and Directors

On June 23, 2025, the Company resolved at its shareholders' meeting to amend its Articles of Incorporation. Under the revised articles, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, a minimum of 5% of the profit before tax (in form of stock or cash) shall be appropriated as employee remuneration (of which, a minimum of 1% shall be reserved specifically for frontline employees); recipients may include employees of the Company's subsidiaries who meet certain requirements. Moreover, a maximum of 1% of the remaining profit shall be appropriated as directors' remuneration. The distribution shall first be resolved by the Board then reported at the shareholders' meeting.

Under the Articles of Incorporation prior to the amendment, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, a minimum of 5% of the profit before tax (in form of stock or cash) shall be appropriated as employee remuneration; recipients may include employees of the Company's subsidiaries who meet certain requirements. Moreover, a maximum of 1% of the remaining profit shall be appropriated as directors' remuneration. The distribution shall first be resolved by the Board then reported at the shareholders' meeting.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration, and directors' and supervisors' remuneration in 2025 and 2024 are as follows:

	2025	2024
Employee compensation	\$ 7,848	16,766
Directors' remuneration	785	1,677
	\$ 8,633	18,443

These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remunerations to employees, directors, multiplied by the distribution of ratio of the remunerations to employees, and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2025 and 2024.

(n) Other gains and losses

The details of other gains and losses were as follows:

	2025	2024
Government grants	\$ 21,052	2,823
Foreign exchange gains (losses), net	(18,180)	12,970
Others	623	2,030
	\$ 3,495	17,823

(o) Financial instruments

(i) Credit risk

Credit risk is the risk of financial losses to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Other information about credit risk was as follows:

1) Maximum credit risk exposure

As of December 31, 2025 and 2024, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to \$710,408 thousand and \$960,739 thousand, respectively.

2) The Group's credit risk is mainly affected by the credit characteristics of each creditor. This is also an impact on credit risk from the business of the customer. As of December 31, 2025 and 2024, 80% and 87%, respectively, of the ending balance of accounts receivable and contract assets arose from sales to individual customers constituting the top ten customers.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) For quantitative information on the Group's loans and receivables on the reporting date, please refer to note 6(c).

(ii) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

- 1) Based on the date on which the Group may be required to make an early repayment and on the preparation of the financial liabilities' undiscounted cash flows, including interest but excluding the impact of netting agreements.
- 2) Other non-derivative financial liabilities' maturity analysis prepared in accordance with the agreed repayment date.

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1-2 years</u>
December 31, 2025				
Non-derivative financial liabilities				
Accounts payable	\$ 1,013	1,013	1,013	-
Other payables	62,797	62,797	62,797	-
Lease liabilities	<u>14,778</u>	<u>15,009</u>	<u>11,257</u>	<u>3,752</u>
	<u>\$ 78,588</u>	<u>78,819</u>	<u>75,067</u>	<u>3,752</u>
December 31, 2024				
Non-derivative financial liabilities				
Accounts payable	\$ 1,056	1,056	1,056	-
Other payables	66,875	66,875	66,875	-
Lease liabilities	<u>8,937</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
	<u>\$ 76,868</u>	<u>76,931</u>	<u>76,931</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exchange rate risk

The Group's significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	December 31, 2025				December 31, 2024		
	Foreign currency	Exchange rate		NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>							
<u>Monetary Items</u>							
USD	\$	1,667	31.43	52,394	4,942	32.79	162,023
SGD		514	24.45	12,567	671	24.13	16,191
EUR		254	36.90	9,373	507	34.14	17,309
CAD		556	22.94	12,755	-	-	-
AUD		535	21.01	11,240	-	-	-
<u>Financial liabilities</u>							
<u>Monetary Items</u>							
USD		17	31.43	534	16	32.79	525

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the foreign currency as of December 31, 2025 and 2024, would have increased or decreased the net profit before tax by \$978 thousand and \$1,950 thousand, respectively. The analysis is performed on the same basis for both periods.

For the exchange gains and losses (including realized and unrealized) on monetary items of the Group into functional currencies, please refer to note 6(n).

2) Interest Rate Risk

A summary of the interest rates on interest-bearing financial instruments of the Group as at the reporting date is as follows:

	December 31, 2025	December 31, 2024
Fixed-rate instruments:		
Financial assets	\$ <u>41,520</u>	<u>48,079</u>
Variable-rate instruments:		
Financial assets	\$ <u>620,022</u>	<u>856,166</u>

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The interest rate exposure of the Group's financial assets and financial liabilities is explained in the liquidity risk management of this note.

The sensitivity analysis is based on the exposure to the interest rate risk of nonderivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases 1 basis points when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis points, the Group's net income would have decreased / increased by \$1,550 thousand and \$2,140 thousand for the years ended December 31, 2025 and 2024, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and bank deposits in variable-rate bills.

The Group's financial liabilities at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

(iv) Fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and financial liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		December 31, 2025				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	620,102				
Financial assets measured at amortized cost		41,520				
Accounts receivable, net		45,686				
Refundable deposits		3,004				
Other receivables		96				
Total	\$	<u>710,408</u>				
Financial liabilities measured at amortized cost						
Accounts payable	\$	1,013				
Other payables		62,797				
Lease liabilities		14,778				
Total	\$	<u>78,588</u>				

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2024				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	856,246				
Financial assets measured at amortized cost		48,079				
Accounts receivable, net		53,475				
Refundable deposits		2,843				
Other receivables		96				
Total	\$	<u>960,739</u>				
Financial liabilities measured at amortized cost						
Accounts payable	\$	1,056				
Other payables		66,875				
Lease liabilities		8,937				
Total	\$	<u>76,868</u>				

(p) Financial risk management

(i) Risk Management Summary

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors monitors the management to ensure compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The board of directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(ii) The Group have exposures to the following risks from its financial instruments:

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

For more disclosures about the quantitative effects of these risks exposures and the Group's objectives, policies and processes for measuring and managing the above mentioned risks, please refer to note 6(o).

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Capital management

The capital management objectives of the Group are to ensure the ability to continue operating, to continue to provide shareholder returns and the interests of other stakeholders, and to maintain the optimal capital structure to reduce capital costs.

The Group uses the asset-liability ratio to manage capital. This ratio is debt divided by assets. Net debt is the total liabilities shown on the balance sheet minus cash and cash equivalents. Total capital is all components of equity (i.e. share capital, capital reserves, retained earnings and other equity).

(r) Investment and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024, were as follows:

- (i) In pursuant to IAS 37 the Group recognized a provisions of \$244 thousand in 2025, which was capitalized as leasehold improvements, and involved no cash outflows. Please refer to note 6(d).
- (ii) In accordance with IFRS 16, the Group recognized its right-of-use assets of \$16,595 thousand in 2025. which involved no cash outflows. Please refer to note 6(e).
- (iii) The reconciliation of liabilities from financing activities were as follows:

	<u>2025.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2025</u>
Lease liabilities	\$ <u>8,937</u>	<u>(10,876)</u>	<u>16,717</u>	<u>14,778</u>
	<u>2024.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2024</u>
Lease liabilities	\$ <u>19,478</u>	<u>(10,800)</u>	<u>259</u>	<u>8,937</u>

(7) Related-party transactions:

(a) Names of the related parties and their relationship with the Company

The followings are related parties that have had transactions with related party during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Key management personnel	Key management personnel of the Group

(b) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 30,939	27,186
Post-employment benefits	891	823
Share-based payments	-	391
	<u>\$ 31,830</u>	<u>28,400</u>

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2025	December 31, 2024
Financial assets measured at amortized cost	Performance bond(Note)	\$ <u><u>41,520</u></u>	<u><u>41,520</u></u>

Note: The Company and another company have jointly applied for the Ministry of Economic Affairs' A+ Enterprise Innovation and R&D Quenching Project "JCAS Big Data Network and Geolocation System Technologies", and the Company has provided the performance bond of \$41,520 thousand as collateral.

(9) Significant Commitments and Contingencies:

- (a) As of December 31, 2025 and 2024, the amount of letters of credit issued but not used by the Group's customers as requested by the Group was \$0 thousand and \$4,711 thousand, respectively.
- (b) As of December 31, 2025 and 2024, the Group provided financing endorsement guarantees for its subsidiary's bank credit lines of \$62,860 thousand and \$32,785 thousand respectively. The actual expenditure amount was \$4,711 thousand as of December 31, 2024. In addition, there are no actual expenditure amount as of December 31, 2025.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

Function Nature	2025			2024		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salary	32,607	158,601	191,208	44,658	148,312	192,970
Labor and health insurance	2,138	13,128	15,266	3,149	10,959	14,108
Pension	1,187	7,745	8,932	1,851	6,654	8,505
Remuneration of directors	-	2,976	2,976	-	3,841	3,841
Others	977	5,669	6,646	1,529	5,044	6,573
Depreciation	1,820	10,286	12,106	2,882	9,626	12,508
Amortization	15	86	101	77	259	336

- (b) The Group and another company have jointly applied for the Ministry of Economic Affairs' A+ Enterprise Innovation and R&D Quenching Project "JCAS Big Data Network and Geolocation System Technologies". The case has been reviewed and approved. The Group expects to invest \$103,800 thousand in the project, and as of 2025 and 2024, \$21,052 thousand and \$2,823 thousand in subsidy income has been recognized as income from grants, respectively.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Groundhog USA	1	218,422	64,635	62,860	-	-	8.63 %	364,037	Y	N	N

Note 1: The amount of the company's endorsement guarantee shall not exceed 50% of the company's net worth, and the limit of a single guarantee object shall not exceed 30% of the net worth.

Note 2: Relevant figures in this table involving foreign currencies are converted into New Taiwan Dollars at the exchange rate on the date of the financial statements.

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(vi) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions,			
				Account name	Amount	Transaction terms	Percentage of the consolidated net revenue or
1	Groundhog USA	The Company	2	Account receivable	8,989	TT in 120 days	1.00%
1	Groundhog USA	The Company	2	Technical service income	8,989	TT in 120 days	2.58%
2	Groundhog Pte. Ltd	Groundhog USA	3	Accounts receivable	1,286	TT in 120 days	0.14%
2	Groundhog Pte. Ltd	Groundhog USA	3	Technical service income	4,130	TT in 120 days	1.19%

Note 1: “0” represents the parent company, and the others represent the subsidiaries.

Note 2: “1” represents the transactions from parent company to subsidiary.

“2” represents the transactions from subsidiary to parent company.

“3” represents the transactions between subsidiaries.

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Groundhog Pte. Ltd	Singapore	Mobile smart platform application development and implementation	30,890	30,890	1,459	100.00 %	39,347	100 %	223	223	Note
Groundhog Pte. Ltd	Groundhog USA	USA	Mobile smart platform application development and implementation	28,530 (SGD 1,326 thousand)	28,530 (SGD 1,326 thousand)	2	100.00 %	34,779	100 %	(134)	(134)	"

Note : Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China: None.

(14) Segment information:

(a) General information

The major business activities of the Group are the application development, design, build, and import other information software services on the intelligence platform. The chief operating decision maker uses the overall operating results as the basis for evaluating performance. Accordingly, the Group is a single operating department. The operating department information for 2025 and 2024 is consistent with the consolidated financial report information.

(b) Overall enterprise information

(i) Product information: Please refer to note 6(l).

(ii) Geographic information: Please refer to note 6(l).

(iii) Major customers

Sales to individual clients constituting over 10% of total revenue in 2025 and 2024 are summarized as follows:

Customer's name	2025	
	Amount	Percentage of net sales
Company A	\$ 77,992	22 %
Company F	57,071	16 %
Company P	42,006	12 %
	<u>\$ 177,069</u>	

(Continued)

GROUNDHOG INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Customer's name</u>	<u>2024</u>	
	<u>Amount</u>	<u>Percentage of net sales</u>
Company A	\$ 136,140	35 %
Company P	49,993	13 %
Company F	<u>47,237</u>	12 %
	<u><u>\$ 233,370</u></u>	