

Tofu Restaurant Co., Ltd.

Parent Company Only Financial  
Statement and Independent Auditors'  
Report  
For the Years Ended December 31, 2024 and  
2023

Address: 4F, No. 42, Sec. 2, Minquan E. Rd.,  
Zhongshan District, Taipei City  
Tel: (02)25813818

## §Table of Contents§

Item	Page	No. of Notes to Financial Statements
Chapter 1. Cover Page	1	-
Chapter 2. Table of Contents	2	-
Chapter 3. Independent Auditor 's Report	3 ~ 5	-
Chapter 4. Parent Company Only Balance Sheet	6	-
Chapter 5. Parent Company Only Statements of Comprehensive Income	7 ~ 8	-
Chapter 6. Parent Company Only Statements of Changes in Equity	9	-
Chapter 7. Parent Company Only Statement of Cash Flows	10 ~ 11	-
Chapter 8. Notes to Parent Company Only Financial Statements		
1. Company History	12	1
2. Approval of the Financial Statements	12	2
3. Application of Newly Issued and Amended Standards and Interpretations	12 ~ 13	3
4. Summary of Significant Accounting Policies	14 ~ 20	4
5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	20	5
6. Summary of Significant Accounting Titles	20 ~ 40	6~28
7. Related Party Transactions	40 ~ 43	29
8. Pledged Assets	43	30
9. Significant Contingent Liabilities and Unrecognized Commitments	43	31
10. Major Disaster Loss	-	-
11. Material Events After the Balance Sheet Date	-	-
12. Others	43	32
13. Additional Disclosures		
1. Information on Significant Transactions	43~44、45 ~ 48	33
2. Information on Investees	44、49	33
3. Information on Investments in Mainland China	44	33
4. Information on Major Shareholders	44、50	33
14. Segment Information	-	-
Chapter 9. Statements of Significant Accounting Titles	51 ~ 66	-

## Independent Auditors' Report

The Board of Directors and Shareholders  
Tofu Restaurant Co., Ltd.

### Opinion

We have audited the accompanying parent company only financial statements of Tofu Restaurant Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters for the Standalone Financial Statements of Tofu Restaurant Co., Ltd. for the Year Ended 2024.

#### Revenue Recognition

Tofu Restaurant Co., Ltd. operates a chain restaurant business in Taiwan, with its revenue primarily generated from the direct provision of dining services to consumers through its stores located throughout Taiwan. The net operating revenue for the year 2024 amounted to NT\$3,566,281 thousand. Given the large number of stores and the fact that customers are primarily individual consumers, the transaction amounts are individually small, but the volume of daily transactions is significant. Furthermore, newly opened stores may face performance pressure, which may affect the timing of revenue recognition. Therefore, revenue recognition for newly opened stores was identified as a key audit matter for the year. For the Company's revenue recognition policy, please refer to Note 4(14) of the standalone financial statements.

The audit procedures performed in this area included the following:

1. Obtained an understanding of the internal control system and procedures related to the sales and collection cycle, and performed tests of relevant controls.
2. Selected samples of store-level revenue details and verified consistency with uniform invoices, reconciliation statements, and amounts received.

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

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

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

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

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

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

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

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

- V. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of The entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ya-Yun Chang and Cheng-Chih Lin. Deloitte & Touche

March 11, 2025

Notice to Readers

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

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

Tofu Restaurant Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2024 and 2023

Unit: NTD thousand

Code	Assets	December 31, 2024		December 31, 2023		Code	Liabilities and equity	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>Current assets</b>						<b>Current liabilities</b>				
1100	Cash and cash equivalents (Notes 4 & 6)	\$ 609,580	27	\$ 860,655	43	2170	Notes and accounts payable	\$ 95,933	4	\$ 138,745	7
1110	Financial assets at fair value through profit or loss – current (Notes 4 & 7)	38,071	2	34,230	2	2180	Accounts payable – related parties (Note 29)	13,995	1	19,210	1
1136	Financial assets measured at amortized cost – current (Notes 4 & 8)	147,215	7	77,186	4	2213	Payables for equipment	14,769	1	22,026	1
1170	Account Receivable (Note 4, 9 & 21)	275,227	12	272,291	13	2219	Other payables (Note 17)	209,893	9	199,637	10
1180	Account Receivable – related parties (Notes 21 & 29)	542	-	1,195	-	2220	Other payables – related parties (Note 29)	1,063	-	1,029	-
130X	Inventories (Notes 4 & 10)	47,418	2	33,239	2	2230	Current income tax liabilities (Notes 4 & 23)	46,339	2	64,302	3
1410	Prepayments	7,023	-	6,750	-	2280	Lease liabilities – current (Notes 4, 5 & 13)	126,952	6	101,007	5
1470	Other current assets (Note 29)	13,359	1	18,320	1	2322	Current portion of long-term borrowings (Notes 4, 16 & 30)	5,713	-	5,645	-
11XX	<b>Total current assets</b>	<u>1,138,435</u>	<u>51</u>	<u>1,303,866</u>	<u>65</u>	2399	Other current liabilities (Note 21)	<u>19,970</u>	<u>1</u>	<u>14,600</u>	<u>1</u>
	<b>Non-current assets</b>					21XX	<b>Total current liabilities</b>	<u>534,627</u>	<u>24</u>	<u>566,201</u>	<u>28</u>
1510	Financial assets at fair value through profit or loss – non-current (Notes 4 & 7)	94,978	4	72,531	4		<b>Non-Current liabilities</b>				
1550	Investments accounted for using Equity method (4, 11 & 26)	230,991	10	38,687	2	2540	Long-term borrowings (Notes 4, 16 & 30)	102,314	5	107,988	5
1600	Property, plant and equipment (Notes 4, 12 & 30)	390,694	18	330,698	16	2550	Provisions – non-current (Notes 4 & 18)	5,933	-	4,253	-
1755	Right-of-use assets (Notes 4, 5 & 13)	360,029	16	252,191	12	2580	Lease liabilities – non-current (Notes 4, 5 & 13)	<u>232,578</u>	<u>10</u>	<u>151,217</u>	<u>8</u>
1805	Goodwill (Notes 4 & 14)	5,820	-	5,820	-	25XX	<b>Total non-current liabilities</b>	<u>340,825</u>	<u>15</u>	<u>263,458</u>	<u>13</u>
1821	Other intangible assets (Notes 4, 15 & 31)	1,061	-	1,865	-	2XXX	<b>Total liabilities</b>	<u>875,452</u>	<u>39</u>	<u>829,659</u>	<u>41</u>
1915	Prepayments for equipment	293	-	42	-		<b>Equity (Notes 4, 20, 25 &amp; 26)</b>				
1920	Refundable deposits	12,764	1	10,582	1	3110	Common stock	266,939	12	262,674	13
15XX	<b>Total non-current assets</b>	<u>1,096,630</u>	<u>49</u>	<u>712,416</u>	<u>35</u>	3200	Capital surplus	483,986	22	376,727	19
							Retained earnings				
						3310	Legal reserves	165,521	7	126,235	6
						3320	Special reserves	114	-	67	-
						3350	Undistributed earnings	446,581	20	421,034	21
						3400	Other equity	( 3,528 )	-	( 114 )	-
						3XXX	<b>Total equity</b>	<u>1,359,613</u>	<u>61</u>	<u>1,186,623</u>	<u>59</u>
1XXX	<b>Total assets</b>	<u>\$ 2,235,065</u>	<u>100</u>	<u>\$ 2,016,282</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 2,235,065</u>	<u>100</u>	<u>\$ 2,016,282</u>	<u>100</u>

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

Tofu Restaurant Co., Ltd.  
Parent Company Only Statements of Comprehensive Income  
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand (Except for earnings per share which is in NTD)

Code		2024		2023	
		Amount	%	Amount	%
4100	Operating revenue (Notes 4, 21 & 29)	\$ 3,566,281	100	\$ 3,094,549	100
5110	Operating costs (Notes 4, 10, 22 & 29)	<u>1,715,870</u>	<u>48</u>	<u>1,448,930</u>	<u>47</u>
5900	Gross profit	<u>1,850,411</u>	<u>52</u>	<u>1,645,619</u>	<u>53</u>
	Operating expenses (Notes 22 & 29)				
6100	Selling and marketing expenses	1,209,655	34	1,008,910	32
6200	General and administrative expenses	163,385	4	147,346	5
6300	Research and development expenses	<u>6,352</u>	<u>-</u>	<u>5,564</u>	<u>-</u>
6000	Total operating expenses	<u>1,379,392</u>	<u>38</u>	<u>1,161,820</u>	<u>37</u>
6900	Income from operations	<u>471,019</u>	<u>14</u>	<u>483,799</u>	<u>16</u>
	Non-operating income and expenses (Note 4, 22 & 29)				
7100	Interest income	9,627	-	9,644	-
7190	Other income	828	-	1,231	-
7020	Other gains and losses	25,959	1	( 3,521 )	-
7050	Finance costs	( 6,789 )	-	( 5,697 )	-
7070	Share of gains and losses of subsidiaries under equity method	<u>9,645</u>	<u>-</u>	<u>891</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>39,270</u>	<u>1</u>	<u>2,548</u>	<u>-</u>
7900	Income before income tax	510,289	15	486,347	16
7950	Income tax expense (Notes 4 & 23)	( <u>96,053</u> )	( <u>3</u> )	( <u>98,011</u> )	( <u>3</u> )
8200	Net income	<u>414,236</u>	<u>12</u>	<u>388,336</u>	<u>13</u>

(Continued on next page)

(Continued from previous page)

Code		2024		2023	
		Amount	%	Amount	%
	Other comprehensive income (loss)				
8330	Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(\$ 3,415)	-	\$ 4,523	-
8361	Exchange differences on translation of financial statements of foreign operations	<u>1</u>	<u>-</u>	( <u>47</u> )	<u>-</u>
8300	Other comprehensive income (loss) for the year	( <u>3,414</u> )	<u>-</u>	<u>4,476</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 410,822</u>	<u>12</u>	<u>\$ 392,812</u>	<u>13</u>
	Earnings per share (Notes 24)				
	From continuing operations				
9710	Basic	<u>\$ 15.66</u>		<u>\$ 14.78</u>	
9810	Diluted	<u>\$ 15.66</u>		<u>\$ 14.78</u>	

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

Tofu Restaurant Co., Ltd.  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousands, unless otherwise stated

Code		Common stock			Retained earnings			Other equity items		Total Equity
		Shares	Amount	Capital surplus	Legal reserves	Special reserves	Unappropriated earnings	Exchange differences on Translation of financial statement of foreign operations	Unrealized Gain (Loss) On Financial Assets at Fair Value Through Other Comprehensive Income	
		(in thousands)								
A1	Balance at January 1, 2023	26,267	\$ 262,674	\$ 376,727	\$ 98,980	\$ 242	\$ 317,929	(\$ 67)	\$ -	\$ 1,056,485
	Appropriation and Distribution of Earnings for 2022									
B1	Legal reserves	-	-	-	27,255	-	( 27,255 )	-	-	-
B5	Cash dividends	-	-	-	-	-	( 262,674 )	-	-	( 262,674 )
B17	Reversal of Special Reserve	-	-	-	-	( 175 )	175	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	-	388,336	-	-	388,336
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	( 47 )	4,523	4,476
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	388,336	( 47 )	4,523	392,812
Q1	Disposal of Financial Assets at Fair Value Through Other Comprehensive Income by Subsidiaries	-	-	-	-	-	4,523	-	( 4,523 )	-
Z1	Balance at December 31, 2023	26,267	262,674	376,727	126,235	67	421,034	( 114 )	-	1,186,623
	Appropriation and Distribution of Earnings for 2023									
B1	Legal Reserves	-	-	-	39,286	-	( 39,286 )	-	-	-
B3	Special Reserve	-	-	-	-	47	( 47 )	-	-	-
B5	Cash Dividends	-	-	-	-	-	( 349,356 )	-	-	( 349,356 )
D1	Net income for the year ended December 31, 2024	-	-	-	-	-	414,236	-	-	414,236
D3	Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	1	( 3,415 )	( 3,414 )
D5	Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	414,236	1	( 3,415 )	410,822
H1	Issuance of New Shares Through Consolidation	427	4,265	107,259	-	-	-	-	-	111,524
Z1	Balance at December 31, 2024	26,694	\$ 266,939	\$ 483,986	\$ 165,521	\$ 114	\$ 446,581	(\$ 113)	(\$ 3,415)	\$ 1,359,613

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

Tofu Restaurant Co., Ltd.  
Parent Company Only Statement of Cash Flows  
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

Code		2024	2023
	Cash flows from operating activities		
A10000	Profit Before Tax for the Year	\$ 510,289	\$ 486,347
	Adjustments for income and expense items:		
A20100	Depreciation expenses	256,443	201,233
A20200	Amortization expenses	804	865
A20400	Net (gain) loss on financial assets at fair value through profit or loss	( 26,288)	3,495
A20900	Financial costs	6,789	5,697
A21200	Interest income	( 9,627)	( 9,644)
A22300	Share of gains and losses of subsidiaries under equity method	( 9,645)	( 891)
A22500	Loss on disposal of property, plant and equipment	15	1,286
A29900	Gain on lease modification	-	( 46)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	( 2,936)	( 37,207)
A31160	Accounts receivable – related parties	653	( 261)
A31190	Other receivables from related parties	25	( 353)
A31200	Inventories	( 14,179)	7,482
A31230	Prepayments	( 273)	( 3,047)
A31240	Other current assets	( 259)	321
A32150	Notes and accounts payable	( 42,812)	( 956)
A32160	Accounts payable – related parties	( 5,215)	5,444
A32180	Other payables	10,256	29,438
A32190	Other payables – related parties	34	61
A32200	Provisions	( 50)	( 164)
A32210	Advance receipts	( 32)	( 178)
A32230	Other current liabilities	<u>5,402</u>	<u>1,847</u>
A33000	Cash inflow generated from operations	679,394	690,769
A33100	Interest received	9,626	9,644
A33300	Interest paid	( 6,789)	( 5,697)
A33500	Income tax paid	<u>( 114,015)</u>	<u>( 99,362)</u>
AAAA	Net cash generated from operating activities	<u>568,216</u>	<u>595,354</u>

(Continued on next page)

(Continued from previous page)

Code		2024	2023
	Cash flows fro investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 147,215)	(\$ 77,186)
B00060	Proceeds from repayment of financial assets measured at amortized cost	77,186	-
B00100	Acquisition of financial assets at fair value through profit or loss	-	( 9,000)
B02200	Net cash outflow for acquisition of subsidiaries	( 74,549)	-
B02700	Payments for property, plant and equipment	( 165,496)	( 88,184)
B02800	Proceeds from disposal of property, plant and equipment	-	952
B03700	Increase in refundable deposits	( 2,588)	( 3,040)
B03800	Decrease in refundable deposits	406	574
B04300	Decrease in other receivables – related parties	5,200	-
B07100	Increase in prepayments for equipment	( <u>11,313</u> )	( <u>815</u> )
BBBB	Net cash used in investing activities	( <u>318,369</u> )	( <u>176,699</u> )
	Cash flows from financing activities		
C01700	Repayment of long-term borrowings	( 5,606)	( 5,515)
C04020	Repayment of lease principal	( 145,960)	( 121,779)
C04500	Cash dividends paid	( <u>349,356</u> )	( <u>262,674</u> )
CCCC	Net cash used in financing activities	( <u>500,922</u> )	( <u>389,968</u> )
EEEE	Net Increase (Decrease) in Cash and Cash Equivalents	( 251,075)	28,687
E00100	Cash and Cash Equivalents at Beginning of Year	<u>860,655</u>	<u>831,968</u>
E00200	Cash and Cash Equivalents at End of Year	<u>\$ 609,580</u>	<u>\$ 860,655</u>

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

Tofu Restaurant Co., Ltd.

Notes to Parent Company Only Financial Statements  
For the Years Ended December 31, 2024 and 2023  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Tofu Restaurant Co., Ltd. (hereinafter referred to as the “Company”) was incorporated in January 2008 in Taipei City. The Company is primarily engaged in the operation of restaurants, food and food manufacturing businesses.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since September 25, 2019.

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

2. Approval of the Financial Statements

The parent company only financial statements were approved by the board of directors and authorized for issue on March 31, 2025

3. Application of Newly Issued and Amended Standards and Interpretations

(1) Initial application of the amendments to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a material impact on the accounting policies of the Company.

(2) IFRS Accounting Standards endorsed by FSC that are applicable from 2025 onwards

<u>New/ Revised/ Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7: Guidance on Classification and Measurement of Financial Instruments	January 1, 2026 (Note 2)

Note 1: This amendment applies for annual reporting periods beginning after January 1, 2025. Upon initial application of the amendment, the Company shall not restate the comparative periods, but shall recognize any effect in the exchange differences of foreign operations under retained earnings or equity, as appropriate, and the related affected assets and liabilities as of the date of initial application.

Note 2: This amendment applies to annual periods beginning on or after January 1, 2026, with early adoption permitted from January 1, 2025. Upon initial application, retrospective application is required, but restatement of comparative periods is not mandatory. However, if the Company can restate without using hindsight, it may choose to restate prior periods. As of the approval date of these financial statements, the Company has evaluated the impact of the above amendments and concluded that they are not expected to have a material effect on its financial position or performance.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

<u>New/ Revised/ Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
“Annual Improvements to IFRS Accounting Standards - Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9- Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless otherwise specified, the above-mentioned new/ revised/ amended standards or interpretations will take effect during the annual reporting period beginning on or after each date.

A. IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” Key changes include:

- The income statement shall present profit and loss items by category: operating, investing, financing, income tax, and discontinued operations.
- Subtotals such as “Operating Profit,” “Profit Before Financing and Tax,” and “Net Profit or Loss” must be reported.
- Additional guidance is provided to enhance aggregation and disaggregation. The Company must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions and events and classify them based on shared characteristics. Items lacking shared characteristics must be disaggregated and presented separately in the primary financial statements and notes. The label “other” shall only be used when no more informative description can be provided.
- Disclosure is required for management-defined performance measures: When the Company communicates management’s perspective of financial performance externally, such measures must be disclosed in a single note, including definitions, calculation methods, reconciliations to IFRS-defined subtotals/totals, and the related tax and non-controlling interest impacts.

Other than the above, as of the approval date of these parent company only financial statements, the Company continues to evaluate the potential impacts of the newly issued or amended standards and will disclose any material effects upon completion of such assessment.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of compliance

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

##### (2) Basis of preparation

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

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

A. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

B. Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.

C. Level 3 inputs: Unobservable inputs for assets or liabilities.

When the Company prepared the parent company only financial statements, it adopted equity method to account for its investments in subsidiaries. In order to enable the amounts of the profit or loss for the year, other comprehensive income, and equity for the year in the parent company only financial statement to be the same as the ones attributable to the owners of the Company in its consolidated financial statements, regarding the differences arising from accounting treatments between the parent company only basis and the consolidation basis, adjustments were made to the investments accounted for using the equity method, the share of profit or loss on subsidiaries using the equity method, the share of other comprehensive income of subsidiaries using the equity method, as well as relevant equity items, as appropriate, in the parent company only financial statements.

##### (3) Classification of current and non-current assets and liabilities

Current assets include:

A. Assets held primarily for the purpose of trading;

B. Assets expected to be realized within 12 months after the balance sheet date; and

C. Cash (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

A. Liabilities held primarily for the purpose of trading;

B. Liabilities due to be settled within 12 months after the balance sheet date; and

C. Liabilities for which there is no substantive right at the balance sheet date to defer settlement until at least 12 months after the balance sheet date.

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

##### (4) Business Combinations

Business combinations are accounted for using the acquisition method. Acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received.

Goodwill is measured as the excess of the aggregate of the consideration transferred and the fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

##### (5) Foreign Currencies

Transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are retranslated at the closing exchange rate at the end of each reporting period. Exchange differences arising from the settlement of such monetary items or from translating them at reporting period-end exchange rates are

recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange differences arising from such translations are recognized in profit or loss, unless the changes in fair value are recognized in other comprehensive income, in which case the exchange differences are also recognized in other comprehensive income.

Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the transaction date and are not retranslated subsequently.

When preparing the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries whose functional currency is different from that of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising therefrom are recognized in other comprehensive income and attributed to owners of the Company and non-controlling interests as appropriate.

(6) Inventories

Inventories consist of raw materials, work in process, and merchandise. Inventories are measured at the lower of cost and net realizable value. The comparison between cost and net realizable value is performed on an item-by-item basis, except where it is appropriate to group similar or related items.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory costs are determined using the weighted-average method.

(7) Investments in Subsidiaries

Investments in subsidiaries are accounted for using the equity method.

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

Under the equity method, investments are initially recognized at cost. After the acquisition date, the carrying amount of the investment is adjusted to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary, as well as its share of the subsidiary's other equity changes.

If the cost of acquisition exceeds the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business as of the acquisition date, the excess is recognized as goodwill. Such goodwill is included in the carrying amount of the investment and is not amortized. If the Company's share of the net fair value exceeds the acquisition cost, the difference is recognized in profit or loss. For acquisitions of subsidiaries that do not constitute a business, the acquisition cost is allocated to the identifiable assets acquired (including intangible assets) and liabilities assumed based on their relative fair values. No goodwill or gain is recognized in such transactions.

The Company assesses impairment of investments by evaluating the recoverable amount of the cash-generating unit (CGU) to which the investment belongs. If the recoverable amount is lower than the carrying amount, the impairment loss is recognized in profit or loss. Reversal of impairment losses is recognized when the recoverable amount increases in subsequent periods, but the carrying amount after reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized, less any amortization. Impairment losses related to goodwill are not reversed in subsequent periods.

(8) Property, Plant and Equipment

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

Land owned by the Company is not depreciated. Other items of property, plant and

equipment are depreciated on a straight-line basis over their estimated useful lives, with each significant component depreciated separately.

The Company reviews the estimated useful lives, residual values, and depreciation methods at least at each financial year-end, and the effects of changes in accounting estimates are applied prospectively.

Upon disposal of an item of property, plant and equipment, the difference between the disposal proceeds and the carrying amount is recognized in profit or loss.

(9) Goodwill

Goodwill arising from a business combination is measured at cost as recognized on the acquisition date and is subsequently measured at cost less accumulated impairment losses.

For impairment testing purposes, goodwill is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination.

Each CGU to which goodwill has been allocated is tested for impairment annually, or more frequently if there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with its recoverable amount.

If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit, and then to the other assets of the unit pro rata based on the carrying amount of each asset.

Impairment losses on goodwill are recognized directly in profit or loss and are not reversed in subsequent periods.

When the Company disposes of an operation within a CGU to which goodwill has been allocated, the goodwill associated with the disposed operation is included in the carrying amount of the operation to determine the gain or loss on disposal.

(10) Intangible Assets

A. Separately Acquired

Intangible assets with finite useful lives that are acquired separately are initially measured at cost. Subsequently, such assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized on a straight-line basis over the estimated useful lives of the assets. The Company reviews the estimated useful lives, residual values, and amortization methods at the end of each financial year, and any changes in accounting estimates are applied prospectively.

B. Derecognition

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

(11) Impairment of Property, Plant and Equipment, Right-of-Use Assets, and Intangible Assets (Excluding Goodwill)

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an individual asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The resulting impairment loss is recognized in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset, CGU, or related asset is increased to its revised recoverable amount. However, the increased carrying amount shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. Reversals of impairment losses are recognized in profit or loss.

## (12) Financial Instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus directly attributable transaction costs. Transaction costs directly attributable to the acquisition or issue of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### A. Financial Assets

The Company accounts for regular-way purchases and sales of financial assets on the trade date.

#### (A) Categories of Measurement

The Company classifies its financial assets into the following categories:

- Financial assets measured at fair value through profit or loss (FVTPL), and
- Financial assets measured at amortized cost.

##### a. Financial Assets Measured at FVTPL

This category includes both mandatory and designated FVTPL assets.

Mandatory FVTPL includes equity investments not designated as measured at fair value through other comprehensive income (FVOCI).

Financial assets measured at FVTPL are measured at fair value, and dividend, interest income, and gains or losses from remeasurement are recognized under “Other Gains and Losses.”

For the fair value measurement methodology, please refer to Note 28.

##### b. Financial Assets Measured at Amortized Cost

Financial assets are classified as measured at amortized cost when both of the following conditions are met:

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

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

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), and refundable deposits) are subsequently measured at amortized cost using the effective interest method, less any impairment loss.

Foreign exchange gains and losses are recognized in profit or loss.

Interest income is calculated using the effective interest rate applied to the gross carrying amount of the asset.

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, typically held for the purpose of meeting short-term cash commitments.

## (B) Impairment of Financial Assets

At each reporting date, the Company assesses impairment of financial assets measured at amortized cost (including accounts receivable) based on expected credit losses (ECL).

Loss allowance for accounts receivable is recognized using the lifetime expected credit loss approach.

Expected credit losses are calculated as the weighted average of credit losses with the risk of default as the weight.

Twelve-month ECL represents the expected credit losses from possible default events within 12 months after the reporting date, while lifetime ECL represents the expected credit losses from all possible default events over the expected life of the financial instrument.

Impairment losses on all financial assets are recognized through an allowance account to reduce the carrying amount.

## (C) Derecognition of Financial Assets

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

For derecognition of financial assets measured at amortized cost, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss.

### B. Equity Instruments

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

### C. Financial Liabilities

#### (A) Subsequent Measurement

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

#### (B) Derecognition of Financial Liabilities

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

## (13) Provisions

Provisions are recognized for obligations, such as those contractually specified in lease agreements to maintain or restore leased assets before returning them to the lessor. These are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties involved.

Provisions are measured at the present value of the estimated future cash flows required to settle the obligation.

### Asset Retirement Obligations

Under certain lease agreements, the Company is obligated to restore leased premises to their original condition upon lease termination. The Company recognizes a provision at the present value of the best estimate of the costs to be incurred for fulfilling such restoration obligations.

## (14) Revenue Recognition

The Company allocates the transaction price to each performance obligation in the contract and recognizes revenue when the performance obligations are satisfied.

Sales revenue is derived from food and beverage services and merchandise sales.

Revenue is recognized at the point in time when the customer purchases the goods or services.

(15) Leases

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

As a lessee, the Company recognizes right-of-use assets and lease liabilities at the lease commencement date, except for leases of low-value assets and short-term leases for which lease payments are recognized as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability and any estimated costs to restore the asset.

Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for any remeasurement of the lease liability. Right-of-use assets are presented separately in the parent company only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments, including fixed payments. If the interest rate implicit in the lease is readily determinable, it is used to discount the lease payments; otherwise, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is recognized over the lease term. If the lease term changes and results in a change in future lease payments, the lease liability is remeasured, and the right-of-use asset is adjusted accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, any remaining remeasurement amount is recognized in profit or loss.

Variable lease payments not based on an index or rate are recognized as an expense in the period in which they are incurred.

(16) Borrowing Costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(17) Government Grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

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

(18) Employee Benefits

A. Short-term Employee Benefits

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

B. Post-employment Benefits

For defined contribution retirement plans, contributions are recognized as expenses in the periods in which the employees provide services.

(19) Share-based Payment Arrangements

Employee stock options are measured at the fair value of the equity instruments granted on the grant date and the best estimate of the number of equity instruments expected to vest. Expenses are recognized on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus – employee stock options.

If the options vest immediately on the grant date, the cost is recognized in full on the grant date. In the case of cash capital increases reserved for employee subscription, the

grant date is the date on which the employee subscription is confirmed.

(20) Income Taxes

Income tax expense comprises current and deferred income taxes.

A. Current Income Tax

Current tax is calculated based on taxable income for the year, as determined under the Income Tax Act of the Republic of China.

Additional income tax on undistributed earnings, as imposed under the Income Tax Act, is recognized in the year in which the earnings are resolved by the shareholders' meeting. Adjustments to income tax payable for prior years are included in current income tax expense.

B. Deferred Income Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to utilize the deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Previously unrecognized deferred tax assets are also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable income will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantively enacted by the reporting date.

The measurement reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

C. Current and Deferred Income Tax

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

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions based on historical experience and other relevant factors that are not readily available from other sources. Actual results may differ from these estimates.

Key Sources of Estimation Uncertainty

Lessee's Incremental Borrowing Rate

To determine the discount rate used for measuring lease liabilities, the Company refers to a risk-free interest rate for a similar term and currency as a base rate, and adjusts it by incorporating an estimated credit risk premium of the lessee and lease-specific adjustments, such as characteristics of the underlying asset and whether the lease is secured.

6. Cash and Cash Equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 2,730	\$ 2,499
Demand deposits	307,850	408,156
Cash equivalents		

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Time deposits with banks	<u>299,000</u>	<u>450,000</u>
	<u>\$609,580</u>	<u>\$860,655</u>

The interest rate ranges for bank deposits as of the balance sheet dates were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposits	0.050%~1.585%	0.050%~1.565%

#### 7. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Overseas investments		
Funds	<u>\$ 38,071</u>	<u>\$ 34,230</u>
<u>Non-current</u>		
Domestic investments		
Limited partnerships	\$ 43,457	\$ 42,269
Overseas investments		
Limited partnerships	<u>51,521</u>	<u>30,262</u>
	<u>\$ 94,978</u>	<u>\$ 72,531</u>

#### 8. Financial Assets Measured at Amortized Cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Time deposits with original		
maturities over one year	<u>\$147,215</u>	<u>\$ 77,186</u>

As of December 31, 2024 and 2023, the annual interest rates for time deposits with original maturities over one year ranged from 1.68% to 3.82% and 1.65% to 5.35%, respectively.

#### 9. Accounts Receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts receivable</u>		
at amortized cost		
Total	\$275,227	\$272,291
Less: Allowance for		
impairment loss	<u>-</u>	<u>-</u>
	<u>\$275,227</u>	<u>\$272,291</u>

The Company primarily adopts cash or credit card payments for customer transactions. Accounts receivable mainly arise from certain outlets located in department stores or retail partners, for which credit terms are negotiated between both parties. The average credit period is 15 to 30 days, and no interest is charged on accounts receivable.

To mitigate credit risk, the Company has established credit policies and accounts receivable management procedures to ensure that appropriate actions are taken for the recovery of overdue balances. In addition, at each balance sheet date, the recoverability of

accounts receivable is assessed individually to ensure that adequate impairment losses are recognized for uncollectible amounts. Management believes that the credit risk has been significantly reduced as a result.

The Company recognizes loss allowances for accounts receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's historical default rates, current financial condition, industry trends, and economic conditions. Given that the Company's historical experience shows no significant differences in loss patterns among customer groups, the provision matrix is not further segmented by customer type and is instead based solely on the number of days past due.

If there is objective evidence that a counterparty is in severe financial difficulty and the Company does not reasonably expect to recover the outstanding amount, the account is written off. However, collection efforts continue, and any subsequent recoveries are recognized in profit or loss.

The Company measures the loss allowance for accounts receivable using a provision matrix, as shown below:

December 31, 2024

	Not Past Due	1–60 Days Past Due	61–90 Days Past Due	Over 90 Days Past Due	Total
Gross carrying amount	\$ 240,686	\$ 34,541	\$ -	\$ -	\$ 275,227
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 240,686</u>	<u>\$ 34,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,227</u>

December 31, 2023

	Not Past Due	1–60 Days Past Due	61–90 Days Past Due	Over 90 Days Past Due	Total
Gross carrying amount	\$ 233,809	\$ 38,482	\$ -	\$ -	\$ 272,291
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 233,809</u>	<u>\$ 38,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,291</u>

10. Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Merchandise	\$ -	\$ 243
Raw materials	46,908	32,584
Work in process	510	412
	<u>\$ 47,418</u>	<u>\$ 33,239</u>

The nature of cost of goods sold is as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventories sold	<u>\$ 1,715,870</u>	<u>\$ 1,448,930</u>

## 11. Investments Accounted for Using the Equity Method – Subsidiaries

### Investments in Subsidiaries

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
VNT International Co., Ltd.	\$ 1,913	\$ 2,006
TSA International Co., Ltd. (TSA)	35,896	36,681
TAROKO FOOD TAIWAN CO., LTD. (TAROKO)	193,182	-
Taroko Cuisine Ltd. (Taroko Cuisine)	-	-
	<u>\$230,991</u>	<u>\$ 38,687</u>

	<u>Ownership Interests and Voting Rights</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
VNT International Co., Ltd.	51%	51%
TSA	100%	100%
TAROKO (Note 1&3)	100%	-
Taroko Cuisine (Note 2&3)	-	-

Note 1: On April 10, 2024, the Company's board of directors resolved to acquire 100% equity interest in TAROKO FOOD TAIWAN CO., LTD. through a combination of share exchange and cash acquisition. On May 31, 2024, it was further resolved that the base date for the share exchange and cash settlement would be August 1, 2024. For related information, please refer to Note 26.

Note 2: On August 1, 2024, the Company acquired 100% equity interest in Taroko Cuisine Ltd. through a cash acquisition. Please refer to Note 26.

Note 3: In order to reduce operating costs and improve management efficiency, TAROKO and Taroko Cuisine carried out a simplified merger in accordance with the Company Act and the Business Mergers and Acquisitions Act, with TAROKO as the surviving entity and Taroko Cuisine as the dissolved entity. The merger was effected through a share swap, at an exchange ratio of 1 share of TAROKO common stock for every 9.058 shares of Taroko Cuisine common stock. New shares were issued by TAROKO to the shareholders of Taroko Cuisine. The merger base date was set as December 31, 2024.

## 12. Property, Plant and Equipment

	Land	Buildings	Restaurant Decoration	Kitchen Equipment	Office Equipment	Transportation Equipment	Other Equipment	Storage Equipment	Total
<u>Cost</u>									
Balance as of January 1, 2024	\$ 111,066	\$ 70,000	\$ 364,149	\$ 96,695	\$ 21,998	\$ 705	\$ 11,911	\$ 19,034	\$ 695,558
Additions	-	-	121,338	25,402	6,959	-	3,014	1,526	158,239
Disposals	-	-	( 1,313 )	( 977 )	( 1,235 )	-	( 60 )	-	( 3,585 )
Reclassifications	-	-	8,951	1,899	207	-	-	-	11,057
Balance as of December 31, 2024	<u>\$ 111,066</u>	<u>\$ 70,000</u>	<u>\$ 493,125</u>	<u>\$ 123,019</u>	<u>\$ 27,929</u>	<u>\$ 705</u>	<u>\$ 14,865</u>	<u>\$ 20,560</u>	<u>\$ 861,269</u>
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2024	\$ -	\$ 10,792	\$ 252,238	\$ 72,760	\$ 15,903	\$ 705	\$ 4,165	\$ 8,297	\$ 364,860
Depreciation Expense	-	3,500	78,196	16,696	4,172	-	3,674	3,047	109,285
Disposals	-	-	( 1,313 )	( 968 )	( 1,229 )	-	( 60 )	-	( 3,570 )
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 14,292</u>	<u>\$ 329,121</u>	<u>\$ 88,488</u>	<u>\$ 18,846</u>	<u>\$ 705</u>	<u>\$ 7,779</u>	<u>\$ 11,344</u>	<u>\$ 470,575</u>
Net Book Value as of December 31, 2024	<u>\$ 111,066</u>	<u>\$ 55,708</u>	<u>\$ 164,004</u>	<u>\$ 34,531</u>	<u>\$ 9,083</u>	<u>\$ -</u>	<u>\$ 7,086</u>	<u>\$ 9,216</u>	<u>\$ 390,694</u>

	Land	Buildings	Restaurant Decoration	Kitchen Equipment	Office Equipment	Transportatio n Equipment	Other Equipment	Storage Equipment	Total
<u>Cost</u>									
Balance as of									
January 1, 2023	\$ 111,066	\$ 70,000	\$ 307,967	\$ 82,414	\$ 18,644	\$ 705	\$ 4,318	\$ 18,237	\$ 613,351
Additions	-	-	80,707	17,111	4,002	-	7,593	797	110,210
Disposals	-	-	( 34,596 )	( 4,666 )	( 1,056 )	-	-	-	( 40,318 )
Reclassifications	-	-	10,071	1,836	408	-	-	-	12,315
Balance as of December 31, 2023	<u>\$ 111,066</u>	<u>\$ 70,000</u>	<u>\$ 364,149</u>	<u>\$ 96,695</u>	<u>\$ 21,998</u>	<u>\$ 705</u>	<u>\$ 11,911</u>	<u>\$ 19,034</u>	<u>\$ 695,558</u>
<u>Accumulated</u>									
<u>Depreciation</u>									
Balance as of									
January 1, 2023	\$ -	\$ 7,292	\$ 230,138	\$ 63,938	\$ 13,984	\$ 705	\$ 2,264	\$ 5,833	\$ 324,154
Depreciation Expense	-	3,500	54,886	13,060	2,975	-	1,901	2,464	78,786
Disposals	-	-	( 32,786 )	( 4,238 )	( 1,056 )	-	-	-	( 38,080 )
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 10,792</u>	<u>\$ 252,238</u>	<u>\$ 72,760</u>	<u>\$ 15,903</u>	<u>\$ 705</u>	<u>\$ 4,165</u>	<u>\$ 8,297</u>	<u>\$ 364,860</u>
Net Book Value as of December 31, 2023	<u>\$ 111,066</u>	<u>\$ 59,208</u>	<u>\$ 111,911</u>	<u>\$ 23,935</u>	<u>\$ 6,095</u>	<u>\$ -</u>	<u>\$ 7,746</u>	<u>\$ 10,737</u>	<u>\$ 330,698</u>

No impairment losses were recognized or reversed in 2024 and 2023.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings	20 years
Restaurant decoration	2~5 years
Kitchen equipment	2~5 years
Office equipment	2~5 years
Transportation equipment	3 years
Other equipment	2~5 years
Storage equipment	3~7 years

For information regarding property, plant and equipment pledged as collateral for borrowings, please refer to Note 30.

### 13. Lease Agreements

#### (1) Right-of-use Assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$360,029</u>	<u>\$252,191</u>
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$254,996</u>	<u>\$175,420</u>
Depreciation of right-of-use assets		
Buildings	<u>\$147,158</u>	<u>\$122,447</u>

Except for the additions and depreciation listed above, the Company did not incur significant subleases or impairment of right-of-use assets in 2024 and 2023.

## (2) Lease Liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current portion	<u>\$126,952</u>	<u>\$101,007</u>
Non-current portion	<u>\$232,578</u>	<u>\$151,217</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buildings	<u>1.40%~2.62%</u>	<u>1.40%~2.62%</u>

## (3) Significant Leasing Activities and Terms

The Company leases various retail spaces for use as stores, with lease terms ranging from 1 to 6 years. Certain store leases include both fixed lease payments and variable lease payments based on a specified percentage of the store's revenue.

## (4) Other Lease Information

	<u>2024</u>	<u>2023</u>
Short-term lease expenses	<u>\$228,406</u>	<u>\$206,945</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 42,437</u>	<u>\$ 39,418</u>
Total cash outflows for leases	<u>(\$421,064)</u>	<u>(\$371,345)</u>

The Company has elected to apply the recognition exemption for short-term leases of buildings and kitchen equipment. Accordingly, no right-of-use assets or lease liabilities are recognized for such leases.

## 14. Goodwill

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Cost</u>		
Balance at beginning and end of year	<u>\$ 5,820</u>	<u>\$ 5,820</u>

On September 30, 2017, the Company acquired and merged with Dubu Co., Ltd., resulting in goodwill amounting to NT\$ 5,820 thousand. This goodwill primarily arose from the expected benefits of increased revenue derived from the acquired brand's operations.

For impairment testing purposes, the goodwill is associated with the Company as a whole, which is considered a single cash-generating unit (CGU). The recoverable amount of the CGU is compared against the carrying amount of the net assets to determine whether any impairment loss should be recognized.

The recoverable amount is determined based on value in use, which is calculated using the estimated future cash flows from the five-year financial forecasts approved by management, discounted at an annual rate of 10.40%. Key assumptions also include expected revenue growth and gross margin levels, based on past performance of the CGU and management's expectations of market developments.

Based on the assessment, the recoverable amount of the CGU exceeded its carrying amount; therefore, no impairment loss was recognized.

## 15. Other Intangible Assets

	<u>Franchise Rights</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1 and December 31, 2024	\$ <u>3,792</u>	\$ <u>2,253</u>	\$ <u>6,045</u>
<u>Accumulated Amortization</u>			
Balance as of January 1, 2024	\$ 1,940	\$ 2,240	\$ 4,180
Amortization expense	<u>791</u>	<u>13</u>	<u>804</u>
Balance as of December 31, 2024	\$ <u>2,731</u>	\$ <u>2,253</u>	\$ <u>4,984</u>
Net carrying amount as of December 31, 2024	\$ <u>1,061</u>	\$ <u>-</u>	\$ <u>1,061</u>
<u>Cost</u>			
Balance as of January 1 and December 31, 2023	\$ <u>3,792</u>	\$ <u>2,253</u>	\$ <u>6,045</u>
<u>Accumulated Amortization</u>			
Balance as of January 1, 2023	\$ 1,147	\$ 2,168	\$ 3,315
Amortization expense	<u>793</u>	<u>72</u>	<u>865</u>
Balance as of December 31, 2023	\$ <u>1,940</u>	\$ <u>2,240</u>	\$ <u>4,180</u>
Net carrying amount as of December 31, 2023	\$ <u>1,852</u>	\$ <u>13</u>	\$ <u>1,865</u>

There were no significant additions, disposals, or impairment losses of other intangible assets in 2024 and 2023.

For details regarding franchise agreements, please refer to Note 31.

Amortization is calculated using the straight-line method over the following estimated useful lives:

Franchise rights: 6 years

Computer software: 3–5 years

## 16. Long-term Borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Secured borrowings</u>		
Bank loan (Note 1)	\$108,027	\$113,633
Less: Current portion	( <u>5,713</u> )	( <u>5,645</u> )
Total long-term borrowings	<u>\$102,314</u>	<u>\$107,988</u>

### Note 1:

The above bank loan is secured by the Company's land and buildings (refer to Note 30). The maturity date of the loan is November 10, 2040 for both 2024 and 2023. The annual interest rates were 2.24% in 2024 and 2.12% in 2023.

## 17. Other Payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accrued salaries and bonuse	\$140,040	\$138,841
Accrued labor and health insurance premiums	19,638	16,193
Business tax payable	15,875	13,043
Pension payable	12,857	10,527
Others	<u>21,483</u>	<u>21,033</u>
	<u>\$209,893</u>	<u>\$199,637</u>

## 18. Provisions

	<u>Asset Retirement Obligations</u>
Beginning balance – January 1, 2024	\$ 4,253
Additional provisions	1,730
Amounts used or reversed	( <u>50</u> )
Ending balance – December 31, 2024	<u>\$ 5,933</u>
Beginning balance – January 1, 2023	\$ 3,343
Additional provisions	1,140
Amounts used or reversed	( <u>230</u> )
Ending balance – December 31, 2023	<u>\$ 4,253</u>

The Company leases premises for business operations. According to the lease agreements, the Company is required to restore the leased properties to their original condition at the end of the lease term. The provision for asset retirement obligations represents the estimated costs to be incurred for such restoration work.

## 19. Post-employment Benefit Plans

The Company applies the retirement system under the **Labor Pension Act**, which is a government-managed **defined contribution plan**. The Company contributes an amount equal to 6% of each employee's monthly salary to the employees' individual pension accounts maintained by the Bureau of Labor Insurance.

## 20. Equity

### (1) Common Stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized shares (in thousands)	<u>60,000</u>	<u>30,000</u>
Authorized capital	<u>\$600,000</u>	<u>\$300,000</u>
Issued and fully paid shares (in thousands)	<u>26,694</u>	<u>26,267</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Issued capital	<u>\$266,939</u>	<u>\$262,674</u>

The increase in share capital was due to the issuance of new shares for the acquisition of TAROKO FOOD TAIWAN CO., LTD.

(2) Capital Surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
May be used to offset deficits, distribute cash dividends, or be capitalized (Note)		
Share Premium	<u>\$483,986</u>	<u>\$376,727</u>

Note: This type of capital surplus may be used to offset accumulated deficits. If the Company has no deficits, it may be used to distribute cash dividends or be capitalized. However, the amount to be capitalized each year shall be subject to a certain percentage of the paid-in capital in accordance with relevant laws and regulations.

(3) Retained Earnings and Dividend Policy

On May 30, 2024, the Company's shareholders approved an amendment to the Articles of Incorporation regarding its earnings distribution policy. According to the revised Articles:

If there is a surplus at the end of the fiscal year, the Company shall first pay all applicable taxes, offset accumulated deficits, and then appropriate 10% of the remaining earnings as legal reserve. If the legal reserve has reached the amount of paid-in capital, no further appropriation is required. The remainder, after appropriation or reversal of special reserves required by laws or operational needs, constitutes the distributable earnings for the year. These, combined with undistributed retained earnings from previous years, form the accumulated distributable earnings. The Board of Directors shall then draft an earnings distribution proposal, which will be submitted to the shareholders' meeting for approval. At least 30% of the accumulated distributable earnings shall be distributed as shareholders' dividends, of which cash dividends shall not be less than 20% of the total dividends distributed.

If all or part of the dividends, legal reserve, or capital surplus is to be distributed in the form of cash, the Board of Directors is authorized to do so with the approval of at least two-thirds of the directors present and a majority vote of the directors present, and such distribution shall be reported to the shareholders' meeting.

Under the previous version of the Articles of Incorporation, the earnings distribution policy followed the same principle, including the 10% legal reserve, minimum 20% cash dividend ratio, and the same authorization process for cash distributions.

The Company's policy on employee and director remuneration is described in Note 22 (7).

The legal reserve shall be appropriated until it equals the Company's paid-in capital. It may be used to offset accumulated deficits. When no deficit exists, any portion of the legal reserve exceeding 25% of paid-in capital may be distributed as cash dividends or used to increase capital.

The earnings distribution for 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Legal reserve	<u>\$ 39,286</u>	<u>\$ 27,255</u>
Appropriation (Reversal) of	<u>\$ 47</u>	<u>(\$ 175)</u>

	2023	2022
Special Reserve		
Cash dividends	<u>\$349,356</u>	<u>\$262,674</u>
Cash dividend per share (NT\$)	\$ 13.3	\$ 10.0

The above cash dividends were approved by the Board of Directors on March 8, 2024 and March 10, 2023, respectively. Other distribution items were approved at the shareholders' meetings held on May 30, 2024 and May 30, 2023, respectively.

The Board of Directors proposed the earnings distribution plan for 2024 on March 11, 2025, as follows:

	2024
Legal reserve	<u>\$ 41,424</u>
Appropriation of Special Reserve	<u>\$ 3,414</u>
Cash dividends (Note)	<u>\$373,714</u>
Cash Dividend per Share (NT\$)	\$ 14

Note: The cash dividend per share was calculated based on 26,694 thousand outstanding shares as of March 11, 2025.

The above cash dividends were approved by the Board of Directors and the remaining items are pending approval at the shareholders' meeting scheduled for May 28, 2025.

#### (4) Other Components of Equity

##### A. Exchange Differences on Translation of Foreign Operations

	2024	2023
Beginning balance	(\$ 114)	(\$ 67)
Exchange differences arising from the translation of foreign operations	<u>1</u>	( <u>47</u> )
Ending balance	( <u>\$ 113</u> )	( <u>\$ 114</u> )

##### B. Unrealized Gain (Loss) on Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)

	2024	2023
Beginning balance	<u>\$ -</u>	<u>\$ -</u>
Share of other comprehensive income of subsidiaries under the equity method	( <u>3,415</u> )	<u>4,523</u>
Total other comprehensive income for the year	( <u>3,415</u> )	<u>4,523</u>
Cumulative gain (loss) reclassified to retained earnings upon disposal by subsidiaries	<u>-</u>	( <u>4,523</u> )
Ending balance	( <u>\$ 3,415</u> )	<u>\$ -</u>

## 21. Revenue

	<u>2024</u>	<u>2023</u>
Restaurant revenue	\$ 3,562,391	\$ 3,089,619
Other revenue	<u>3,890</u>	<u>4,930</u>
	<u>\$ 3,566,281</u>	<u>\$ 3,094,549</u>

### (1) Description of Customer Contracts

A. Restaurant revenue is derived from the sale of food and beverage services at the Company's store locations and is recognized at the point of sale.

B. Other revenue mainly represents revenue from the sale of seasonal gift boxes and other goods, recognized at the point of customer purchase.

### (2) Contract Balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable (Note 9)	<u>\$ 275,227</u>	<u>\$ 272,291</u>	<u>\$ 235,084</u>
Accounts receivable – related parties	<u>\$ 542</u>	<u>\$ 1,195</u>	<u>\$ 934</u>
Contract liabilities (included in other current liabilities)	<u>\$ 9,975</u>	<u>\$ 6,353</u>	<u>\$ 6,531</u>

Contract liabilities mainly consist of customer loyalty programs and advance receipts. Revenue recognized in the current year that was included in the contract liabilities at the beginning of the year is as follows:

<u>Source</u>	<u>2024</u>	<u>2023</u>
Sale of goods	<u>\$ 32</u>	<u>\$ 178</u>

## 22. Profit from Continuing Operations

### (1) Interest Income

	<u>2024</u>	<u>2023</u>
Bank deposits	\$ 9,389	\$ 9,018
Imputed interest on deposits	70	53
Others (Note 29)	<u>168</u>	<u>573</u>
	<u>\$ 9,627</u>	<u>\$ 9,644</u>

### (2) Other Income

	<u>2024</u>	<u>2023</u>
Government grants (Note 32)	\$ 18	\$ 160
Lease modification gain	-	46
Others	<u>810</u>	<u>1,025</u>
	<u>\$ 828</u>	<u>\$ 1,231</u>

(3) Other Gains and Losses

	<u>2024</u>	<u>2023</u>
Net foreign exchange loss	(\$ 329)	(\$ 13)
Net gain (loss) on financial assets at fair value through profit or loss	26,288	( 3,495)
Others	<u>-</u>	<u>( 13)</u>
	<u>\$ 25,959</u>	<u>(\$ 3,521)</u>

(4) Finance Costs

	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ 4,261	\$ 3,203
Interest on bank borrowings	<u>2,528</u>	<u>2,494</u>
	<u>\$ 6,789</u>	<u>\$ 5,697</u>

(5) Depreciation and Amortization

	<u>2024</u>	<u>2023</u>
Depreciation expenses by function		
Operating costs	\$ 45,960	\$ 37,437
Operating expenses	<u>210,483</u>	<u>163,796</u>
	<u>\$256,443</u>	<u>\$201,233</u>
Amortization expenses by function		
Operating expenses	<u>\$ 804</u>	<u>\$ 865</u>

(6) Employee Benefits Expense

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 1,101,923	\$ 915,783
Post-employment benefits (Note 19)		
Defined contribution plans	<u>47,495</u>	<u>38,733</u>
Total employee benefits	<u>\$ 1,149,418</u>	<u>\$ 954,516</u>
By function		
Operating costs	\$ 445,985	\$ 355,480
Operating expenses	<u>703,433</u>	<u>599,036</u>
	<u>\$ 1,149,418</u>	<u>\$ 954,516</u>

(7) Remuneration to Employees and Directors

In accordance with the Company's Articles of Incorporation, no less than 0.5% and no more than 5% of profit before tax, before deducting remuneration to employees and directors, shall be appropriated for remuneration to employees and directors, respectively.

The estimated remuneration to employees and directors for the years ended December 31, 2024 and 2023, as approved by the Board of Directors on March 11, 2025 and March 8, 2024, respectively, are as follows:

<u>Estimated Rate</u>	<u>2024</u>	<u>2023</u>
Remuneration to Employee	0.5%	0.5%
Remuneration to Directors	0.5%	0.5%

<u>Amount</u>	<u>2024</u>		<u>2023</u>	
	<u>Cash</u>	<u>Shares</u>	<u>Cash</u>	<u>Shares</u>
Remuneration to Employee	\$ 2,577	\$ -	\$ 2,456	\$ -
Remuneration to Directors	2,577	-	2,456	-

If the actual amounts approved after the individual financial statements are authorized for issue differ from the estimated amounts, the difference is accounted for as a change in accounting estimate and adjusted in the following year accordingly.

There were no differences between the amounts of remuneration to employees and directors actually distributed for 2023 and 2022 and the amounts recognized in the individual financial statements for those years.

Information on the resolutions of the Board of Directors regarding the remuneration to employees and directors is available on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

### 23. Income Taxes

#### (1) Income Tax Recognized in Profit or Loss

The major components of income tax expense recognized in profit or loss are as follows:

	<u>2024</u>	<u>2023</u>
Current income tax		
Current year	\$ 96,027	\$ 97,965
Adjustments for prior years	<u>26</u>	<u>46</u>
Total income tax expense recognized in profit or loss	<u>\$ 96,053</u>	<u>\$ 98,011</u>

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

	<u>2024</u>	<u>2023</u>
Profit before tax	<u>\$510,289</u>	<u>\$486,347</u>
Income tax calculated at statutory rate	\$102,058	\$ 97,269
Temporary differences not recognized as deferred tax assets	( 6,031 )	696
Adjustments in respect of prior years' income tax	<u>26</u>	<u>46</u>
Income tax expense recognized in profit or loss	<u>\$ 96,053</u>	<u>\$ 98,011</u>

(2) Current Tax Liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current Tax Liabilities		
Income tax payable	<u>\$ 46,339</u>	<u>\$ 64,302</u>

(3) Income Tax Assessments

The Company's income tax returns have been assessed and approved by the tax authority through the year ended December 31, 2022.

24. Earnings Per Share

	<u>2024</u>	<u>Unit: NT\$ per share 2023</u>
Basic earnings per share	<u>\$ 15.66</u>	<u>\$ 14.78</u>
Diluted earnings per share	<u>\$ 15.66</u>	<u>\$ 14.78</u>

The net income and weighted average number of ordinary shares used in the computation of earnings per share are as follows:

Net Income for the Year

	<u>2024</u>	<u>2023</u>
Net income for the year	<u>\$414,236</u>	<u>\$388,336</u>
Net income used for basic and diluted EPS	<u>\$414,236</u>	<u>\$388,336</u>

Shares

	<u>2024</u>	<u>Unit: Thousands of shares 2023</u>
Weighted average number of ordinary shares used in basic EPS	26,446	26,267
Effect of dilutive potential ordinary shares:		
Remuneration to Employee	<u>13</u>	<u>11</u>
Weighted average number of ordinary shares used in diluted EPS	<u>26,459</u>	<u>26,278</u>

If the Company has the option to settle employee remuneration in either cash or shares, the calculation of diluted EPS assumes the employee remuneration will be settled in shares. Such dilutive potential ordinary shares are included in the weighted average number of shares outstanding when they have a dilutive effect, even before the actual number of shares to be issued is determined in the following year.

25. Share-based Payment Arrangements

(1) Employee Stock Options Plan

In January 2018, the Company granted 2,000 units of employee stock options, with each unit entitling the holder to subscribe for 1,000 ordinary shares. Accordingly, the total number of new ordinary shares to be issued under these stock options was 2,000 thousand shares. The grantees were all full-time employees of the Company. The stock options could be exercised in accordance with the Employee Stock Option Plan from the grant

date. The contractual term of the stock options is five years (counted individually from each issuance date). The exercise price must not be lower than the net asset value per share according to the most recent CPA-audited or reviewed financial statements.

The stock option information is as follows:

<u>Employee Stock Options</u>	<u>2023</u>	
	<u>Units (in thousands)</u>	<u>Weighted Average Exercise Price (NT\$)</u>
Outstanding at beginning of year	25	\$ 25.5
Forfeited during the year	( 25 )	25.5
Outstanding at end of year	<u>-</u>	-
Exercisable at end of year	<u>-</u>	-

The fair value of the employee stock options granted in January 2018 was estimated using the Black-Scholes option pricing model. The inputs to the model on the grant date were as follows:

	<u>January 5, 2018</u>
Grant date share price	NT\$ 50.0
Exercise price	NT\$ 80.0
Expected volatility	22.21%
Expected life	5 years
Expected dividend yield	-
Risk-free interest rate	0.08%

The expected volatility was based on the historical share price volatility of comparable listed companies in similar industries.

## 26. Business Combinations

### (1) Acquisition of Subsidiaries

	<u>Principal Activities</u>	<u>Acquisition Date</u>	<u>Ownership / Voting Rights (%)</u>	<u>Consideration Transferred</u>
TAROKO FOOD TAIWAN CO., LTD.	Sale of food and beverage services	August 1, 2024	100	<u>\$ 167,573</u>
Taroko Cuisine Ltd.	Sale of food and beverage services	August 1, 2024	100	<u>\$ 18,500</u>

The Company acquired 100% equity interest in TAROKO FOOD TAIWAN CO., LTD. and Taroko Cuisine Ltd. on August 1, 2024. Please refer to Note 11 for investments accounted for using the equity method.

### (2) Consideration Transferred

	<u>TAROKO FOOD TAIWAN CO., LTD.</u>	<u>Taroko Cuisine Ltd.</u>
Cash Consideration	\$ 56,049	\$ 18,500
Equity Instruments Issued	<u>111,524</u>	<u>-</u>
Total Consideration Transferred	<u>\$167,573</u>	<u>\$ 18,500</u>
<u>Equity Instruments Issued</u>		

The Company issued 427 thousand ordinary shares with a par value of NT\$10 per share as part of the consideration for acquiring TAROKO FOOD TAIWAN CO., LTD. The fair value of the newly issued shares was determined based on the closing market price on the acquisition date, totaling NT\$111,524 thousand.

(3) Assets Acquired and Liabilities Assumed on Acquisition Date

	TAROKO FOOD TAIWAN CO., LTD.	Taroko Cuisine Ltd.
Current Assets		
Cash and cash equivalents	\$ 24,341	\$ 7,408
Accounts receivable	11,840	1,322
Inventories	7,894	183
Other current assets	4,494	924
Non-current Assets		
Property, plant and equipment	1,392	-
Intangible assets	57,800	4,900
Right-of-use assets	29,661	2,628
Refundable deposits	3,020	433
Deferred income tax assets	81	-
Other financial assets – non-current	748	-
Current Liabilities		
Accounts payable	( 3,032)	( 565)
Notes payable	( 4,269)	( 1,521)
Other current liabilities	( 12,047)	( 5,076)
Lease liabilities – current	( 15,384)	( 1,754)
Non-current Liabilities		
Lease liabilities – non-current	( <u>14,467</u> )	( <u>891</u> )
	<u>\$ 92,072</u>	<u>\$ 7,991</u>

(4) Goodwill Arising from the Acquisition

	TAROKO FOOD TAIWAN CO., LTD.	Taroko Cuisine Ltd.
Consideration transferred	\$167,573	\$ 18,500
Less: Fair value of net identifiable assets acquired	( <u>92,072</u> )	( <u>7,991</u> )
Goodwill arising from the acquisition	<u>\$ 75,501</u>	<u>\$ 10,509</u>

The goodwill generated from the acquisition of TAROKO FOOD TAIWAN CO., LTD. and Taroko Cuisine Ltd. primarily represents control premiums. The consideration paid reflects the anticipated synergies, revenue growth, future market developments, and the value of employees of TAROKO FOOD TAIWAN CO., LTD. and Taroko Cuisine Ltd. However, these benefits do not meet the criteria for

recognition as separately identifiable intangible assets and are therefore not recognized separately.

(5) Net Cash Outflow Arising from Acquisition of Subsidiaries

	TAROKO FOOD TAIWAN CO., LTD.	Taroko Cuisine Ltd.
Cash consideration paid	\$ 56,049	\$ 18,500
Less: Cash and cash equivalents acquired	( 24,341 )	( 7,408 )
	<u>\$ 31,708</u>	<u>\$ 11,092</u>

27. Capital Risk Management

The Company manages its capital to ensure it will continue as a going concern while maximizing shareholder returns through the optimization of the balance of debt and equity. The Company's overall strategy remains unchanged.

The Company's capital structure consists of equity, which includes common stock, capital surplus, retained earnings, and other equity items.

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

The Company's senior management regularly reviews the capital structure, considering the cost and associated risks of various types of capital. Based on the recommendations of senior management, the Company may balance its overall capital structure through the payment of dividends, issuance of new shares, repurchase of shares, or issuance and repayment of debt.

28. Financial Instruments

- (1) Fair Management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.
- (2) Fair Value Information – Financial Instruments Measured at Fair Value on a Recurring Basis

A. Fair Value Hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial Assets at Fair Value Through Profit or Loss</u>				
Limited Partnerships	\$ -	\$ -	\$ 94,978	\$ 94,978
Mutual Funds	<u>38,071</u>	<u>-</u>	<u>-</u>	<u>38,071</u>
	<u>\$ 38,071</u>	<u>\$ -</u>	<u>\$ 94,978</u>	<u>\$ 133,049</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial Assets at Fair Value Through Profit or Loss</u>				
Limited Partnerships	\$ -	\$ -	\$ 72,531	\$ 72,531
Mutual Funds	<u>34,230</u>	<u>-</u>	<u>-</u>	<u>34,230</u>
	<u>\$ 34,230</u>	<u>\$ -</u>	<u>\$ 72,531</u>	<u>\$ 106,761</u>

There were no transfers between Level 1 and Level 2 fair value measurements for the years ended December 31, 2024 and 2023.

B. Valuation Techniques and Inputs for Level 3 Fair Value Measurements

Category of Financial Instruments	Valuation Technique and Inputs
Limited Partnerships	Asset-based approach: the fair value is determined based on the total value of underlying individual assets and liabilities of the investee. Significant unobservable input includes discount adjustments for market liquidity.

(3) Categories of Financial Instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss		
Limited partnerships	\$ 94,978	\$ 72,531
Mutual funds	38,071	34,230
Financial assets measured at amortized cost		
Cash and cash equivalents	609,580	860,655
Financial assets measured at amortized cost –		
current	147,215	77,186
Accounts receivable	275,227	272,291
Accounts receivable – related parties	542	1,195
Other receivables (classified under other current assets)	11	313
Other receivables – related parties (classified under other current assets)	10,330	15,555
Refundable deposits	12,764	10,582
<u>Financial Liabilities</u>		
Financial liabilities measured at amortized cost		
Notes and accounts payable	95,933	138,745
Accounts payable – related parties	13,995	19,210
Other Payables	18,445	18,577
Payables for acquisition of equipment	14,769	22,026
Other Payables – related parties	1,063	1,029
Long-term borrowings	108,027	113,633

(including current portion)

(4) Objectives and Policies of Financial Risk Management

The Company's finance department provides services to business units and centrally coordinates access to domestic financial markets. It monitors and manages the financial risks relating to the operations of the Company through internal risk reports, which analyze exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk, and liquidity risk.

A. Market Risk

The primary financial risk the Company is exposed to from its operating activities is interest rate risk (see item (A) below).

There have been no changes in the Company's exposure to market risks arising from financial instruments or in the manner in which such risks are managed and measured.

(A) Interest Rate Risk

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the reporting date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair Value Interest Rate Risk		
– Financial assets	\$446,215	\$527,186
– Financial liabilities	359,530	252,224
Cash Flow Interest Rate Risk		
– Financial assets	307,850	408,156
– Financial liabilities	108,027	113,633

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivative instruments at the balance sheet date. For variable-rate financial instruments, the analysis assumes that the amount outstanding at the balance sheet date was outstanding for the entire reporting period.

Assuming a 0.1% increase/decrease in annual interest rates, with all other variables held constant, the Company's profit before tax for the years 2024 and 2023 would have increased/decreased by \$200 thousand and \$295 thousand, respectively.

(B) Other Price Risk

The Company is exposed to price risk arising from investments in mutual funds and equity securities. Management manages this risk by maintaining a diversified portfolio of investments with varying levels of risk exposure.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price risk exposure as of the balance sheet date.

If the prices of financial assets at fair value through profit or loss had increased or decreased by 5%, the Company's profit before tax for the years ended December 31, 2024 and 2023 would have increased or decreased by \$6,652 thousand and \$5,338 thousand, respectively, as a result of changes in the fair value of these financial assets.

## B. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. As of the balance sheet date, the maximum exposure to credit risk is the carrying amount of financial assets recognized on the balance sheet.

To mitigate credit risk, the Company has established credit policies and accounts receivable management procedures to ensure appropriate actions are taken for the collection of overdue receivables. In addition, at each balance sheet date, the Company reviews the recoverability of receivables on an individual basis to ensure that appropriate impairment losses are recognized for unrecoverable amounts. Based on these measures, management believes the Company's credit risk has been significantly reduced.

Accounts receivable are derived from a broad customer base. The Company continuously monitors the financial condition of its customers to evaluate credit risk. The Company does not have significant credit risk exposure to any single counterparty or to any group of counterparties having similar characteristics.

## C. Liquidity Risk

The Company manages liquidity risk by maintaining adequate levels of cash and cash equivalents to support operating needs and reduce the impact of fluctuations in cash flows.

### (A) Liquidity and Interest Rate Risk Table for Non-Derivative Financial Liabilities

The table analyzing the remaining contractual maturities of non-derivative financial liabilities is prepared based on the earliest date on which the Company may be required to settle the obligation. The amounts presented are the undiscounted cash flows, including principal and estimated interest payments.

Accordingly, bank borrowings that may be callable by lenders on demand are classified in the earliest time band, regardless of the probability of the lenders exercising such rights. Other non-derivative financial liabilities are presented based on contractual repayment dates.

#### December 31, 2024

	<u>Within 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-Derivative Financial Liabilities</u>				
Non-interest-bearing liabilities	\$ 335,653	\$ -	\$ -	\$ -
Lease liabilities	40,196	89,432	206,458	33,610
Floating rate instruments	<u>2,019</u>	<u>6,055</u>	<u>32,298</u>	<u>88,148</u>
	<u>\$ 377,868</u>	<u>\$ 95,487</u>	<u>\$ 238,756</u>	<u>\$ 121,758</u>

#### Additional breakdown of contractual maturities:

	<u>Within 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>Over 20 Years</u>
Lease	\$ 129,628	\$ 206,458	\$ 29,497	\$ 4,113	\$ -	\$ -

	Within 1 Year	1–5 Years	5–10 Years	10–15 Years	15–20 Years	Over 20 Years
liabilities						
Floating rate instruments	<u>8,074</u>	<u>32,298</u>	<u>40,373</u>	<u>40,373</u>	<u>7,402</u>	<u>-</u>
	<u>\$ 137,702</u>	<u>\$ 238,756</u>	<u>\$ 69,870</u>	<u>\$ 44,486</u>	<u>\$ 7,402</u>	<u>\$ -</u>

December 31, 2023

	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
<u>Non-Derivative Financial Liabilities</u>				
Non-interest-bearing liabilities	\$ 380,647	\$ -	\$ -	\$ -
Lease liabilities	32,246	71,796	154,526	-
Floating rate instruments	<u>2,000</u>	<u>5,999</u>	<u>31,996</u>	<u>95,324</u>
	<u>\$ 414,893</u>	<u>\$ 77,795</u>	<u>\$ 186,522</u>	<u>\$ 95,324</u>

Additional breakdown of contractual maturities:

	Within 1 Year	1–5 Years	5–10 Years	10–15 Years	15–20 Years	Over 20 Years
Lease liabilities	\$ 104,042	\$ 154,526	\$ -	\$ -	\$ -	\$ -
Floating rate instruments	<u>7,999</u>	<u>31,996</u>	<u>39,996</u>	<u>39,996</u>	<u>15,332</u>	<u>-</u>
	<u>\$ 112,041</u>	<u>\$ 186,522</u>	<u>\$ 39,996</u>	<u>\$ 39,996</u>	<u>\$ 15,332</u>	<u>\$ -</u>

(B) Financing Facilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Secured bank loan facilities		
– Amount utilized	\$108,027	\$113,633
– Amount unutilized	<u>-</u>	<u>-</u>
	<u>\$108,027</u>	<u>\$113,633</u>

29. Related Party Transactions

The transactions between the Company and related parties are as follows:

(1) Names of Related Parties and Their Relationships with the Company

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Ten Peng Foods Co., Ltd. (“Ten Peng Foods”)	Substantive related party
Share Food Co., Ltd. (“Share Food”)	Substantive related party
TSA International Co., Ltd. (“TSA”)	Subsidiary
Safe Foods Co., Ltd. (“Safe Foods”)	Subsidiary

Duofu Co., Ltd. (“Duofu”)  
TAROKO FOOD TAIWAN CO.,  
LTD. (TAROKO)

Subsidiary  
Subsidiary (became a subsidiary in  
August 2024)

(2) Sales to Related Parties

Category / Name of Related Party	2024	2023
Substantive related party		
Share Food	\$ -	\$ 112
Subsidiaries		
Duofu	<u>2,455</u>	<u>1,138</u>
	<u>\$ 2,455</u>	<u>\$ 1,250</u>

(3) Purchases from Related Parties

Category / Name of Related Party	2024	2023
Substantive related parties		
Ten Peng Foods Co., Ltd.	\$ 49,956	\$ 44,862
Share Food Co., Ltd.	7,769	9,813
Subsidiaries		
Safe Foods Co., Ltd.	<u>62,860</u>	<u>48,871</u>
	<u>\$120,585</u>	<u>\$103,546</u>

The purchase prices from related parties were determined based on contractual terms, as there were no comparable transactions with unrelated parties. The payment terms were comparable to those with unrelated parties.

(4) Processing Fees

Item	Category of Related Party	2024	2023
Operating costs	Substantive related party	<u>\$ 11,099</u>	<u>\$ 10,805</u>

The Company engaged related parties to provide food processing services and other miscellaneous services. As there were no comparable transactions with third-party vendors for similar types of food processing, the fees were determined based on contractual terms. The payment terms were comparable to those with unrelated parties.

(5) Operating Expenses

Item	Category of Related Party	2024	2023
General and administrative expenses	Substantive related party	\$ 848	\$ 877
	Subsidiaries	<u>744</u>	<u>-</u>
		<u>\$ 1,592</u>	<u>\$ 877</u>
Research and development expenses	Subsidiaries	<u>\$ 21</u>	<u>\$ 17</u>

The transactions primarily relate to lease and other expenses paid to related parties. The pricing was determined through mutual agreement between the parties, and no comparable transactions with unrelated third parties were available for reference.

(6) Receivables from Related Parties

Item	Category of Related Party	December 31, 2024	December 31, 2023
Accounts receivable – related parties	Subsidiaries	<u>\$ 542</u>	<u>\$ 1,195</u>
Other receivables – related parties	Substantive related parties Subsidiaries	\$ - <u>162</u>	\$ 136 <u>219</u>
		<u>\$ 162</u>	<u>\$ 355</u>

The accounts receivable – related parties mainly represent receivables from sales to related parties. The other receivables – related parties primarily consist of advance payments made on behalf of related parties. The collection periods for these receivables are consistent with those for unrelated third parties.

(7) Payables to Related Parties

Item	Category / Name of Related Party	December 31, 2024	December 31, 2023
Accounts payable – related parties	Substantive related parties Subsidiaries	\$ 5,732 <u>8,263</u>	\$ 10,304 <u>8,906</u>
		<u>\$ 13,995</u>	<u>\$ 19,210</u>
Other Payables – related parties	Substantive related parties – Ten Peng Foods Co., Ltd. Subsidiaries	\$ 1,049 <u>14</u>	\$ 1,029 <u>-</u>
		<u>\$ 1,063</u>	<u>\$ 1,029</u>

(8) Loans to Related Parties

Item	Category / Name of Related Party	December 31, 2024	December 31, 2023
Other receivables – related parties	Subsidiaries		
	Safe Foods Co., Ltd.	<u>\$ 10,168</u>	<u>\$ 15,200</u>
Interest income – related parties	Subsidiaries		
	Safe Foods Co., Ltd.	<u>\$ 168</u>	<u>\$ 573</u>

The loan provided to Safe Foods Co., Ltd. was an unsecured loan. The interest rate was in line with market rates. Based on the Company's assessment, no expected credit loss was recognized.

(9) Other Transactions with Related Parties

Item	Category of Related Party	2024	2023
Other income	Substantive related parties	\$ -	\$ 89
	Subsidiaries	<u>39</u>	<u>50</u>
		<u>\$ 39</u>	<u>\$ 139</u>

(10) Compensation of Key Management Personnel

	2024	2023
Short-term employee benefits	<u>\$ 16,262</u>	<u>\$ 15,447</u>

The remuneration of the Company's directors and other key management personnel is determined based on individual performance and prevailing market conditions.

30. Assets Pledged as Collateral

The following assets have been pledged as collateral for the Company's bank borrowings:

	December 31, 2024	December 31, 2023
Land	\$ 111,066	\$ 111,066
Buildings	<u>55,708</u>	<u>59,208</u>
	<u>\$166,774</u>	<u>\$170,274</u>

31. Significant Contracts

The Company entered into a franchise agreement with the Thai cuisine brand Baan Phadthai, acquiring the exclusive rights for franchise operations in Taiwan. The contract term is six years.

The Company also entered into a franchise agreement with Ah Da Shi Beef Noodles with a contract term of five years.

32. Other Matters

In April and October 2023, the Company received a total of NT\$139 thousand in government subsidies from the Ministry of Labor for participation in the "Dual-System Training Flagship Program" for the 2022 academic year (first and second four-year training sessions). As of December 31, 2023, the full amount was recognized under other income.

In July 2023, the Company also received an approved subsidy of NT\$21 thousand under the Ministry of Labor's "Employment Stabilization Program," which was likewise recognized under other income as of December 31, 2023.

In April 2024, the Company received an approved subsidy of NT\$8 thousand under the Ministry of Labor's "Employment Stabilization Program," which was recognized under other income as of December 31, 2024. Additionally, in August 2024, the Company received an approved incentive subsidy of NT\$10 thousand from the Taoyuan City Government Labor Bureau under the "Youth Salary and Employment Subsidy Program," which was also recognized under other income as of December 31, 2024.

33. Supplementary Disclosures

(1) Significant Transactions:

- A. Loans to other parties (Schedule 1)
- B. Endorsements and guarantees provided (Schedule 2)
- C. Holding of marketable securities at year-end (excluding investments in subsidiaries) (Schedule 3)
- D. Total purchases or sales of the same security amounting to NT\$300 million or 20% of paid-in capital or more (Schedule 4)
- E. Acquisition of real estate amounting to NT\$300 million or 20% of paid-in capital or more: None
- F. Disposal of real estate amounting to NT\$300 million or 20% of paid-in capital or more: None
- G. Purchase or sale of goods with related parties amounting to NT\$100 million or 20% of paid-in capital or more: None
- H. Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: None
- I. Transactions involving derivative financial instruments: None

(2) Information on Investments in Subsidiaries and Affiliates (Schedule 5)

(3) Investment in Mainland China:

- A. Information on investee companies in Mainland China, including name, principal business activities, paid-in capital, investment method, remittance of funds, ownership percentage, investment gain or loss, carrying amount at year-end, amount of earnings repatriated to Taiwan, and the ceiling on investment in Mainland China: None
- B. Significant transactions with investee companies in Mainland China conducted directly or indirectly through a third area, including pricing, payment terms, and unrealized gains or losses: None

(4) Information on Major Shareholders:

Includes the names, number of shares held, and percentage of ownership of shareholders holding 5% or more of the Company's equity (Schedule 6)

Tofu Restaurant Co., Ltd.  
Loans to Other Parties  
2024

Schedule 1

Unit: NT\$ thousands

NO.	Lending Company	Borrower	Account Name	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate Range	Nature of Financing	Transaction Amount	Reason for Short-term Financing Needs	Allowance for Bad Debt	Collateral		Ceiling for Loans to Individual Counterparty	Total Loan Ceiling	Remarks
												Name	V a l u e			
0	The Company	Safe Foods Co., Ltd.	Other receivables – related parties	\$ 30,000	\$ 10,000	\$ 10,000	At market rates	Necessary for short-term liquidity	\$ -	Operating funding	\$ -	None	\$ -	\$ 135,961	\$ 543,845	(註)

**Note:** The ceiling on loans to a single entity shall not exceed 10% of the lending company's net worth. The total ceiling on loans to others shall not exceed 40% of the lending company's net worth.

Tofu Restaurant Co., Ltd.  
Endorsements and Guarantees Provided  
2024

Schedule 2

Unit: NT\$ thousands

No.	Guarantor Company	Guaranteed Party		Guarantee Limit for a Single Entity (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Utilized	Secured by Collateral	% of Net Worth	Maximum Guarantee Limit (Note 2)	Parent to Subsidiary	Subsidiary to Parent	Guarantee for Mainland China
		Company Name	Relationship										
0	The Company	Safe Foods Co., Ltd.	Note 1	\$ 407,883	\$ 40,800	\$ 40,800	\$ 40,800	\$ -	3.00	\$ 679,806	Yes	No	No

**Note 1:** The guarantor holds, directly or indirectly, more than 50% of the voting shares of the guaranteed party.

**Note 2:** The ceiling for guarantees provided to a single entity shall not exceed 30% of the guarantor's net worth as per the latest financial statements. The aggregate ceiling for guarantees to all parties shall not exceed 50% of the guarantor's net worth.

Tofu Restaurant Co., Ltd.  
Securities Held at the End of the Period  
December 31, 2024

Schedule 3

Unit: NT\$ thousands, unless otherwise specified

Holding Entity	Type and Name of Security	Relationship with Issuer	Account Title	End of 2024				Remarks
				Number of Shares / Units	Carrying Amount	Ownership (%)	Fair Value (Note 2)	
The Company	<u>Mutual funds</u> UI-Hansabay Blossom Fund Q	—	Financial assets at fair value through profit or loss – current	8,710	\$ 38,071	-	\$ 38,071	
	<u>Limited partnerships</u> Pu Shi Jin Hua Limited partnerships	—	Financial assets at fair value through profit or loss – non-current	-	43,457	3% (Note 1)	43,457	
	Andra Global Technology Growth Fund LP	—	Financial assets at fair value through profit or loss – non-current	-	51,521	1% (Note 1)	51,521	
TSA	<u>Stocks</u> TCI CO., LTD.	Investee company	Financial assets at fair value through profit or loss – current	22,000	2,706	-	2,706	
	Grand Fortune Securities Co., Ltd.	Investee company	Financial assets at fair value through profit or loss – current	45,358	556	-	556	
	RFD Micro Electricity Co. Ltd.	Investee company	Financial assets at fair value through other comprehensive income – non-current	57,238	2,908	-	2,908	
	Genesis Lavie Hospitality & Catering Management Consulting Co., Ltd.	Investee company	Financial assets at fair value through other comprehensive income – non-current	250,000	1,901	-	1,901	

Note 1: Ownership percentage is based on capital contributions as of December 31, 2024.

Note 2: Fair value is measured as of December 31, 2024.

Tofu Restaurant Co., Ltd.  
Acquisition or Disposal of the Same Securities with Aggregate Amount Reaching NT\$300 Million or 20% of Paid-in Capital  
For the Year Ended December 31, 2024

Schedule 4

Unit: NT\$ thousands, unless otherwise specified

Company	Type and Name of Security	Account Title	Counterparty	Relationship	Beginning Balance		Acquired During the Year		Disposed During the Year				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Sale Price	Book Value	Gain (Loss) on Disposal	Shares	Amount (Note)
The Company	TAROKO FOOD TAIWAN CO., LTD.	Investments accounted for using the equity method	—	—	-	\$ -	250,000	\$ 167,573	-	\$ -	\$ -	\$ -	261,040	\$ 193,182

**Note:** The ending book value as of December 31, 2024 includes adjustments from corporate restructuring.

Tofu Restaurant Co., Ltd.  
Information on Investee Companies

2024

Schedule 5

Unit: NT\$ thousands, unless otherwise specified

Investor	Name of Investee	Region	Principal Business Activities	Original Investment Amount		Balance of Investment			Profit (Loss) of Investee for the Period	Recognized Investment Gain (Loss) for the Period	Remarks
				Ending Balance for the Current Period	Ending Balance for the Prior Year	Number of Shares	Ownership Percentage	Book Value			
The Company	VNT International Co., Ltd.	Samoa	Investment holding	\$ 2,369	\$ 2,369	76,500	51%	\$ 1,913	(\$ 185)	(\$ 94)	—
	TSA	Taiwan	Investment holding	29,000	29,000	2,900,000	100%	35,896	2,630	2,630	—
	TAROKO FOOD TAIWAN CO., LTD.	Taiwan	Food and beverage sales and services	186,073	-	261,040	100%	193,182	6,783	6,783	Note
	Taroko Cuisine Ltd.	Taiwan	Food and beverage sales and services	-	-	-	-	-	326	326	Note
VNT International Co., Ltd.	VT1 International Co., Ltd.	Vietnam	Investment holding	3,092	3,092	100,000	100%	2,742	( 25)	( 25)	—
TSA	Safe Foods Co., Ltd.	Taiwan	Food manufacturing and related businesses	12,750	12,750	1,275,000	51%	14,937	6,865	3,501	—
	Duofu	Taiwan	Trading	1,000	1,000	100,000	100%	1,279	88	88	—

**Note:** TAROKO FOOD TAIWAN CO., LTD. acquired 100% equity interest in Taroko Cuisine Ltd. through a share swap as resolved by the Board of Directors. December 31, 2024 was designated as the merger date.

Tofu Restaurant Co., Ltd.  
Information on Major Shareholders  
December 31, 2024

Schedule 6

Name of Major Shareholder	股份	
	Number of Shares Held	Shareholding Percentage
Bayna Investment Co., Ltd.	2,910,117	10.90%
Weida International Investment Co., Ltd.	2,854,398	10.69%
Jieren Investment Co., Ltd.	1,605,811	6.01%
Anjie International Investment Co., Ltd.	1,538,758	5.76%

**Note:** The above information is based on data provided by the Taiwan Depository & Clearing Corporation (TDCC) as of the last business day of the relevant quarter, and includes shareholders holding 5% or more of the Company's issued common and preferred shares that have been registered in book-entry form (including treasury shares).

The number of shares recorded in the Company's parent-only financial statements may differ from the TDCC figures due to differences in calculation methods or reference dates.

## § Schedule of Significant Accounting Items – Index §

Item Description	Schedule No. / Note Reference
<b>Schedules for Assets, Liabilities, and Equity Items</b>	
– Schedule of Cash and Cash Equivalents	Schedule 1
– Schedule of Financial Assets at Fair Value Through Profit or Loss – Current	Schedule 2
– Schedule of Financial Assets Measured at Amortized Cost – Current	Note 8
– Schedule of Accounts Receivable	Schedule 3
– Schedule of Inventories	Schedule 4
– Schedule of Changes in Financial Assets at Fair Value Through Profit or Loss – Non-current	Schedule 5
– Schedule of Changes in Investments Accounted for Using the Equity Method	Schedule 6
– Schedule of Changes in Property, Plant and Equipment	Note 12
– Schedule of Changes in Right-of-Use Assets and Accumulated Depreciation	Schedule 7
– Schedule of Notes and Accounts Payable	Schedule 8
– Schedule of Other Payables	Note 17
– Schedule of Lease Liabilities	Schedule 9
– Schedule of Long-term Borrowings	Schedule 10
– Schedule of Non-current Provisions	Note 18
<b>Schedules for Profit or Loss Items</b>	
– Schedule of Operating Revenue	Schedule 11
– Schedule of Operating Costs	Schedule 12
– Schedule of Operating Expenses	Schedule 13
– Schedule of Other Gains and Losses	Note 22
– Summary Table of Employee Benefits, Depreciation, and Amortization by Function for the Year	Schedule 14

Tofu Restaurant Co., Ltd.  
Schedule of Cash and Cash Equivalents  
December 31, 2024

Schedule 1

Unit: NT\$ and foreign currency in  
thousands

Item	Description	Amount
Cash on hand	—	\$ 2,730
Demand deposits	Includes US\$120 thousand (exchange rate: USD 1 = NT\$32.785)	307,850
Time deposits	Maturing before April 2025; interest rates range from 1.28% to 1.56%	<u>299,000</u>
		<u>\$609,580</u>

Tofu Restaurant Co., Ltd.  
Schedule of Financial Assets at Fair Value Through Profit or Loss – Current  
December 31, 2024

Schedule 2

Unit: NT\$ and foreign currency in thousands

Item	Units Held	Acquisition Cost	Fair Value		Remarks
			Unit Price (NT\$)	Fair Value (NT\$)	
Mutual funds					
UI-Hansabay Blossom Fund Q	8,710	\$ <u>30,334</u>	\$ 4,371	\$ <u>38,071</u>	註

Note: The fair value was calculated based on the net asset value (NAV) of the fund as of the end of December 2024.

Tofu Restaurant Co., Ltd.  
Schedule of Accounts Receivable  
December 31, 2024

Schedule 3	Unit: NT\$ thousands
Customer Name	Amount
Company A	\$ 20,892
Company B	19,771
Company C	17,800
Company D	16,033
Others (Note)	<u>200,731</u>
	<u>\$275,227</u>

Note: Balances from individual customers under the “Others” category each accounted for less than 5% of the total accounts receivable balance.

Tofu Restaurant Co., Ltd.  
Schedule of Inventories  
December 31, 2024

Schedule 4

Unit: NT\$ thousands

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ -	\$ -
Raw materials	46,908	46,908
Work in progress	510	510
	\$ 47,418	\$ 47,418

Tofu Restaurant Co., Ltd.  
Schedule of Changes in Non-current Financial Assets at Fair Value  
For the Year Ended December 31, 2024

Schedule 5

Unit: NT\$ thousands, unless otherwise specified

Item	Beginning balance	Additions During the Year	Disposals During the Year	Gain (Loss) on Fair Value Measurement	Ending balance	Pledged as Collateral
Limited partnerships						
Pushi Jinghua Limited partnerships	\$ 42,269	\$ -	\$ -	\$ 1,188	\$ 43,457	None
Andra Global Technology Growth Fund LP	<u>30,262</u>	<u>-</u>	<u>-</u>	<u>21,259</u>	<u>51,521</u>	None
	<u>\$ 72,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,447</u>	<u>\$ 94,978</u>	

Tofu Restaurant Co., Ltd.  
Schedule of Changes in Investments Accounted for Using the Equity Method  
For the Year Ended December 31, 2024

Schedule 6

Unit: NT\$ thousands, unless otherwise specified

Name of Investee	Beginning balance		Amount Invested		Share of Profit (Loss) of Investee	Exchange Differences from Translation of Foreign Operations	Gain (Loss) on FV of Financial Assets through OCI	Reorganization Adjustments		Ending balance				
	Shares Held (thousand shares)	Amount	Shares Held (thousand shares)	Amount				Shares Held (thousand shares)	Pledged as Collateral	Shares Held (thousand shares)	Ownership (%)	Amount	Ending Book Value	Pledged as Collateral
VNT International Co., Ltd.	77	\$ 2,006	-	\$ -	(\$ 94)	\$ 1	\$ -	-	\$ -	77	51	\$ 1,913	\$ 1,913	-
TSA International Co., Ltd.	2,900	36,681	-	-	2,630	-	( 3,415 )	-	-	2,900	100	35,896	35,896	-
TAROKO FOOD TAIWAN CO., LTD. (註)	-	-	250	167,573	6,783	-	-	11	18,826	261	100	193,182	44,472	-
Taroko Cuisine Ltd. (註)	-	-	100	18,500	326	-	-	( 100 )	( 18,826 )	-	-	-	-	-
		<u>\$ 38,687</u>		<u>\$ 186,073</u>	<u>\$ 9,645</u>	<u>\$ 1</u>	<u>( \$ 3,415 )</u>		<u>\$ -</u>			<u>\$ 230,991</u>	<u>\$ 82,281</u>	

**Note:** TAROKO FOOD TAIWAN CO., LTD. acquired 100% equity interest in Taroko Cuisine Ltd. through a share swap as resolved by the Board of Directors. December 31, 2024 was designated as the merger date.

Tofu Restaurant Co., Ltd.  
Schedule of Changes in Right-of-Use Assets and Accumulated Depreciation  
For the Year Ended December 31, 2024

Schedule 7

Unit: NT\$ thousands

Item	Buildings
<b>Cost</b>	
Balance as of January 1, 2024	\$742,256
Additions during the year	254,996
Disposals during the year	( <u>50</u> )
Balance as of December 31, 2024	<u>997,202</u>
<b>Accumulated Depreciation</b>	
Balance as of January 1, 2024	490,065
Additions during the year	147,158
Disposals during the year	( <u>50</u> )
Balance as of December 31, 2024	<u>637,173</u>
Balance as of December 31, 2024	<u>\$360,029</u>

Tofu Restaurant Co., Ltd.  
Schedule of Notes and Accounts Payable  
December 31, 2024

Schedule 8

Unit: NT\$ thousands

<u>Vendor Name</u>	<u>Amount</u>
Vendor A	\$ 13,582
Vendor B	5,550
Others (Note)	<u>76,801</u>
	<u>\$ 95,933</u>

Note: Individual balances under the “Others” category each accounted for less than 5% of the total notes and accounts payable.

Tofu Restaurant Co., Ltd.  
Schedule of Lease Liabilities  
December 31, 2024

Schedule 9

Unit: NT\$ thousands

<u>Item</u>	<u>Lease Term</u>	<u>Discount Rate</u>	<u>Amount</u>
Buildings	May 2019 to October 2036	1.40%~2.62%	\$ 359,530
Current portion of lease liabilities			( <u>126,952</u> )
Non-current portion of lease liabilities			<u>\$ 232,578</u>

Tofu Restaurant Co., Ltd.  
Schedule of Long-term Borrowings  
December 31, 2024

Schedule 10

Unit: NT\$ thousands

Lender	Loan Term	Repayment Method	Interest Rate (%)	Loan Amount	Collateral or Guarantee	Remarks
Unsecured Loans						
Hua Nan Commercial Bank, Ltd.	Dec. 10, 2020 – Nov. 10, 2040	Monthly repayments of NT\$534 thousand starting from Dec. 10, 2020 until maturity	2.24	\$ 86,587	Yes (Note 1)	Designated for Capital Expenditures
Hua Nan Commercial Bank, Ltd.	Dec. 10, 2020 – Nov. 10, 2040	Monthly repayments of NT\$132 thousand starting from Dec. 10, 2020 until maturity	2.24	<u>21,440</u>	Yes (Note 2)	Designated for Capital Expenditures
				108,027		
Current portion due within one year				( <u>5,713</u> )		
				<u>\$ 102,314</u>		

Note 1: Land with a net book value of NT\$111,066 thousand has been pledged as collateral for the loan.

Note 2: Buildings with a net book value of NT\$55,708 thousand have been pledged as collateral for the loan.

Tofu Restaurant Co., Ltd.  
Schedule of Operating Revenue  
For the Year Ended December 31, 2024

Schedule 11

Unit: NT\$ thousands

Item	Amount
Operating Revenue	
Restaurant Revenue	\$ 3,562,391
Other Revenue	<u>3,890</u>
	<u>\$ 3,566,281</u>

Tofu Restaurant Co., Ltd.  
Schedule of Operating Costs  
For the Year Ended December 31, 2024

Schedule 12

Unit: NT\$ thousands

Item	Amount
Merchandise	
Beginning merchandise inventory	\$ 243
Less: Requisition during the year	-
Ending merchandise inventory	-
Cost of merchandise sold	243
Direct Materials	
Beginning raw materials	32,584
Add: Raw materials purchased	1,056,001
Other	56,759
Less: Ending raw materials	( 46,908 )
Raw materials consumed	1,098,679
Direct labor	422,776
Manufacturing overhead	194,414
Total manufacturing cost	1,715,869
Work in Process (WIP)	
Beginning WIP	412
Add: Transferred in during the year	3,694
Less: Requisition during the year	( 3,595 )
Less: Ending WIP	( 510 )
Total Operating Costs	\$ 1,715,870

Tofu Restaurant Co., Ltd.  
Schedule of Operating Expenses  
For the Year Ended December 31, 2024

Schedule 13

Unit: NT\$ thousands

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses
Salaries and wages	\$ 497,799	\$ 91,659	\$ 4,839
Rental expenses	212,114	8,563	-
Depreciation expenses	203,268	7,215	-
Utilities	61,296	2,944	4
Insurance expenses	57,429	10,266	508
Others (Note)	<u>177,749</u>	<u>42,738</u>	<u>1,001</u>
	<u>\$ 1,209,655</u>	<u>\$ 163,385</u>	<u>\$ 6,352</u>

Note: Individual components of the "Others" category each accounted for less than 5% of the respective line item total.

Tofu Restaurant Co., Ltd.  
Summary of Employee Benefits, Depreciation, and Amortization Expenses by Function  
For the Years Ended December 31, 2024 and 2023

Schedule 14

Unit: NT\$ thousands

	2024			2023		
	Cost of Goods Sold	Operating Expenses	Total	Cost of Goods Sold	Operating Expenses	Total
Employee Benefit Expenses						
Salaries and wages	\$ 356,314	\$ 587,039	\$ 943,353	\$ 292,730	\$ 500,962	\$ 793,692
Pension expenses	19,794	27,701	47,495	15,719	23,014	38,733
Labor and health insurance	45,925	64,157	110,082	36,913	53,751	90,664
Directors' remuneration	-	7,258	7,258	-	7,064	7,064
Other employee benefits	<u>23,952</u>	<u>17,278</u>	<u>41,230</u>	<u>10,118</u>	<u>14,245</u>	<u>24,363</u>
Subtotal	<u>\$ 445,985</u>	<u>\$ 703,433</u>	<u>\$1,149,418</u>	<u>\$ 355,480</u>	<u>\$ 599,036</u>	<u>\$ 954,516</u>
Amortization	<u>\$ -</u>	<u>\$ 804</u>	<u>\$ 804</u>	<u>\$ -</u>	<u>\$ 865</u>	<u>\$ 865</u>
Depreciation	<u>\$ 45,960</u>	<u>\$ 210,483</u>	<u>\$ 256,443</u>	<u>\$ 37,437</u>	<u>\$ 163,796</u>	<u>\$ 201,233</u>

Note 1 : The average number of employees during 2024 and 2023 was 2,535 and 2,191, respectively, including 5 directors who did not concurrently serve as employees in both years.

Note 2 : For companies listed on the stock exchange or traded on the OTC market, the following disclosures are required:

(1) The average employee benefit expense in 2024 was NT\$ 451 thousand (calculated as:  $[\text{Total employee benefit expenses} - \text{Directors' remuneration}] \div [\text{Number of employees} - \text{Number of non-employee directors}]$ ).

The average employee benefit expense in 2023 was NT\$ 433 thousand.

(2) The average salary expense per employee in 2024 was NT\$ 373 thousand (calculated as:  $[\text{Total salary expense}] \div [\text{Number of employees} - \text{Number of non-employee directors}]$ ). In 2023, the average was NT\$ 363 thousand.

(3) The change in average salary expense per employee was 3% (calculated as:  $[\text{2024 avg. salary} - \text{2023 avg. salary}] \div \text{2023 avg. salary}$ ).

(4) The Company has established an Audit Committee. Compensation for independent directors is included in the directors' remuneration disclosure.

(5) Remuneration Policy

A. Directors' compensation is determined in accordance with the Company's "Regulations for the Compensation of Directors and Managers" based on prevailing standards. If the Company has earnings, allocations are made in accordance with the Articles of Incorporation, reviewed by the Compensation Committee and approved by the Board of Directors, and then submitted to the shareholders' meeting. Compensation for independent directors is paid on a fixed monthly basis regardless of operating profit or loss and may be adjusted based on participation and contribution. For directors concurrently serving as employees, compensation is provided under items B and C below.

B. Managers' compensation is determined by the HR Department based on the aforementioned regulations, taking into account individual performance and market standards, and is executed after review and approval by the Compensation Committee and the Board.

C. The Company conducts regular training and assessment for operating units. Those who pass are subject to salary adjustments. Routine promotions and salary adjustments are conducted twice annually. Monthly performance bonuses are also allocated to incentivize growth.

Future compensation planning will continue to uphold fairness and legality, integrating diversified benefits, promotions, and reward mechanisms to build a shared success culture and attract top talent for sustainable growth.