

Tofu Restaurant Co., Ltd. and
Subsidiaries

Consolidated Financial Statements
for the Three Months Ended
March 31, 2025 and 2024 and
Independent Auditors' Review
Report

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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 Auditors' Review Report	3~4	-
Chapter 4. Consolidated Balance Sheet	5	-
Chapter 5. Consolidated Statements of Comprehensive Income	6~7	-
Chapter 6. Consolidated Statements of Changes in Equity	8	-
Chapter 7. Consolidated Statements of Cash Flows	9~10	-
Chapter 8. Notes to Consolidated Financial Statements		
1. Organization and Operations	11	1
2. Approval of the Financial Statements	11	2
3. Application of Newly Issued and Amended Standards and Interpretations	11~13	3
4. Summary of Significant Accounting Policies	13~14	4
5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	14	5
6. Summary of Significant Accounting Titles	14~39	6~27
7. Related Party Transactions	39~41	28
8. Pledged Assets	41~42	29
9. Significant Contingent Liabilities and Unrecognized Commitments	42	30
10. Major Disaster Loss	-	-
11. Material Events After the Balance Sheet Date	42	31
12. Others	-	-
13. Additional Disclosures		
(1) Information on Significant Transactions	42, 44~47	32
(2) Information on Investees	42, 48	32
(3) Information on Investments in Mainland China	42~43	32
14. Segments Information	43	33

Independent Auditors' Review Report

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

Foreword

We have reviewed the accompanying consolidated financial statements of Tofu Restaurant Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of March 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 "Interim Financial Reporting", it is the management's responsibility to prepare a fair representation of the consolidated financial statements, and the CPA's responsibility to draw a conclusion on the consolidated financial statements based on the review results.

Scope of the report

Except for the matters described in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the TWSRE No. 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". The procedures performed in reviewing the consolidated financial statements include inquiries (primarily with those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review is significantly smaller than that of the audit work, so the CPA may not be able to detect all the matters that can be identified through the audit work, and therefore cannot express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, the financial statements for the same period of certain immaterial subsidiaries included in the consolidated financial statements were not reviewed by independent auditors. As of March 31, 2025, these subsidiaries had total assets of NT\$236,833 thousand, representing 9.85% of the consolidated total assets, and total liabilities of NT\$39,915 thousand, representing 3.07% of the consolidated total liabilities. For the three-month period ended March 31, 2025, their total comprehensive income amounted to NT\$3,786 thousand, representing 3.71% of the consolidated total comprehensive income.

Conclusion with a Qualified Opinion

Based on our review, except for the possible adjustments that might have been made had the financial statements of the immaterial subsidiaries, as described in the Basis for Qualified Conclusion paragraph, been reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Tofu Restaurant Co., Ltd. and its subsidiaries as of March 31, 2025 and 2024, and their consolidated financial performance and consolidated cash flows for the three-month periods then ended, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche

May 14, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

Tofu Restaurant Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
March 31, 2025 and December 31 and March 31, 2024

Unit: NTD thousand

Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024		Code	Liabilities and equity	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
	Current assets								Current liabilities						
1100	Cash and cash equivalents (Note 6)	\$ 754,352	31	\$ 683,144	28	\$ 955,371	43	2100	Short-term borrowings (Note 17)	\$ -	-	\$ 5,000	-	\$ 5,000	-
1110	Financial assets at fair value through profit or loss – current (Note 7)	42,440	2	41,333	2	40,432	2	2170	Notes and accounts payable	83,401	3	104,721	4	144,939	7
1136	Financial assets measured at amortized cost – current (Note 9)	163,215	7	147,215	6	77,186	3	2180	Accounts payable – related parties (Note 28)	4,470	-	5,732	-	9,371	-
1170	Account receivable (Notes 10 & 22)	254,361	10	283,768	12	276,032	12	2213	Payables for equipment	1,616	-	14,769	1	2,946	-
1180	Accounts receivable - related parties (Notes 10, 22 & 28)	8	-	42	-	26	-	2216	Dividends Payable (Note 21)	373,714	16	-	-	349,356	16
130X	Inventories (Note 11)	52,226	2	63,890	3	36,529	2	2219	Other payables (Notes 18 & 28)	172,607	7	226,860	10	165,975	7
1410	Prepayments	15,406	1	8,138	-	5,279	-	2230	Current income tax liabilities (Notes 4 & 24)	73,175	3	48,533	2	90,313	4
1470	Other current assets (Note 28)	3,343	-	3,306	-	3,064	-	2280	Lease liabilities – current (Note 14)	144,195	6	140,873	6	115,289	5
11XX	Total current assets	<u>1,285,351</u>	<u>53</u>	<u>1,230,836</u>	<u>51</u>	<u>1,393,919</u>	<u>62</u>	2322	Current portion of long-term borrowings (Notes 17 & 29)	17,142	1	15,184	1	6,657	-
	Non-current assets							2399	Other current liabilities (Note 22)	22,543	1	20,879	1	15,107	1
1510	Financial assets at fair value through profit or loss – non-current (Note 7)	98,117	4	94,978	4	72,531	3	21XX	Total current liabilities	<u>892,863</u>	<u>37</u>	<u>582,551</u>	<u>25</u>	<u>904,953</u>	<u>40</u>
1520	Financial assets at fair value through other comprehensive income (Note 8)	4,104	-	4,809	-	8,224	1		Non-Current liabilities						
1535	Financial assets measured at amortized cost – non-current (Notes 9 & 29)	748	-	748	-	-	-	2540	Long-term borrowings (Notes 17 & 29)	182,330	8	186,027	8	198,760	9
1600	Property, plant and equipment (Notes 13 & 29)	481,906	20	505,414	21	453,338	20	2550	Provisions – non-current (Note 19)	5,933	-	5,933	-	4,433	-
1755	Right-of-use assets (Note 14)	363,381	15	384,173	16	291,119	13	2580	Lease liabilities – non-current (Note 14)	219,353	9	243,068	10	175,762	8
1805	Goodwill (Note 15)	91,830	4	91,830	4	5,820	-	25XX	Total non-current liabilities	<u>407,616</u>	<u>17</u>	<u>435,028</u>	<u>18</u>	<u>378,955</u>	<u>17</u>
1821	Other intangible assets (Note 16)	63,735	3	63,940	3	1,854	-	2XXX	Total liabilities	<u>1,300,479</u>	<u>54</u>	<u>1,017,579</u>	<u>43</u>	<u>1,283,908</u>	<u>57</u>
1840	Deferred income tax assets (Note 24)	-	-	81	-	-	-		Equity (Notes 21 & 26)						
1915	Prepayments for equipment	150	-	293	-	-	-	3110	Common stock	266,939	11	266,939	11	262,674	12
1920	Refundable deposits	15,311	1	16,280	1	10,695	1	3200	Capital surplus	483,986	20	483,986	20	376,727	17
15XX	Total non-current assets	<u>1,119,282</u>	<u>47</u>	<u>1,162,546</u>	<u>49</u>	<u>843,581</u>	<u>38</u>		Retained earnings						
								3310	Legal reserves	165,521	7	165,521	7	126,235	5
								3320	Special reserves	114	-	114	-	67	-
								3350	Undistributed earnings	175,472	7	446,581	19	174,175	8
								3400	Other equity	(4,203)	-	(3,528)	-	(68)	-
								31XX	Total equity attributable to owners of the Company	1,087,829	45	1,359,613	57	939,810	42
								36XX	Non-controlling interests	16,325	1	16,190	-	13,782	1
								3XXX	Total equity	<u>1,104,154</u>	<u>46</u>	<u>1,375,803</u>	<u>57</u>	<u>953,592</u>	<u>43</u>
1XXX	Total assets	<u>\$2,404,633</u>	<u>100</u>	<u>\$2,393,382</u>	<u>100</u>	<u>\$2,237,500</u>	<u>100</u>		Total liabilities and equity	<u>\$2,404,633</u>	<u>100</u>	<u>\$2,393,382</u>	<u>100</u>	<u>\$2,237,500</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.
Please refer to the review report issued by Deloitte & Touche on May 14, 2025.

Tofu Restaurant Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Three months ended March 31, 2025 and 2024

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

Code		Three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4100	Operating revenue (Notes 22 & 28)	\$ 1,001,449	100	\$ 859,565	100
5110	Operating cost (Notes 11, 23 & 28)	<u>484,159</u>	<u>48</u>	<u>401,508</u>	<u>46</u>
5900	Gross profit	<u>517,290</u>	<u>52</u>	<u>458,057</u>	<u>54</u>
	Operating expenses (Notes 23 & 28)				
6100	Selling and marketing expenses	348,895	35	289,052	34
6200	General and administrative expenses	43,806	5	42,247	5
6300	Research and development expenses	<u>1,444</u>	<u>-</u>	<u>1,451</u>	<u>-</u>
6000	Total operating expenses	<u>394,145</u>	<u>40</u>	<u>332,750</u>	<u>39</u>
6900	Income from operations	<u>123,145</u>	<u>12</u>	<u>125,307</u>	<u>15</u>
	Non-operating income and expenses (Notes 23, 28 & 31)				
7100	Interest income	2,364	-	2,616	-
7010	Other income	1,060	-	1,021	-
7020	Other gains and losses	3,597	1	1,736	-
7050	Finance costs	<u>(2,466)</u>	<u>-</u>	<u>(1,981)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>4,555</u>	<u>1</u>	<u>3,392</u>	<u>-</u>
7900	Income before income tax	127,700	13	128,699	15
7950	Income tax expense (Notes 4 & 24)	<u>(24,989)</u>	<u>(3)</u>	<u>(25,380)</u>	<u>(3)</u>
8200	Net income	<u>102,711</u>	<u>10</u>	<u>103,319</u>	<u>12</u>

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Code		Three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
	Other Comprehensive Income				
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	(\$ 705)	-	\$ -	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	59	-	91	-
8300	Other comprehensive income for the period	(646)	-	91	-
8500	Total comprehensive income in the current period	\$ 102,065	10	\$ 103,410	12
	Net Income Attributable to:				
8610	Owners of the Company	\$ 102,605	10	\$ 102,497	12
8620	Non-controlling interests	106	-	822	-
8600		\$ 102,711	10	\$ 103,319	12
	Total Comprehensive Income Attributable to:				
8710	Owners of the Company	\$ 101,930	10	\$ 102,543	12
8720	Non-controlling interests	135	-	867	-
8700		\$ 102,065	10	\$ 103,410	12
	Earnings Per Share (Note 25)				
	From continuing operations				
9710	Basic	\$ 3.84		\$ 3.90	
9810	Diluted	\$ 3.84		\$ 3.90	

The accompanying notes are an integral part of the consolidated financial statements.
Please refer to the review report issued by Deloitte & Touche on May 14, 2025.

Tofu Restaurant Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Three months ended March 31, 2025 and 2024

Unit: NT\$ thousands,
unless otherwise stated

		Equity attributable to owners of the Company						Other equity items				
		Common stock		Retained earnings			Exchange differences on translation of financial statements of foreign operations	Unrealized Gain (loss) on Financial Assets At Fair Value Through Other Comprehensive Income	Total	Non-controlling interests	Total equity	
Code		Shares (in thousands)	Amount	Capital surplus	Legal reserves	Special reserves	Unappropriated earnings					
A1	Balance as of January 1, 2024	26,267	\$ 262,674	\$ 376,727	\$ 126,235	\$ 67	\$ 421,034	(\$ 114)	\$ -	\$ 1,186,623	\$ 12,915	\$ 1,199,538
	Appropriation and distribution of 2023 earnings											
B5	Cash dividends	-	-	-	-	-	(349,356)	-	-	(349,356)	-	(349,356)
D1	Net profit or the three months ended March 31, 2024	-	-	-	-	-	102,497	-	-	102,497	822	103,319
D3	Other comprehensive income (loss), net of tax, for the three months ended March 31, 2024	-	-	-	-	-	-	46	-	46	45	91
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	102,497	46	-	102,543	867	103,410
Z1	Balance at March 31, 2024	<u>26,267</u>	<u>\$ 262,674</u>	<u>\$ 376,727</u>	<u>\$ 126,235</u>	<u>\$ 67</u>	<u>\$ 174,175</u>	<u>(\$ 68)</u>	<u>\$ -</u>	<u>\$ 939,810</u>	<u>\$ 13,782</u>	<u>\$ 953,592</u>
A1	Balance at January 1, 2025	26,694	\$ 266,939	\$ 483,986	\$ 165,521	\$ 114	\$ 446,581	(\$ 113)	(\$ 3,415)	\$ 1,359,613	\$ 16,190	\$ 1,375,803
	Appropriation and distribution of 2024 earnings											
B5	Cash dividends	-	-	-	-	-	(373,714)	-	-	(373,714)	-	(373,714)
D1	Net profit or the three months ended March 31, 2025	-	-	-	-	-	102,605	-	-	102,605	106	102,711
D3	Other comprehensive income (loss), net of tax, for the three months ended March 31, 2025	-	-	-	-	-	-	30	(705)	(675)	29	(646)
D5	Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	102,605	30	(705)	101,930	135	102,065
Z1	Balance at March 31, 2025	<u>26,694</u>	<u>\$ 266,939</u>	<u>\$ 483,986</u>	<u>\$ 165,521</u>	<u>\$ 114</u>	<u>\$ 175,472</u>	<u>(\$ 83)</u>	<u>(\$ 4,120)</u>	<u>\$ 1,087,829</u>	<u>\$ 16,325</u>	<u>\$ 1,104,154</u>

The accompanying notes are an integral part of the consolidated financial statements.
Please refer to the review report issued by Deloitte & Touche on May 14, 2025.

Tofu Restaurant Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Three months ended March 31, 2025 and 2024

Unit: NTD thousand

Code		Three months ended March 31	
		2025	2024
	Cash flows from operating activities		
A10000	Current net profit before tax	\$ 127,700	\$ 128,699
	Items of Income and Expense:		
A20100	Depreciation expenses	77,607	59,070
A20200	Amortization expenses	205	217
A20400	Net (gain) loss on financial assets at fair value through profit or loss	(4,246)	(1,855)
A20900	Finance costs	2,466	1,981
A21200	Interest income	(2,364)	(2,616)
A22500	Loss on disposal of property, plant and equipment	482	7
A29900	Gain on lease modification	(5)	-
A30000	Net changes in operating assets and liabilities:		
A31150	Accounts receivable	29,407	(2,145)
A31160	Accounts receivable – related parties	34	465
A31190	Other receivables – related parties	1	82
A31200	Inventories	11,664	2,045
A31230	Prepayments	(7,268)	1,648
A31240	Other current assets	(38)	(247)
A32150	Notes and accounts payable	(21,320)	1,348
A32160	Accounts payable – related parties	(1,262)	(1,040)
A32180	Other payables	(54,135)	(37,515)
A32190	Other payables – related parties	(118)	(39)
A32200	Provisions	401	(50)
A32210	Advance receipts	(29)	(11)
A32230	Other current liabilities	<u>1,693</u>	<u>482</u>
A33000	Cash generated from operations	160,875	150,526
A33100	Interest received	2,364	2,616
A33300	Interest paid	(2,466)	(1,981)
A33500	Income tax paid	<u>(266)</u>	<u>(189)</u>
AAAA	Net cash flows from operating activities	<u>160,507</u>	<u>150,972</u>

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Code		Three months ended March 31	
		2025	2024
	Cash Flows from Investing Activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 16,000)	\$ -
B02700	Payments for acquisition of property, plant and equipment	(22,509)	(50,649)
B03700	Increase in refundable deposits	(263)	(144)
B03800	Decrease in refundable deposits	1,232	80
B07100	Increase in prepayments for equipment	(77)	(74)
BBBB	Net cash used in investing activities	(37,617)	(50,787)
	Cash Flows from Financing Activities		
C00200	Decrease in Short-term Borrowings	(5,000)	-
C01600	Proceeds from long-term borrowings	-	15,000
C01700	Repayments of long-term borrowings	(1,739)	(1,400)
C03800	Decrease in other payables – related parties	-	(9,800)
C04020	Repayments of lease liabilities	(45,002)	(33,888)
CCCC	Net cash used in financing activities	(51,741)	(30,088)
DDDD	Effect of Exchange Rate Changes on Cash and Cash Equivalents	59	91
EEEE	Net increase in cash and cash equivalents	71,208	70,188
E00100	Cash and cash equivalents at beginning of period	683,144	885,183
E00200	Cash and cash equivalents at end of period	\$ 754,352	\$ 955,371

The accompanying notes are an integral part of the consolidated financial statements.
Please refer to the review report issued by Deloitte & Touche on May 14, 2025.

Tofu Restaurant Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
Three months ended March 31, 2025 and 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Organization and Operations

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 consolidated financial statements were approved by the board of directors and authorized for issue on May 14, 2025.

3. Application of Newly Issued and Amended Standards and Interpretations

- (1) Initial application of International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan

Amendments to IAS 21 – Lack of Exchangeability

The amendments to IAS 21 regarding "Lack of Exchangeability" are not expected to result in significant changes to the accounting policies of the Company and its controlled entities (hereinafter referred to as the "Group").

- (2) IFRS Accounting Standards endorsed by FSC that are applicable from 2026 onwards

New/ Revised/ Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding amendments to the application guidance on the classification of financial assets	January 1, 2026 (Note 1)

Note 1: The amendments are applicable to annual reporting periods beginning on or after January 1, 2026; earlier application from January 1, 2025 is permitted. As of the date the consolidated financial statements were authorized for issue, the Group continues to assess the impact of the amendments on its financial position and financial performance.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed and effective by the Financial Supervisory Commission (FSC).

New/ Revised/ Amended Standards and Interpretations	Effective Date Issued by IASB (Note1)
“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” regarding amendments to the application guidance on the derecognition of financial liabilities	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.

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

This consolidated financial statement has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" approved and issued by the FSC. The consolidated financial statements do not include all the disclosure information required by IFRS Accounting Standards for a full annual consolidated financial report.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations 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.

(3) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, which are the entities controlled by the Company. The financial statements of the subsidiaries are adjusted, where necessary, to align their accounting policies with those of the Group. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation.

The total comprehensive income of subsidiaries is attributed to the owners of the parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

For details of the subsidiaries, including the percentage of ownership and principal business activities, please refer to Note 12 and Schedule 5.

(4) Other Significant Accounting Policies

Except as stated below, please refer to the summary of significant accounting policies

disclosed in the consolidated financial statements for the year ended December 31, 2024.

A. Income Tax Expense

Income tax expense represents the total amount of current income tax and deferred income tax. For interim periods, income tax is assessed on an annual basis, and the tax expense is calculated by applying the estimated average annual effective tax rate to the profit before tax for the interim period.

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

When developing critical accounting estimates, the Group has taken into consideration the potential impacts of U.S. retaliatory tariff measures, including their effects on estimates related to cash flows, growth rates, discount rates, and profitability. Management will continue to review these estimates and underlying assumptions on an ongoing basis.

For other critical accounting judgments and key sources of estimation and uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2024.

6. Cash and Cash Equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and revolving funds	\$ 3,350	\$ 3,429	\$ 2,525
Demand deposits in banks	705,254	372,715	361,031
Cash equivalents			
Time deposits with banks	45,748	307,000	591,815
	<u>\$ 754,352</u>	<u>\$ 683,144</u>	<u>\$ 955,371</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Bank deposits	0.01%~1.685%	0.002%~1.705%	0.050%~1.690%

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Domestic Investments			
Listed (or OTC-listed)			
Stocks	\$ 3,791	\$ 3,262	\$ 4,109
Overseas investments			
Funds	38,649	38,071	36,323
	<u>\$ 42,440</u>	<u>\$ 41,333</u>	<u>\$ 40,432</u>

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	March 31, 2025	December 31, 2024	March 31, 2024
<u>Non-current</u>			
Domestic investments			
Limited partnerships	\$ 44,083	\$ 43,457	\$ 42,269
Overseas investments			
Limited partnerships	<u>54,034</u>	<u>51,521</u>	<u>30,262</u>
	<u>\$ 98,117</u>	<u>\$ 94,978</u>	<u>\$ 72,531</u>

8. Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Non-current</u>			
Domestic Investments			
Unlisted Equity Instruments:			
Micro Electricity Co. Ltd.	\$ 3,154	\$ 2,908	\$ 5,724
Genesis Lavie Hospitality & Catering Management Consulting Co., Ltd.	<u>950</u>	<u>1,901</u>	<u>2,500</u>
	<u>\$ 4,104</u>	<u>\$ 4,809</u>	<u>\$ 8,224</u>

The Group invested in Micro Electricity Co., Ltd. and Genesis Lavie Hospitality & Catering Management Consulting Co., Ltd. for medium- to long-term strategic purposes and expects to generate returns through long-term holdings. As the management of the Group believes that recognizing short-term fair value fluctuations of these investments in profit or loss would not align with the aforementioned long-term investment strategy, the Group has designated these investments as measured at fair value through other comprehensive income (FVOCI).

9. Financial Assets Measured at Amortized Cost

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits with original maturities over one year	<u>\$ 163,215</u>	<u>\$ 147,215</u>	<u>\$ 77,186</u>
<u>Non-current</u>			
Pledged time deposits	<u>\$ 748</u>	<u>\$ 748</u>	<u>\$ -</u>

(1) As of March 31, 2025, December 31, 2024, and March 31, 2024, the annual interest rates for time deposits ranged from 0.77% to 3.82%, 0.77% to 3.82%, and 1.65% to 5.35%, respectively.

(2) For information on financial assets measured at amortized cost that have been pledged, please refer to Note 29.

10. Accounts Receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Accounts receivable</u> at amortized cost			
Total carrying amount	\$ 254,361	\$ 283,768	\$ 276,032
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	254,361	283,768	276,032
<u>Accounts receivable –</u> <u>Related parties</u>	<u>8</u>	<u>42</u>	<u>26</u>
	<u>\$ 254,369</u>	<u>\$ 283,810</u>	<u>\$ 276,058</u>

The Group primarily collects payments from customers in cash or by credit card. Trade receivables mainly arise from collaboration with retail stores or department stores, where credit terms are based on mutual agreements. The average credit period is 15 to 30 days from the end of the month, and no interest is charged on trade receivables.

To mitigate credit risk, the Group has established credit and accounts receivable management policies to ensure that appropriate actions are taken to recover overdue receivables. At each balance sheet date, the Group reviews the recoverability of each receivable individually to ensure that adequate impairment losses are recognized for receivables that are deemed uncollectible. Accordingly, the management of the Group believes that credit risk has been significantly reduced.

The Group recognizes a loss allowance for trade receivables based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix that considers the historical default records and current financial condition of customers, the economic environment of the industry, and industry outlook. As historical experience has shown no significant differences in the loss patterns among different customer groups, the Group does not further segment the receivables by customer group in the provision matrix but determines the expected credit loss rates based solely on the number of days past due. When there is objective evidence that the counterparty is experiencing significant financial difficulty and the Group does not reasonably expect to recover the outstanding amount, the Group writes off the related trade receivable. Nevertheless, collection efforts will continue, and any subsequent recoveries are recognized in profit or loss.

The loss allowance for receivables measured by the Group based on the provision matrix is as follows:

<u>March 31, 2025</u>	<u>Not past due</u>	<u>1-60 days past due</u>	<u>61-90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
Total Carrying Amount (including related parties)	\$243,379	\$10,990	\$ -	\$ -	\$254,369
Allowance for losses (Lifetime Expected Credit Losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$243,379</u>	<u>\$10,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$254,369</u>

December 31, 2024

	Not past due	1-60 days past due	61-90 days past due	Over 90 days past due	Total
Total Carrying Amount (including related parties)	\$249,206	\$34,604	\$ -	\$ -	\$283,810
Allowance for losses (Lifetime Expected Credit Losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$249,206</u>	<u>\$34,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$283,810</u>

March 31, 2024

	Not past due	1-60 days past due	61-90 days past due	Over 90 days past due	Total
Total Carrying Amount (including related parties)	\$275,881	\$ 177	\$ -	\$ -	\$276,058
Allowance for losses (Lifetime Expected Credit Losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$275,881</u>	<u>\$ 177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$276,058</u>

11. Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Merchandise	\$ 1,917	\$ 1,560	\$ 1,184
Raw materials	49,475	61,204	34,900
Work in process	331	510	186
Semi-finished Goods	<u>503</u>	<u>616</u>	<u>259</u>
	<u>\$ 52,226</u>	<u>\$ 63,890</u>	<u>\$ 36,529</u>

The nature of cost of goods sold is as follows:

	Three months ended March 31	
	2025	2024
Cost of inventories sold	<u>\$484,159</u>	<u>\$401,508</u>

12. Subsidiaries

The reporting entity of this consolidated financial report comprises the following:

Investor	Subsidiary	Nature of Business	Ownership Percentage			Remarks
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	VNT International Co., Ltd.	Investment holding	51%	51%	51%	—
	TSA International Co., Ltd. (TSA)	Investment holding	100%	100%	100%	—
	TAROKO FOOD TAIWAN CO., LTD. (TAROKO)	Food & beverage sales	100%	100%	-	1, 2 & 4
	Taroko Cuisine Ltd. (Taroko Cuisine)	Food & beverage sales	-	-	-	1, 3 & 4
VNT International Co., Ltd.	VTI International Co., Ltd.	Investment holding	100%	100%	100%	—
TSA	Safe Foods Co., Ltd. (Safe Foods)	Food manufacturing	51%	51%	51%	—
	Duofu Co., Ltd. (Duofu)	Trading	100%	100%	100%	—

A. This is a non-significant subsidiary, and its financial statements were not reviewed by independent auditors.

B. On April 10, 2024, the Company's board of directors resolved to acquire 100% of the equity interest in TAROKO FOOD TAIWAN CO., LTD. (TAROKO) through a share swap and cash consideration. On May 31, 2024, the board further resolved that the effective date of the share swap and cash settlement would be August 1, 2024. For related information, please refer to Note 26.

C. On August 1, 2024, the Company acquired 100% of the equity interest in Taroko Cuisine Ltd. (Taroko) through a cash transaction. For details, please refer to Note 26.

D. In order to reduce operating costs and improve efficiency, TAROKO and Taroko entered into a short-form merger under the Company Act and Business Mergers and Acquisitions Act. TAROKO is the surviving entity, and Taroko is the dissolved entity. The merger was carried out through the issuance of new shares by TAROKO at a share exchange ratio of 1 share of TAROKO common stock for every 9.058 shares of Taroko common stock. The new shares were issued by TAROKO to shareholders of Taroko, and the merger effective date was set as December 31, 2024.

13. Property, Plant and Equipment

	Land	Buildings	Restaurant Decoration	Kitchen Equipment	Office Equipment	Transportatio n Equipment	Other Equipment	Storage Equipment	Total
<u>Cost</u>									
Balance as of January 1, 2025	\$ 206,912	\$ 78,737	\$ 493,814	\$ 125,839	\$ 28,342	\$ 919	\$ 14,865	\$ 36,771	\$ 986,199
Additions	-	-	7,305	1,569	185	-	207	90	9,356
Disposals	-	-	(2,154)	(529)	(154)	-	(46)	-	(2,883)
Reclassifications	-	-	152	51	17	-	-	-	220
Balance as of March 31, 2025	\$ 206,912	\$ 78,737	\$ 499,117	\$ 126,930	\$ 28,390	\$ 919	\$ 15,026	\$ 36,861	\$ 992,892
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2025	\$ -	\$ 15,785	\$ 329,338	\$ 89,778	\$ 18,994	\$ 891	\$ 7,779	\$ 18,220	\$ 480,785
Depreciation Expense	-	985	22,992	4,762	1,255	28	1,070	1,510	32,602
Disposals	-	-	(1,682)	(528)	(145)	-	(46)	-	(2,401)
Balance as of March 31, 2025	\$ -	\$ 16,770	\$ 350,648	\$ 94,012	\$ 20,104	\$ 919	\$ 8,803	\$ 19,730	\$ 510,986
Carrying amount at March 31, 2025	\$ 206,912	\$ 61,967	\$ 148,469	\$ 32,918	\$ 8,286	\$ -	\$ 6,223	\$ 17,131	\$ 481,906
Carrying amount as of December 31, 2024 and January 1, 2025	\$ 206,912	\$ 62,952	\$ 164,476	\$ 36,061	\$ 9,348	\$ 28	\$ 7,086	\$ 18,551	\$ 505,414
<u>Cost</u>									
Balance as of January 1, 2024	\$ 206,912	\$ 77,833	\$ 364,149	\$ 99,254	\$ 21,998	\$ 705	\$ 11,911	\$ 35,245	\$ 818,007
Additions	-	-	23,127	4,194	1,826	-	859	1,563	31,569
Disposals	-	-	-	(585)	(116)	-	-	-	(701)
Reclassifications	-	-	42	74	-	-	-	-	116
Balance as of March 31, 2024	\$ 206,912	\$ 77,833	\$ 387,318	\$ 102,937	\$ 23,708	\$ 705	\$ 12,770	\$ 36,808	\$ 848,991
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2024	\$ -	\$ 11,847	\$ 252,238	\$ 73,639	\$ 15,903	\$ 705	\$ 4,165	\$ 12,797	\$ 371,294
Depreciation Expense	-	983	17,174	3,817	918	-	814	1,347	25,053
Disposals	-	-	-	(580)	(114)	-	-	-	(694)
Balance as of March 31, 2024	\$ -	\$ 12,830	\$ 269,412	\$ 76,876	\$ 16,707	\$ 705	\$ 4,979	\$ 14,144	\$ 395,653
Carrying amount at March 31, 2024	\$ 206,912	\$ 65,003	\$ 117,906	\$ 26,061	\$ 7,001	\$ -	\$ 7,791	\$ 22,664	\$ 453,338

No impairment losses were recognized or reversed for the periods from January 1 to March 31, 2025 and 2024. Depreciation expense is calculated on a straight-line basis over the following estimated useful lives:

Buidlings	20 years
Restaurant Renovations	2~5 years
Kitchen Equipment	2~8 years
Office Equipment	2~5 years
Transportation Equipment	3~5 years
Other Equipment	2~5 years
Storage Equipment	3~7 years

For property, plant and equipment pledged as collateral for borrowings, please refer to Note 29.

14. Lease Agreements

(1) Right-of-use Assets

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amount of right-of-use assets			
Buildings	<u>\$ 363,381</u>	<u>\$ 384,173</u>	<u>\$ 291,119</u>
	<u>Three months ended March 31</u>		
	2025	2024	
Additions to right-of-use assets	<u>\$ 24,614</u>	<u>\$ 72,715</u>	
Depreciation of right-of-use assets			
Buildings	<u>\$ 45,005</u>	<u>\$ 34,017</u>	

Except for the additions and depreciation recognized as mentioned above, there were no significant subleases or impairment of right-of-use assets during the periods from January 1 to March 31, 2025 and 2024.

(2) Lease Liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amount			
Current	<u>\$ 144,195</u>	<u>\$ 140,873</u>	<u>\$ 115,289</u>
Non-current	<u>\$ 219,353</u>	<u>\$ 243,068</u>	<u>\$ 175,762</u>

Ranges of discount rates for lease liabilities are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Buildings	1.40%~2.62%	1.40%~2.62%	1.40%~2.62%

(3) Material lease-in activities and terms

The Group leases certain retail spaces for use as store locations, with lease terms ranging from 1 to 6 years. Some store leases include both fixed lease payments and variable lease payments based on a specified percentage of the store's sales revenue.

(4) Other leasing information

	<u>Three months ended March 31</u>	
	2025	2024
Short-term lease expenses	<u>\$ 59,538</u>	<u>\$ 56,433</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 13,353</u>	<u>\$ 10,351</u>

	Three months ended March 31	
	2025	2024
Total cash outflows for leases	<u>(\$119,187)</u>	<u>(\$101,561)</u>

The Group has elected to apply the recognition exemption for short-term leases relating to buildings and kitchen equipment. Accordingly, no right-of-use assets or lease liabilities have been recognized for these leases.

15. Goodwill

	March 31, 2025	December 31, 2024	March 31, 2024
Goodwill	<u>\$ 91,830</u>	<u>\$ 91,830</u>	<u>\$ 5,820</u>

The Group recognized goodwill of NT\$5,820 thousand arising from the merger with Dopu Co., Ltd. on September 30, 2017. In addition, goodwill of NT\$86,010 thousand was recognized in connection with the merger with TAROKO FOOD TAIWAN CO., LTD. and Taroko Cuisine Ltd. on August 1, 2024 (please refer to Note 26). The goodwill primarily represents the expected benefits from future revenue growth of the brand.

16. Other Intangible Assets

	March 31, 2025	December 31, 2024	March 31, 2024
Trademark Rights	\$ 62,700	\$ 62,700	\$ -
Franchise Rights	862	1,061	1,654
Computer Software	<u>173</u>	<u>179</u>	<u>200</u>
	<u>\$ 63,735</u>	<u>\$ 63,940</u>	<u>\$ 1,854</u>

There were no significant additions, disposals, or impairments of the Group's other intangible assets for the periods from January 1 to March 31, 2025 and 2024, respectively.

For information regarding the brand franchise agreements entered into by the Group, please refer to Note 30.

Amortization expenses are recognized on a straight-line basis over the following useful lives:

Franchise Rights	6 years
Computer Software	3 to 5 years

17. Borrowings

(1) Short-term Borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured Borrowings</u>			
Credit Line Borrowings	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

The annual interest rates of the short-term borrowings as of December 31, 2024 and March 31, 2024 were 2.85% and 2.72%, respectively.

(2) Long-term Borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Secured borrowings			
Bank loan (Note 1)	\$ 106,611	\$ 108,027	\$ 112,233
Bank loan (Note 2)	77,861	78,184	78,184
Unsecured Borrowings			
Bank loan (Note 3)	15,000	15,000	15,000
Less: Portion Due Within			
One Year	(<u>17,142</u>)	(<u>15,184</u>)	(<u>6,657</u>)
Long-term Borrowings	<u>\$ 182,330</u>	<u>\$ 186,027</u>	<u>\$ 198,760</u>

A. The bank loan is secured by the Company's land and buildings (refer to Note 29). The maturity date of the loan was November 10, 2040 as of March 31, 2025, December 31, 2024, and March 31, 2024. The annual interest rates were 2.24%, 2.24%, and 2.12%, respectively.

B. The bank loan is secured by the Company's land and buildings (refer to Note 29). The maturity date of the loan was June 25, 2041 as of March 31, 2025, December 31, 2024, and March 31, 2024. The annual interest rates were 2.36%, 2.36%, and 2.23%, respectively.

C. The maturity date of the bank loan was March 5, 2027 as of March 31, 2025, December 31, 2024, and March 31, 2024. The annual interest rate was 0.50% for all three reporting dates.

18. Other Payables

	March 31, 2025	December 31, 2024	March 31, 2024
Salaries and bonuses payable	\$ 105,402	\$ 149,352	\$ 109,618
labor and health insurance			
premiums payable	20,353	20,591	17,094
Pension payable	13,789	13,441	11,213
Business tax payable	9,407	17,420	7,951
Others	<u>23,656</u>	<u>26,056</u>	<u>20,099</u>
	<u>\$ 172,607</u>	<u>\$ 226,860</u>	<u>\$ 165,975</u>

19. Provisions

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Non-Current</u>			
Decommissioning liability			
reserve	<u>\$ 5,933</u>	<u>\$ 5,933</u>	<u>\$ 4,433</u>

The Group leases operating premises from lessors. In accordance with the lease agreements, the Group is required to restore the leased assets to their original condition at the commencement of the lease upon termination. Accordingly, a decommissioning liability reserve has been recognized based on the estimated cost of such restoration work.

20. Post-Employment Benefit Plans

The pension plan under the “Labor Pension Act” adopted by the Group is a government-managed defined contribution plan. The Group contributes 6% of each employee’s monthly wages to the individual pension accounts at the Bureau of Labor Insurance.

21. Equity

(1) Common Stock

	March 31, 2025	December 31, 2024	March 31, 2024
Numbers of shares authorized (in thousands)	<u>60,000</u>	<u>60,000</u>	<u>30,000</u>
Authorized capital	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 300,000</u>
Issued and paid shares (in thousands)	<u>26,694</u>	<u>26,694</u>	<u>26,267</u>
Issued capital	<u>\$ 266,939</u>	<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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Share premium	<u>\$ 483,986</u>	<u>\$ 483,986</u>	<u>\$ 376,727</u>

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

(3) Retained Earnings and Dividend Policy

On May 30, 2024, the Company’s shareholders resolved to amend its Articles of Incorporation. According to the amended earnings distribution policy, if the Company recognizes net income in its annual final accounts, the income shall first be used to pay taxes in accordance with applicable laws and to offset accumulated deficits. Thereafter,

10% of the remaining earnings shall be appropriated as legal reserve. However, if the legal reserve has reached the amount of the Company's paid-in capital, the appropriation may be discontinued. Any remaining earnings shall then be appropriated or reversed as special reserve in accordance with applicable laws or operating requirements. The resulting amount, combined with unappropriated retained earnings from prior years, shall be the cumulative distributable earnings. After setting aside a portion of earnings as necessary, the Board of Directors shall draft a distribution proposal and submit it to the shareholders' meeting for approval of dividends and bonuses to shareholders.

No less than 30% of the cumulative distributable earnings shall be distributed as shareholders' dividends and bonuses each year, of which cash dividends shall not be less than 20% of the total dividends and bonuses distributed to shareholders. Furthermore, if the distribution of dividends, bonuses, legal reserve, or capital reserve (in whole or in part) is made in the form of cash, the Board of Directors is authorized to resolve such distribution with the attendance of at least two-thirds of the directors and the approval of a majority of the attending directors, and report the distribution to the shareholders' meeting.

According to the earnings distribution policy under the Company's previous Articles of Incorporation, if the Company recognized net income in its annual final accounts, the income was to be used first to pay taxes in accordance with applicable laws and to offset accumulated deficits. Thereafter, 10% of the remaining earnings was to be appropriated as legal reserve, unless the legal reserve had reached the amount of the Company's paid-in capital, in which case the appropriation could be discontinued. Any remaining earnings were to be appropriated or reversed as special reserve in accordance with applicable laws or operating requirements. The resulting amount, together with unappropriated retained earnings from previous years, constituted the cumulative distributable earnings. After retaining a portion of the earnings as needed, the Board of Directors would propose a distribution plan and submit it to the shareholders' meeting for approval of dividends and bonuses to shareholders. Cash dividends were not to be less than 20% of the total dividends and bonuses distributed to shareholders. If the distribution of dividends, bonuses, legal reserve, or capital reserve (in whole or in part) was made in the form of cash, the Board of Directors was authorized to resolve such distribution with the attendance of at least two-thirds of the directors and the approval of a majority of the attending directors, and report the distribution to the shareholders' meeting.

For the policy regarding remuneration to employees and directors as stipulated in the Articles of Incorporation, please refer to Note 23(7), "Employee and Director Remuneration."

The legal reserve shall be appropriated until it equals the Company's paid-in capital. It may be used to offset deficits. When the Company has no accumulated deficit, the portion of the legal reserve that exceeds 25% of the paid-in capital may be capitalized or distributed in cash.

The earnings distribution for 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Legal reserve	<u>\$ 41,424</u>	<u>\$ 39,286</u>
Appropriation of Special Reserve	<u>\$ 3,414</u>	<u>\$ 47</u>
Cash dividends	<u>\$373,714</u>	<u>\$349,356</u>
Cash dividend per share (NT\$)	<u>\$ 14</u>	<u>\$ 13.3</u>

The above cash dividends were resolved by the Board of Directors on March 11, 2025 and March 8, 2024, respectively. The remaining items of earnings distribution for the year ended December 31, 2023 were approved at the annual shareholders' meeting held on May 30, 2024. The remaining items of earnings distribution for the year ended December 31, 2024 are subject to approval at the annual shareholders' meeting scheduled to be held on May 28, 2025.

(4) Other Equity Items

A. Exchange Differences on Translation of Foreign Operations

	<u>Three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	(\$ 113)	(\$ 114)
Arising during the period		
Exchange differences on translation of financial statements of foreign operations	<u>30</u>	<u>46</u>
Ending balance	(<u>\$ 83</u>)	(<u>\$ 68</u>)

B. Unrealized valuation gain (loss) on financial assets at FVTOCI

	<u>Three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	(\$ 3,415)	\$ -
Arising during the period		
Unrealized gain (loss)	(<u>705</u>)	<u>-</u>
Other comprehensive income for the period	(<u>705</u>)	<u>-</u>
Ending balance	(<u>\$ 4,120</u>)	<u>\$ -</u>

(5) Non-Controlling Interests

	Three months ended March 31	
	2025	2024
Beginning balance	\$ 16,190	\$ 12,915
Net income for the period	106	822
Other comprehensive income for the period		
Exchange differences on translation of financial statements of foreign operations	29	45
Ending balance	<u>\$ 16,325</u>	<u>\$ 13,782</u>

22. Revenue

	Three months ended March 31	
	2025	2024
Restaurant revenue	\$ 998,669	\$ 857,038
Other revenue	<u>2,780</u>	<u>2,527</u>
	<u>\$ 1,001,449</u>	<u>\$ 859,565</u>

(1) Description of Customer Contracts

A. Restaurant revenue is derived from the sale of food and beverage services at the Group'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

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Accounts receivable (Note 10)	<u>\$ 254,361</u>	<u>\$ 283,768</u>	<u>\$ 276,032</u>	<u>\$ 273,887</u>
Accounts receivable – related parties	<u>\$ 8</u>	<u>\$ 42</u>	<u>\$ 26</u>	<u>\$ 491</u>
Contract liabilities (included in other current liabilities)	<u>\$ 10,929</u>	<u>\$ 9,975</u>	<u>\$ 6,342</u>	<u>\$ 6,353</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>	Three months ended March 31	
	2025	2024
Sale of goods	\$ <u>2</u>	\$ <u>11</u>

23. Profit from Continuing Operations

(1) Interest Income

	Three months ended March 31	
	2025	2024
Bank deposits	\$ 2,345	\$ 2,605
Imputed interest on deposits	<u>19</u>	<u>11</u>
	\$ <u>2,364</u>	\$ <u>2,616</u>

(2) Other Income

	Three months ended March 31	
	2025	2024
Government grants (Note 31)	\$ 20	\$ -
Lease modification gain	5	-
Others	<u>1,035</u>	<u>1,021</u>
	\$ <u>1,060</u>	\$ <u>1,021</u>

(3) Other Gains and Losses

	Three months ended March 31	
	2025	2024
Net gain (loss) on financial assets at fair value through profit or loss	\$ 4,246	\$ 1,855
Net foreign exchange loss	(280)	(119)
Others	(<u>369</u>)	<u>-</u>
	\$ <u>3,597</u>	\$ <u>1,736</u>

(4) Finance Costs

	Three months ended March 31	
	2025	2024
Interest on lease liabilities	\$ 1,294	\$ 889
Interest on bank borrowings	<u>1,172</u>	<u>1,092</u>
	\$ <u>2,466</u>	\$ <u>1,981</u>

(5) Depreciation and Amortization

	Three months ended March 31	
	2025	2024
Depreciation expenses by function		
Operating costs	\$ 14,615	\$ 11,277
Operating expenses	<u>62,992</u>	<u>47,793</u>
	<u>\$ 77,607</u>	<u>\$ 59,070</u>
Amortization expenses by function:		
Operating expenses	<u>\$ 205</u>	<u>\$ 217</u>

(6) Employee Benefits Expense

	Three months ended March 31	
	2025	2024
Short-term employee benefits	\$324,026	\$275,308
Post-employment benefits (Note 20)		
Defined contribution plans	<u>13,945</u>	<u>11,318</u>
Total employee benefits	<u>\$337,971</u>	<u>\$286,626</u>
By function		
Operating costs	\$133,156	\$107,814
Operating expenses	<u>204,815</u>	<u>178,812</u>
	<u>\$337,971</u>	<u>\$286,626</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 the profit before tax and before deducting remuneration to employees and directors shall be appropriated as employee and director remuneration, respectively. Pursuant to the amendment to the Securities and Exchange Act in August 2024, the Company plans to revise its Articles of Incorporation, subject to approval at the 2025 shareholders' meeting, to stipulate that no less than 0.2% of the profit before tax and before deducting remuneration to employees and directors shall be allocated as remuneration to grassroots employees.

The estimated employee remuneration (including grassroots employee remuneration) and director remuneration for the three months ended March 31, 2025 and 2024 are as follows:

Estimated Rate

	Three months ended March 31	
	2025	2024
Employee compensation	0.5%	0.5%
Directors' remuneration	-	-

Amount

	Three months ended March 31	
	2025	2024
Employee compensation	<u>\$ 692</u>	<u>\$ 640</u>
Directors' remuneration	<u>\$ -</u>	<u>\$ -</u>

If the amounts are subsequently changed after the approval and issuance of the annual consolidated financial statements, such changes shall be accounted for as changes in accounting estimates and recognized in the following year.

The employee and director remuneration for 2024 and 2023 were approved by the Board of Directors on March 11, 2025 and March 8, 2024, respectively, as follows:

Amount

	2024	2023
	Cash	Cash
Employee compensation	<u>\$ 2,577</u>	<u>\$ 2,456</u>
Directors' remuneration	<u>\$ 2,577</u>	<u>\$ 2,456</u>

The actual distributions of employee and director remuneration for 2024 and 2023 were consistent with the amounts recognized in the consolidated financial statements for the respective years.

For details regarding the employee and director remuneration as approved by the Board of Directors, please refer to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

24. Income Taxes

(1) Income Tax Recognized in Profit or Loss

The main components of income tax expense are as follows:

	Three months ended March 31	
	2025	2024
Current income tax		
Incurred in the current period	(\$ 24,989)	\$ 25,380
Current year	<u>-</u>	<u>-</u>
Adjustments for prior years		
Total income tax expense recognized in profit or loss	<u>(\$ 24,989)</u>	<u>\$ 25,380</u>

(2) Income Tax Assessment

The Company's income tax returns have been assessed and approved by the tax authorities through the year ended 2023.

25. Earnings Per Share

Unit: NT\$ per share

	Three months ended March 31	
	2025	2024
Basic earnings per share	<u>\$ 3.84</u>	<u>\$ 3.90</u>
Diluted earnings per share	<u>\$ 3.84</u>	<u>\$ 3.90</u>

The net income and weighted-average number of ordinary shares used to calculate earnings per share were as follows:

Net Income for the Period

	Three months ended March 31	
	2025	2024
Net income attributable to owners of the Company	<u>\$102,605</u>	<u>\$102,497</u>
Net income used in basic and diluted EPS calculation	<u>\$102,605</u>	<u>\$102,497</u>

Shares

Unit: Thousands of shares

	Three months ended March 31	
	2025	2024
Weighted-average number of ordinary shares for basic EPS	26,694	26,267
Effect of potentially dilutive ordinary shares:		
Employee compensations	<u>11</u>	<u>9</u>
Weighted-average number of ordinary shares for diluted EPS	<u>26,705</u>	<u>26,276</u>

If the Company has the option to settle employee compensation in shares or in cash, it shall be assumed, for the purpose of calculating diluted earnings per share, that the compensation will be settled in shares. The resulting potential ordinary shares shall be included in the weighted average number of shares outstanding, provided the effect is dilutive. The dilutive effect of such potential ordinary shares shall continue to be considered in the calculation of diluted earnings per share until the number of shares to be distributed to employees is resolved at the shareholders' meeting in the subsequent year.

26. Business Combinations

(1) Acquisition of Subsidiaries

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

On August 1, 2024, the Company acquired 100% equity interest in TAROKO FOOD TAIWAN CO., LTD. and Taroko Cuisine Ltd. For further details, please refer to Note 12.

(2) Consideration Transferred

	TAROKO FOOD TAIWAN CO., LTD.	Taroko Cuisine Ltd.
Cash	\$ 56,049	\$ 18,500
Issuance of equity instruments	<u>111,524</u>	-
Total	<u>\$167,573</u>	<u>\$ 18,500</u>

Issuance of Equity Instruments

The Company issued 427 thousand new ordinary shares with a par value of NT\$10 each as part of the consideration for acquiring TAROKO FOOD TAIWAN CO., LTD. The fair value of these ordinary shares, determined based on the closing price on the acquisition date, amounted to 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	-
Right-of-use assets	29,661	2,628
Intangible assets	57,800	4,900
Refundable deposits	3,020	433
Deferred income tax assets	81	-
Other financial assets – non-current	748	-

	<u>TAROKO FOOD TAIWAN CO., LTD.</u>	<u>Taroko Cuisine Ltd.</u>
Current Liabilities		
Accounts payable	(3,032)	(565)
Notes payable	(4,269)	(1,521)
Other current liabilities	(12,047)	(5,076)
Lease liabilities	(15,384)	(1,754)
Non-current Liabilities		
Lease liabilities	(<u>14,467</u>)	(<u>891</u>)
	<u>\$ 92,072</u>	<u>\$ 7,991</u>

(4) Goodwill Arising from the Acquisition

	<u>TAROKO FOOD TAIWAN CO., LTD.</u>	<u>Taroko Cuisine Ltd.</u>
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

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

27. Financial Instruments

(1) Fair value of financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Fair value of financial instruments measured at fair value on a recurring basis

A. Fair value hierarchy

March 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Limited partnerships	\$ -	\$ -	\$ 98,117	\$ 98,117
Mutual funds	38,649	-	-	38,649
<u>Equity instruments</u>				
Domestic listed				
(OTC) stocks	<u>3,791</u>	<u>-</u>	<u>-</u>	<u>3,791</u>
	<u>\$ 42,440</u>	<u>\$ -</u>	<u>\$ 98,117</u>	<u>\$ 140,557</u>
<u>Financial assets at fair value through other comprehensive income</u>				
<u>Equity instruments</u>				
Domestic unlisted (non-OTC) stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,104</u>	<u>\$ 4,104</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Limited partnerships	\$ -	\$ -	\$ 94,978	\$ 94,978
Mutual funds	38,071	-	-	38,071
<u>Equity instruments</u>				
Domestic listed				
(OTC) stocks	<u>3,262</u>	<u>-</u>	<u>-</u>	<u>3,262</u>
	<u>\$ 41,333</u>	<u>\$ -</u>	<u>\$ 94,978</u>	<u>\$ 136,311</u>
<u>Financial assets at fair value through other comprehensive income</u>				
<u>Equity instruments</u>				
Domestic unlisted (non-OTC) stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,809</u>	<u>\$ 4,809</u>

March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Limited partnerships	\$ -	\$ -	\$ 72,531	\$ 72,531
Mutual funds	36,323	-	-	36,323

	Level 1	Level 2	Level 3	Total
Equity instruments				
Domestic listed (OTC) stocks	4,109	-	-	4,109
	<u>\$ 40,432</u>	<u>\$ -</u>	<u>\$ 72,531</u>	<u>\$ 112,963</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments				
Domestic unlisted (non-OTC) stocks	-	-	8,224	8,224
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,224</u>	<u>\$ 8,224</u>

There were no transfers between Level 1 and Level 2 fair values for the three months ended March 31, 2025 and 2024.

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

Types of financial instruments	Valuation techniques and inputs
Limited partnerships	Asset-based approach: Fair value is determined based on the aggregate value of underlying assets and liabilities. A significant unobservable input is a discount for lack of marketability.
Unlisted equity investments (domestic)	Market approach: Valuation is based on observable transaction prices of comparable companies. Inputs include financial metrics such as price-to-book (P/B) ratios adjusted for differences between the investee and comparable companies. An increase in P/B ratio or a decrease in liquidity discount would result in a higher fair value.

(3) Categories of Financial Instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at fair value through profit or loss:			
Limited partnerships	\$ 98,117	\$ 94,978	\$ 72,531
Mutual funds	38,649	38,071	36,323
Equity instruments	3,791	3,262	4,109
Financial assets measured at amortized cost			
Cash and cash	754,352	683,144	955,371

equivalents			
Financial assets			
measured at			
amortized cost –			
current	\$ 163,963	\$ 147,963	\$ 77,186
Accounts receivable	254,361	283,768	276,032
Accounts receivable			
– related parties	8	42	26
Other receivables			
(classified under			
other current			
assets)	50	66	216
Other receivables –			
related parties			
(classified under			
other current			
assets)	34	35	54
Refundable deposits	15,311	16,280	10,695
Financial assets at fair			
value through other			
comprehensive income	4,104	4,809	8,224
<u>Financial Liabilities</u>			
Financial liabilities			
measured at amortized			
cost			
Short-term			
borrowings	-	5,000	5,000
Notes and accounts			
payable	83,401	104,721	144,939
Accounts payable –			
related parties	4,470	5,732	9,371
Other payables			
(including related			
parties)	15,354	18,445	17,003
Payables for			
equipment	1,616	14,769	2,946
Long-term			
borrowings			
(including current			
portion)	199,472	201,211	205,417

(4) Financial Risk Management Objectives and Policies

The Group's finance department provides services to business units and coordinates access to domestic financial markets. It monitors and manages the financial risks relating to the Group's operations through internal risk reports that analyze exposure

by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk, and liquidity risk.

A. Market Risk

The Group's operating activities expose it primarily to interest rate risk (see (A) below). There have been no changes in the Group's exposure to market risks or the manner in which such risks are managed and measured.

(A) Interest Rate Risk

The carrying amounts of the Group's interest rate-sensitive financial instruments as of the balance sheet date are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
- Financial assets	\$ 209,711	\$ 454,963	\$ 669,001
- Financial liabilities	378,548	398,941	291,051
Cash flow interest rate risk			
- Financial assets	705,254	372,715	361,031
- Financial liabilities	184,472	191,211	210,417

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivative financial instruments as of the balance sheet date. For floating-rate assets, the analysis assumes that the outstanding amount of such assets as of the balance sheet date remained outstanding throughout the reporting period.

Assuming a 0.1% increase in the annual interest rate, with all other variables held constant, the Company's profit before tax for the three months ended March 31, 2025 and 2024 would have increased by NT\$130 thousand and NT\$38 thousand, respectively.

(B) Other Price Risk

The Group is exposed to price risk arising from investments in funds and equity securities. The Group's management manages such risk by holding a diversified portfolio of investments with varying risk profiles. Investments in unlisted equity securities are held for strategic, rather than trading, purposes and are not actively traded by the Group.

Sensitivity Analysis

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

If the prices of financial assets measured at fair value through profit or loss (FVTPL) had increased/decreased by 5%, the Group's profit before tax for the three months ended March 31, 2025 and 2024 would have increased/decreased by NT\$7,028 thousand and NT\$5,648 thousand, respectively, as a result of changes in the fair value of such financial assets.

If the prices of financial assets measured at fair value through other comprehensive income (FVOCI) had increased/decreased by 5%, other comprehensive income before tax for the three months ended March 31, 2025 and 2024 would have increased/decreased by NT\$205 thousand and NT\$411 thousand, respectively, as a result of changes in the fair value of such financial assets.

B. Credit Risk

Credit risk refers to the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk arises primarily from the carrying amounts of financial assets recognized on the balance sheet.

To mitigate credit risk, the Group has established credit policies and accounts receivable management procedures to ensure that appropriate actions are taken for overdue receivables. In addition, the recoverable amounts of receivables are individually assessed at each balance sheet date to ensure that adequate impairment losses are recognized for unrecoverable amounts. Accordingly, management believes that the Group's credit risk has been significantly reduced.

Accounts receivable are derived from a large number of customers. The Group continuously monitors and evaluates the financial condition of its customers.

The Group does not have any significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

C. Liquidity Risk

The Group manages liquidity risk by maintaining adequate levels of cash and cash equivalents to fund its operations and to mitigate the effects of cash flow fluctuations.

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities based on the earliest date on which the Group could be required to repay. The amounts presented are the undiscounted cash flows, including principal and estimated interest. Accordingly, borrowings that are callable by banks at any time are classified in the earliest time band regardless of the likelihood of early repayment. All other financial liabilities are based on their contractual maturity dates.

March 31, 2025

	Less than 3 months	3 to 12 months	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 635,808	\$ -	\$ -	\$ -
Lease liabilities	40,864	107,281	196,757	30,922
Floating-rate instruments	3,462	10,384	55,388	151,070
Fixed-rate instruments	1,919	5,756	7,675	-
	<u>\$ 682,053</u>	<u>\$ 123,421</u>	<u>\$ 259,820</u>	<u>\$ 181,992</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	\$ 148,145	\$ 196,757	\$ 25,881	\$ 5,041	\$ -	\$ -
Floating rate instruments	13,846	55,388	69,236	75,008	6,826	-
Fixed-rate instruments	7,675	7,675	-	-	-	-
	<u>\$ 169,666</u>	<u>\$ 259,820</u>	<u>\$ 95,117</u>	<u>\$ 80,049</u>	<u>\$ 6,826</u>	<u>\$ -</u>

December 31, 2024

	Less than 3 months	3 to 12 months	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 352,082	\$ -	\$ -	\$ -
Lease liabilities	45,210	98,725	217,097	33,610
Floating-rate instruments	3,462	15,349	55,195	153,979
Fixed-rate instruments	20	5,756	9,593	-
	<u>\$ 400,774</u>	<u>\$ 119,830</u>	<u>\$ 281,885</u>	<u>\$ 187,589</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	\$ 143,935	\$ 217,097	\$ 29,497	\$ 4,113	\$ -	\$ -
Floating rate instruments	18,811	55,195	68,995	68,995	15,989	-
Fixed-rate instruments	5,776	9,593	-	-	-	-
	<u>\$ 168,522</u>	<u>\$ 281,885</u>	<u>\$ 98,492</u>	<u>\$ 73,108</u>	<u>\$ 15,989</u>	<u>\$ -</u>

March 31, 2024

	Less than 3 months	3 to 12 months	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 672,587	\$ -	\$ -	\$ -

	Less than 3 months	3 to 12 months	1-5 years	More than 5 years
Lease liabilities	\$ 33,990	\$ 84,592	\$ 160,932	\$ 18,654
Floating-rate instruments	<u>2,488</u>	<u>13,426</u>	<u>70,003</u>	<u>162,772</u>
	<u>\$ 709,065</u>	<u>\$ 98,018</u>	<u>\$ 230,935</u>	<u>\$ 181,426</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	\$ 118,582	\$ 160,932	\$ 14,017	\$ 4,637	\$ -	\$ -
Floating-rate instruments	<u>15,914</u>	<u>70,003</u>	<u>68,342</u>	<u>68,342</u>	<u>26,088</u>	<u>-</u>
	<u>\$ 134,496</u>	<u>\$ 230,935</u>	<u>\$ 82,359</u>	<u>\$ 72,979</u>	<u>\$ 26,088</u>	<u>\$ -</u>

(B) Financing Facilities

	Three months ended March 31	
	2025	2024
Unsecured Bank Loan Facilities		
– Amount utilized	\$ 15,000	\$ 20,000
– Amount unutilized	<u>-</u>	<u>-</u>
	<u>\$ 15,000</u>	<u>\$ 20,000</u>
Secured Bank Loan Facilities		
– Amount utilized	\$184,472	\$190,417
– Amount unutilized	<u>-</u>	<u>-</u>
	<u>\$184,472</u>	<u>\$190,417</u>

28. Related Party Transactions

Transactions, account balances, revenues, and expenses between the Company and its subsidiaries (which are related parties) have been eliminated in full upon consolidation and are therefore not disclosed in this note.

Transactions between the Group and other related parties are as follows.

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

Name of Related Party	Relationship with the Group
TIEN PENG FOOD CORP. (“TIEN PENG FOOD”)	Substantial related party
Share Food Co., Ltd. (“Share Food”)	Substantial related party

(2) Sales

Category of Related Party	Three months ended March 31	
	2025	2024
Substantial related party	<u>\$ 41</u>	<u>\$ 63</u>

(3) Purchases

Category / Name of Related Party	Three months ended March 31	
	2025	2024
Substantial related party		
TIEN PENG FOOD CORP.	\$ 13,201	\$ 12,311
Share Food Co., Ltd.	<u>1,506</u>	<u>1,561</u>
	<u>\$ 14,707</u>	<u>\$ 13,872</u>

The purchase prices for transactions between the Group and related parties are determined based on contractual agreements, as there are no comparable arm's length transactions available. The payment terms are similar to those with unrelated parties.

(4) Processing Fees

Account title	Category of Related Party	Three months ended March 31	
		2025	2024
Operating costs	Substantial related party	<u>\$ 2,558</u>	<u>\$ 2,717</u>

The Group 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

Account title	Category of Related Party	Three months ended March 31	
		2025	2024
Administrative expenses	Substantial related party	<u>\$ 210</u>	<u>\$ 217</u>

The above primarily represents rental and other payments to related parties. The transaction prices were determined through negotiations between both parties, and there were no comparable transactions with unrelated parties.

(6) Receivables from Related Parties

Account title	Category of Related Party	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable - related parties	Substantial related party	\$ <u>8</u>	\$ <u>42</u>	\$ <u>26</u>
Other receivables - related parties	Substantial related party	\$ <u>34</u>	\$ <u>35</u>	\$ <u>54</u>

Accounts receivable primarily represent sales to related parties, while other receivables mainly represent advances paid on behalf of related parties. The settlement terms were comparable to those with unrelated parties.

(7) Payables to Related Parties

Account title	Category of Related Party	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payable - related parties	Substantial related party	\$ <u>4,470</u>	\$ <u>5,732</u>	\$ <u>9,371</u>
Other Payables - related parties	Substantial related party	\$ <u>958</u>	\$ <u>1,076</u>	\$ <u>1,240</u>

(8) Other Transactions with Related Parties

Account title	Category of Related Party	Three months ended March 31	
		2025	2024
Rental income	Substantial related party	\$ <u>33</u>	\$ <u>-</u>

(9) Compensation of Key Management Personnel

	Three months ended March 31	
	2025	2024
Short-term employee benefits	\$ <u>3,159</u>	\$ <u>2,617</u>

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

29. Pledged Assets

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

	March 31, 2025	December 31, 2024	March 31, 2024
Land	\$ 206,912	\$ 206,912	\$ 206,912
Buildings	61,967	62,951	65,003
Time deposits pledged (classified as non-current financial assets measured at amortized cost)	748	748	-
	<u>\$ 269,627</u>	<u>\$ 270,611</u>	<u>\$ 271,915</u>

30. Significant Contingent Liabilities and Unrecognized Commitments

The Group 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 Group also entered into a franchise agreement with Ah Da Shi Beef Noodles.

31. Material Events After the Balance Sheet Date

In January and February 2025, the Group received an employment incentive grant under the “Taoyuan Youth Employment Subsidy Program” from the Department of Labor, Taoyuan City Government. The approved government subsidy amounted to NT\$20 thousand and was recognized under other income as of March 31, 2025.

32. Additional Disclosures

(1) Information on 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. Purchase or sale of goods with related parties amounting to NT\$100 million or 20% of paid-in capital or more: None

E. Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: None

F. Others: Business relationships and significant intercompany transactions between the parent company and its subsidiaries, as well as among subsidiaries. (Refer to Schedule 4)

(2) Information on Investees (Schedule 5)

(3) Information on Investments 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

33. Segment Information

The information provided to the chief operating decision maker (CODM) for the purpose of resource allocation and performance assessment focuses on each operating segment. The Group's operating segments are the food and beverage segment and others. However, the information provided to the CODM for resource allocation and performance assessment is also based on the nature of the products or services delivered or rendered. As the Group is engaged primarily in the food and beverage business, the CODM considers the Group as a single operating segment. The basis of measurement used by the CODM is consistent with that used in the preparation of the financial statements. Accordingly, the segment revenue and operating results for the three months ended March 31, 2025 and 2024 are presented in the consolidated statements of comprehensive income for the respective periods. The segment assets as of March 31, 2025, December 31, 2024, and March 31, 2024 are presented in the respective consolidated balance sheets.

Tofu Restaurant Co., Ltd. and Subsidiaries
Loans to Other Parties
Three months ended March 31, 2025

Unit: NTD thousand

Schedule 1

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 Counterpart	Total Loan Ceiling	Remarks
												Name	Value			
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	\$ -	\$ 108,782	\$ 435,131	(Note)

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. and Subsidiaries
Endorsements and Guarantees Provided
Three months ended March 31, 2025

Schedule 2

Unit: NTD thousand

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	\$ 326,348	\$ 40,800	\$ 40,800	\$ 40,800	\$ -	3.75	\$ 543,914	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. and Subsidiaries
Securities Held at the End of the Period
Three months ended March 31, 2025

Schedule 3

Unit: NT\$ thousands, unless otherwise specified

Holding Entity	Type and Name of Security	Relationship with Issuer	Account Title	End of the period			Remarks	
				Number of Shares	帳面金額	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	\$ 38,649	-	\$ 38,649	
	<u>Limited partnerships</u> Pu Shi Jin Hua Limited partnerships	—	Financial assets at fair value through profit or loss – non-current	-	44,083	3% (Note 1)	44,083	
	Andra Global Technology Growth Fund LP	—	Financial assets at fair value through profit or loss – non-current	-	54,034	1% (Note 1)	54,034	
TSA	<u>Stocks</u> TCI CO., LTD.	Investee company	Financial assets at fair value through profit or loss – current	22,000	3,201	-	3,201	
	RFD Micro Electricity Co. Ltd.	Investee company	Financial assets at fair value through other comprehensive income – non-current	57,238	3,154	-	3,154	

Note 1: The shareholding percentage is calculated based on the capital contribution as of March 31, 2025.

Note 2: The amount is measured at fair value as of March 31, 2025.

Note 3: The securities listed in this table are disclosed by the Company based on the principle of materiality.

Note 4: For information regarding investments in subsidiaries, please refer to Schedule 5.

Tofu Restaurant Co., Ltd. and Subsidiaries
Business Relationships and Significant Transactions Between Parent and Subsidiaries
Three months ended March 31, 2025

Schedule 4

Unit: NTD thousand

No.	Transacting Party	Counterparty	Relationship with Transacting Party (Note 1)	Transaction Details			
				Account	Account	Transaction Terms (Note 2)	Percentage of Consolidated Revenue or Total Assets
0	The Company	Safe Foods Co., Ltd.	1	Other receivables – related parties	\$ 10,222	—	-
				Accounts payable – related parties	4,319	—	-
		TAROKO FOOD TAIWAN CO., LTD.	1	Purchases	14,447	—	1%
				Other receivables – related parties	7,453	—	-

Note 1: Represents transactions between the parent company and its subsidiaries.

Note 2: Except for loans of funds, other transactions between the Company and related parties are conducted in accordance with general commercial terms.

Note 3: The disclosure of significant intercompany transactions in this table is determined by the Company based on the principle of materiality.

Tofu Restaurant Co., Ltd. and Subsidiaries
Information, Location... and Other Related Information of Subsidiaries
Three months ended March 31, 2025

Schedule 5

Unit: NT\$ thousands, unless otherwise specified

Investor	Name of Investee	Region	Principal Business Activities	Original Investment Amount		Balance at end of period			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	Shares	Percentage	Book Value			
The Company	VNT International Co., Ltd.	Samoa	Investment holding	\$ 2,369	\$ 2,369	76,500	51%	\$ 1,909	(\$ 66)	(\$ 34)	—
	TSA	Taiwan	Investment holding	29,000	29,000	2,900,000	100%	35,833	642	642	—
	TAROKO FOOD TAIWAN CO., LTD.	Taiwan	Food and beverage sales and services	186,073	186,073	261,040	100%	189,442	3,713	3,713	—
VNT International Co., Ltd.	VT1 International Co., Ltd.	Vietnam	Investment holding	3,092	3,092	100,000	100%	2,764	(25)	(25)	—
TSA	Safe Foods Co., Ltd.	Taiwan	Food manufacturing and related businesses	12,750	12,750	1,275,000	51%	15,082	283	144	—
	Duofu	Taiwan	Trading	1,000	1,000	1,000	100%	1,248	(32)	(32)	—