

Kingza International Co., Ltd. and
subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
2025 and 2024

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

§ Table of Contents §

	<u>ITEM</u>	<u>PAGE</u>	<u>NOTES TO THE FINANCIAL STATEMENTS REFERENCE NO.</u>
I.	Cover	1	-
II.	Table of Contents	2	-
III.	Consolidated Financial Statements of Affiliated Companies	3	-
IV.	Independent Auditors' Report	4-8	-
V.	Consolidated Balance Sheet	9	-
VI.	Consolidated Statement of Comprehensive Income	10-11	-
VII.	Consolidated Statement of Changes in Equity	12	-
VIII.	Consolidated Statements of Cash Flows	13-14	-
IX.	Notes to Consolidated Financial Statements		
	(I) Company History	15	1
	(II) Date and Procedures for Authorization of Financial Statements	15	2
	(III) Application of Newly Issued and Revised Standards and Interpretations	15-17	3
	(IV) Summary of Significant Accounting Policies	17-31	4
	(V) Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions	31	5
	(VI) Description of Significant Accounting Items	31-60	6-28
	(VII) Related Party Transactions	60-63	29
	(VIII) Pledged Assets	63	30
	(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	-	-
	(X) Material Losses from Disasters	-	-
	(XI) Material Subsequent Events	-	-
	(XII) Others	63-65	31-32
	(XIII) Notes Disclosure Items		
	1. Information on Material Transactions	65, 68-69	33
	2. Information on Reinvestments	65, 70	33
	3. Information on Investments in China	66	33
	(XIV) Segment Information	66-67	34

Consolidated Financial Statements of Affiliated Companies

For the year ended on December 31, 2025, the companies that should have been included in the preparation of the consolidated financial statements of affiliated companies in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were the same as those that should have been included in the preparation of the consolidated financial statements of the Company and its subsidiaries in accordance with IFRS 10, and the relevant information that should have been disclosed in the consolidated financial statements of affiliated companies had been disclosed in the aforementioned consolidated financial statements of the Company and its subsidiaries. Therefore, separate consolidated financial statements of affiliated companies were not prepared.

Declaration issued by

Company name: Kingza International Co., Ltd.

Chairman: Wang Yao-Hui

March 10, 2026

Independent Auditors' Report

For the reference of Kingza International Co., Ltd.:

Audit Opinion

The consolidated balance sheets of Kingza International Co., Ltd. and its subsidiaries as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2025 and 2024, as well as the notes to the consolidated financial statements (including the summary of significant accounting policies) have been audited by us.

In our opinion, the above consolidated financial statements have been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IASs, Interpretations and SICs endorsed and issued into effect by the Financial Supervisory Commission, so as to present fairly the consolidated financial position of Kingza International Co., Ltd. and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and consolidated cash flows for the years ended December 31, 2025 and 2024.

Basis for Audit Opinion

We conducted our audits in accordance with the Rules Governing the Audit of Financial Reports by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. Personnel of our firm who are bound by independence rules have maintained independence with Kingza International Co., Ltd. and its Subsidiaries in accordance with the code of ethics for Certified Public Accountants, and fulfilled other responsibilities under the code. 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 utmost significance in our audit of the consolidated financial statements of Kingza International Co., Ltd. and its subsidiaries for 2025. These matters were addressed during our audit of the consolidated financial statements as a whole and in forming our audit opinion. We do not express a separate opinion on these matters.

We hereby state the key audit findings for the consolidated financial statement of Kingza International Co., Ltd. and its subsidiaries for 2025 as follows:

Authenticity of specific food & beverage revenue

The revenues of Kingza International Co., Ltd. and its subsidiaries are mainly derived from the sale of food and beverages. Most of the F&B revenue came directly from consumers. Among these, street-side stores are those operated directly by Kingza International Co., Ltd. and its subsidiaries, where consumers are billed directly for provided F&B services, a practice different from that of other department store or mall stores. Furthermore, the stores acquired for new brands in 2025 had different operations and management procedures than those of the Group. Therefore, we assessed whether the aforementioned F&B revenue was authentic, as it would have a material impact on the consolidated financial statements and was thus identified as a key audit matter for the current year.

Regarding the accounting policies for revenue recognition, please refer to Note 4 to the consolidated financial statements.

The main procedures we performed in response to the key audit matters during the audit were as follows:

1. Study and test the design and operating effectiveness of the main internal control system for verifying the authenticity of specific F&B revenue.
2. Selected transaction documents for specific F&B revenue, including store POS records, invoices, and collection documents or statements, to verify the accuracy of the revenue recognized.
3. Performed analytical procedures based on each store's operational data to assess the reasonableness of each store's revenue and related operating indicators.

Other Matters

Kingza International Co., Ltd. has already prepared its individual financial statements for 2025 and 2024, which were audited by us with an unqualified opinion. These are provided here for your reference.

Responsibility of the Management and Governance Unit for the Consolidated Financial Statements

The responsibilities of Management are to prepare consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IASs, Interpretations, and SICs endorsed and promulgated by the FSC, and to maintain necessary internal controls associated with the preparation to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Kingza International Co., Ltd. and its subsidiaries' ability to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless management intends to liquidate the Group or cease operations with no other viable alternatives. The governance unit (including the Audit Committee) of Kingza International Co., Ltd. and its subsidiaries is responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error. If the amount of the misstatement, either separately or in aggregate, could reasonably be expected to influence the economic decisions of users of the consolidated financial statements, it is considered material.

While performing the audit in accordance with auditing standards, we exercised professional judgment and maintained professional skepticism. We have also performed the following procedures:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the internal controls at Kingza International Co., Ltd. and its subsidiaries.

3. Assess the appropriateness of accounting policies used by management, and the reasonableness of accounting estimates and related disclosures.
4. Based on the audit evidence obtained, conclusions are made regarding the appropriateness of management's use of the going concern basis of accounting, and whether significant uncertainties exist relating to events or circumstances that may cast significant doubt on the ability of Kingza International Co., Ltd. and its subsidiaries to continue as a going concern. If we conclude that material uncertainties exist, we are required to draw attention to the related disclosures in the consolidated financial statements in our audit report or, if such disclosures were inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or conditions may cause Kingza International Co., Ltd. and its subsidiaries to no longer be able to continue as a going concern.
5. Assess the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the related transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of the entity formed by Kingza International Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. The Accountants are responsible for guiding, supervising, and executing the Group's audit engagements, and for forming the Group's audit opinions.

We communicate with the governance unit regarding the scope and timing of the audit, as well as significant findings, including material weaknesses in the internal control mechanism identified during the audit.

We also provided the governance unit with a statement that the personnel of our firm subject to independence regulations in with the relevant provisions of the code of ethics for professional accountants regarding independence, and communicated to the governance unit all relationships and other matters that could be considered to affect our independence (including relevant safeguards).

From the matters communicated with the governance unit, we determined the key audit matters for the audit of the consolidated financial statements of Kingza International Co., Ltd. and its subsidiaries for 2025. We describe these matters in our auditors' report unless laws or regulation precludes public disclosure of 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.

Deloitte Taiwan

CPA Liu Yi-Ching

CPA Cheng-Hsiu Chang

Document approval number of the
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Jin-Guan-Zheng-Shen-Zi No. 1100356048

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March 30, 2026

Kingza International Co., Ltd. and subsidiaries
Consolidated balance sheet
December 31, 2025 and December 31, 2024

Unit: NT\$ thousand

Code	Asset	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Current asset				
1100	Cash (Notes 4 and 6)	\$ 258,291	21	\$ 386,713	42
1136	Financial assets measured at amortized cost - current (Notes 4, 7 and 30)	37	-	-	-
1150	Notes receivable (Note 4)	987	-	577	-
1170	Trade receivables (Notes 4, 8 and 29)	127,074	10	100,595	11
1200	Other receivables (Note 4)	302	-	77	-
1220	Current tax assets (Note 4)	233	-	170	-
130X	Inventories (Notes 4 and 9)	47,725	4	42,321	5
1470	Other current assets (Note 15)	18,554	1	9,721	1
11XX	Total current assets	<u>453,203</u>	<u>36</u>	<u>540,174</u>	<u>59</u>
	Non-current assets				
1600	Property, plant and equipment (Notes 4 and 11)	217,822	17	110,638	12
1755	Right-of-use assets (Notes 4, 12 and 29)	421,896	34	207,349	23
1805	Goodwill (Notes 4, 5, 13 and 26)	43,971	4	-	-
1821	Intangible assets (Notes 4, 14, 29 and 31)	82,156	7	27,984	3
1840	Deferred tax assets (Notes 4 and 23)	2,471	-	945	-
1990	Other non-current assets (Note 15)	29,394	2	24,285	3
15XX	Total non-current assets	<u>797,710</u>	<u>64</u>	<u>371,201</u>	<u>41</u>
1XXX	Total assets	<u>\$ 1,250,913</u>	<u>100</u>	<u>\$ 911,375</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2130	Contract liabilities - current (Notes 4 and 21)	\$ 21,085	2	\$ 12,377	1
2150	Notes payable	10	-	-	-
2170	Accounts payable (Note 29)	86,508	7	87,090	10
2200	Other payables (Notes 17 and 29)	161,151	13	124,323	14
2230	Current tax liabilities (Note 4 and 23)	9,126	1	-	-
2250	Provisions for liabilities - current (Notes 4 and 18)	11,000	1	8,300	1
2280	Lease liabilities - current (Notes 4, 12 and 29)	103,154	8	83,110	9
2320	Long-term loans due within one year (Note 4 and 16)	7,603	-	-	-
2399	Other current liabilities	6,294	-	2,622	-
21XX	Total current liabilities	<u>405,931</u>	<u>32</u>	<u>317,822</u>	<u>35</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 4 and 16)	11,798	1	-	-
2550	Reserve for liabilities - non-current (Notes 4 and 18)	10,130	1	9,150	1
2570	Deferred tax liabilities (Notes 4 and 23)	160	-	34	-
2580	Lease liabilities - non-current (Notes 4, 12 and 29)	324,990	26	128,487	14
25XX	Total non-current liabilities	<u>347,078</u>	<u>28</u>	<u>137,671</u>	<u>15</u>
2XXX	Total liabilities	<u>753,009</u>	<u>60</u>	<u>455,493</u>	<u>50</u>
	Equity attributable to owners of the Company (Notes 4, 10, 20 and 25)				
3100	Ordinary share	197,600	16	196,000	22
3200	Capital reserve	163,890	13	175,034	19
	Retained earnings				
3310	Legal reserve	10,870	1	2,765	-
3320	Special surplus reserve	2	-	642	-
3350	Undistributed earnings	61,905	5	81,443	9
3300	Total retained earnings	<u>72,777</u>	<u>6</u>	<u>84,850</u>	<u>9</u>
3410	Foreign exchange differences from translation of the financial statements of foreign operations	(104)	-	(2)	-
31XX	Total owners' equity of the Company	<u>434,163</u>	<u>35</u>	<u>455,882</u>	<u>50</u>
36XX	Non-controlling interest (Notes 10 and 26)	63,741	5	-	-
3XXX	Total equity	<u>497,904</u>	<u>40</u>	<u>455,882</u>	<u>50</u>
	Total liabilities and equity	<u>\$ 1,250,913</u>	<u>100</u>	<u>\$ 911,375</u>	<u>100</u>

The attached notes are part of the consolidated financial statements.

Chairman: Wang Yao-Hui

Managerial Officer: Lin Tzu-Heng

Accounting Officer: Shih Huei-Shan

Kingza International Co., Ltd. and subsidiaries
Consolidated statement of comprehensive income
From January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand, except for earnings per share (NT\$)

Code		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 21, and 29)	\$1,771,446	100	\$1,389,769	100
5000	Operating costs (Notes 4, 9, 22 and 29)	<u>917,630</u>	<u>52</u>	<u>713,697</u>	<u>51</u>
5900	Operating margin	<u>853,816</u>	<u>48</u>	<u>676,072</u>	<u>49</u>
	Operating expenses (Notes 4 and 22)				
6100	Selling expenses	631,364	36	518,692	37
6200	Administrative expenses	113,965	6	78,695	6
6300	R&D expenses	<u>1,266</u>	<u>-</u>	<u>1,311</u>	<u>-</u>
6000	Total operating expense	<u>746,595</u>	<u>42</u>	<u>598,698</u>	<u>43</u>
6500	Other net income and expenses (Notes 4, 11, 14 and 22)	(<u>1,801</u>)	<u>-</u>	<u>431</u>	<u>-</u>
6900	Operating income	<u>105,420</u>	<u>6</u>	<u>77,805</u>	<u>6</u>
	Non-operating income and expenses (Notes 4, 22 and 29)				
7020	Other gains and losses	3,602	-	4,957	-
7100	Interest revenue	2,398	-	1,406	-
7510	Interest expense	(<u>8,142</u>)	<u>-</u>	(<u>3,126</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>2,142</u>)	<u>-</u>	<u>3,237</u>	<u>-</u>

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Code		2025		2024	
		Amount	%	Amount	%
7900	Profit before tax	\$ 103,278	6	\$ 81,042	6
7950	Income tax (expense) interest (Notes 4 and 23)	(10,317)	(1)	12	-
8200	Net profit for the year	<u>92,961</u>	<u>5</u>	<u>81,054</u>	<u>6</u>
	Other comprehensive income				
8360	Item that may be subsequently reclassified to profit or loss				
8361	Foreign exchange differences from translation of the financial statements of foreign operations	(142)	-	\$ 640	-
8500	Total comprehensive income for the year	<u>\$ 92,819</u>	<u>5</u>	<u>\$ 81,694</u>	<u>6</u>
	Net profit attributable to:				
8610	Owners of the Company	\$ 89,874	5	\$ 81,054	6
8620	Non-controlling interest	<u>3,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 92,961</u>	<u>5</u>	<u>\$ 81,054</u>	<u>6</u>
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 89,732	5	\$ 81,694	6
8720	Non-controlling interest	<u>3,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 92,819</u>	<u>5</u>	<u>\$ 81,694</u>	<u>6</u>
	Earnings per share (Note 24)				
9750	Basic	<u>\$ 4.57</u>		<u>\$ 4.55</u>	
9850	Dilution	<u>\$ 4.50</u>		<u>\$ 4.42</u>	

The attached notes are part of the consolidated financial statements.

Chairman:
Wang Yao-Hui

Managerial Officer:
Lin Tzu-Heng

Accounting Officer:
Shih Huei-Shan

Kingza International Co., Ltd. and subsidiaries
Consolidated statement of changes in equity
From January 1 to December 31, 2025 and 2024

Unit: NTS thousand

		Equity attributable to owners of the Company (Notes 4, 10, 20 and 25)									
Code		Ordinary share		Retained earnings			Foreign exchange differences from translation of the financial statements of foreign operations	Total	Non-controlling interest (Notes 10 and 26)	Total equity after translation of the financial statements	
		Number of shares (in thousands)	Amount	Capital reserve	Legal reserve	Special surplus reserve					Undistributed earnings
A1	Balance as of January 1, 2024	17,000	\$ 170,000	\$ 86,873	\$ 1,517	\$ -	\$ 12,479	(\$ 642)	\$ 270,227	\$ -	\$ 270,227
	Appropriation and distribution of earnings for 2023										
B1	Legal reserve	-	-	-	1,248	-	(1,248)	-	-	-	-
B3	Special surplus reserve	-	-	-	-	642	(642)	-	-	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	-	(10,200)	-	(10,200)	-	(10,200)
C15	Cash dividends from capital reserves	-	-	(74,800)	-	-	-	-	(74,800)	-	(74,800)
E1	Cash capital increase	2,600	26,000	156,515	-	-	-	-	182,515	-	182,515
N1	Remuneration cost of employee shares reserved from cash capital increase	-	-	509	-	-	-	-	509	-	509
N1	Share options issued by the parent company	-	-	637	-	-	-	-	637	-	637
N1	The Company issued employee share options	-	-	5,300	-	-	-	-	5,300	-	5,300
D1	2024 net profit	-	-	-	-	-	81,054	-	81,054	-	81,054
D3	Other comprehensive income for 2024	-	-	-	-	-	-	640	640	-	640
D5	Total comprehensive income for 2024	-	-	-	-	-	81,054	640	81,694	-	81,694
Z1	Balance as of December 31, 2024	19,600	196,000	175,034	2,765	642	81,443	(2)	455,882	-	455,882
	Appropriation and distribution of earnings for 2024:										
B1	Legal reserve	-	-	-	8,105	-	(8,105)	-	-	-	-
B3	Special surplus reserve	-	-	-	-	(640)	640	-	-	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	-	(101,947)	-	(101,947)	-	(101,947)
M5	Acquired partial equity interest in subsidiaries.	-	-	-	-	-	-	-	-	60,654	60,654
C3	Unclaimed dividends	-	-	1	-	-	-	-	1	-	1
C15	Cash dividends from capital reserves	-	-	(15,680)	-	-	-	-	(15,680)	-	(15,680)
N1	The Company issued employee share options	-	-	3,988	-	-	-	-	3,988	-	3,988
M3	Disposal of subsidiaries accounted for using the equity method	-	-	-	-	-	-	40	40	-	40
D1	2025 net profit	-	-	-	-	-	89,874	-	89,874	3,087	92,961
D3	Other comprehensive income for 2025	-	-	-	-	-	-	(142)	(142)	-	(142)
D5	Total comprehensive income for 2025	-	-	-	-	-	89,874	(142)	89,732	3,087	92,819
N1	Share-based payment transaction	160	1,600	547	-	-	-	-	2,147	-	2,147
Z1	Balance as of December 31, 2025	19,760	\$ 197,600	\$ 163,890	\$ 10,870	\$ 2	\$ 61,905	(\$ 104)	\$ 434,163	\$ 63,741	\$ 497,904

The attached notes are part of the consolidated financial statements.

Chairman: Wang Yao-Hui

Managerial Officer: Lin Tzu-Heng

Accounting Officer: Shih Huei-Shan

Kingza International Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand

Code		2025	2024
	Cash flows from operating activities		
A10000	Net profit before tax for the year	\$ 103,278	\$ 81,042
A20010	Income and expense items		
A20100	Depreciation expenses	186,858	144,692
A20200	Amortization expenses	7,193	6,593
A29900	Long-term prepaid expenses reclassified as expenses	680	680
A20900	Interest expense	8,142	3,126
A21200	Interest revenue	(2,398)	(1,406)
A21900	Remuneration cost of employee share options	3,988	6,446
A22500	Net loss on disposal of property, plant and equipment	1,648	658
A22900	Net profit from the disposal of right-of-use assets	(67)	(193)
A23100	Losses on disposal of investment	40	-
A23500	Impairment loss	1,070	-
A23700	Inventory devaluation and obsolescence losses	185	249
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(410)	(577)
A31150	Accounts receivable	(15,785)	14,441
A31180	Other receivables	(80)	(11)
A31200	Inventories	848	3,428
A31240	Other current assets	(1,415)	(1,286)
A32125	Contract liability	(206)	2,137
A32130	Notes payable	10	-
A32150	Accounts payable	(11,486)	1,367
A32180	Other payables	25,347	1,995
A32200	Provision	(1,537)	(800)
A32230	Other current liabilities	<u>1,974</u>	<u>296</u>
A33000	Cash from operations	307,877	262,877
A33100	Interest collected	2,398	1,406
A33300	Interest paid	(8,142)	(3,126)
A33500	Income tax paid	(<u>291</u>)	(<u>105</u>)
AAAA	Net cash inflow from operating activities	<u>301,842</u>	<u>261,052</u>

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Code		2025	2024
	Cash flows from investing activities		
B02200	Net cash outflow from acquisition of subsidiaries (Note 26)	(\$ 85,267)	\$ -
B02700	Purchase of property, plant and equipment	(104,151)	(49,357)
B02800	Net cash inflow (outflow) from the disposal of property, plant and equipment	(57)	87
B03700	Increase in guarantee deposits paid	(1,100)	(3,272)
B03800	Decrease in guarantee deposits	358	4,032
B04500	Acquisition of intangible assets	(5,622)	(5,062)
B07100	Increase in prepayments for equipment	(<u>1,340</u>)	(<u>1,356</u>)
BBBB	Net cash outflow from investing activities	(<u>197,179</u>)	(<u>54,928</u>)
	Cash flows from financing activities		
C00100	Increase in short-term loans	130,000	-
C00200	Decrease in short-term loans	(130,000)	-
C01700	Repayment of long-term loans	(6,564)	-
C04020	Repayment of the principal of lease liabilities	(110,853)	(85,283)
C04500	Cash dividends	(117,626)	(85,000)
C04600	Cash capital increase	-	182,515
C04800	Exercise of employee share options	<u>2,147</u>	<u>-</u>
CCCC	Net cash inflow (outflow) from financing activities	(<u>232,896</u>)	<u>12,232</u>
DDDD	Effect of exchange rate changes on cash	(<u>189</u>)	<u>634</u>
EEEE	Net (decrease) increase in cash	(128,422)	218,990
E00100	Opening cash balance	<u>386,713</u>	<u>167,723</u>
E00200	Cash at the end of the year	<u>\$ 258,291</u>	<u>\$ 386,713</u>

The attached notes are part of the consolidated financial statements.

Chairman:
Wang Yao-Hui

Managerial Officer:
Lin Tzu-Heng

Accounting Officer:
Shih Huei-Shan

Kingza International Co., Ltd. and subsidiaries
Notes to Consolidated Financial Statements
From January 1 to December 31, 2025 and 2024
(Unless otherwise specified, amounts are stated in NT\$ thousand)

I. Company History

Kingza International Co., Ltd. (hereinafter referred to as the “Company”) was established on December 14, 2015. Its principal business activities are the franchising of chain restaurants and the sale of related products.

The Company’s shares have been listed on the Taipei Exchange since September 10, 2024. These consolidated financial statements are presented in NT\$, the functional currency of the Company.

II. Date and Procedures for Authorization of Financial Statements

These consolidated financial statements were approved by the Board of Directors on March 10, 2026.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) Initial Application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Interpretation Bulletins (SIC) (collectively, the “IFRS Accounting Standards”) Recognized and Issued by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The application of the IFRS Accounting Standards recognized and issued by the FSC does not result in material changes to the accounting policies of the consolidated company.

(II) IFRS Accounting Standards Recognized by the FSC Applicable in 2026

<u>Newly Issued / Amended / Revised Standards and Interpretations</u>	<u>Effective Date Announced by the IASB</u>
Amendments to IFRS 9 and IFRS 7, “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7, “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
“Annual Improvements to IFRS Accounting Standards - Vol. 11”	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 Amendments)	January 1, 2023

As of the date these consolidated financial statements were authorized for issuance, the consolidated company has assessed that the amendments to the standards will not have a material impact on its financial position and financial performance.

(III) IFRS accounting standards issued by the IASB but not yet recognized and issued as effective by the FSC

<u>Newly Issued / Amended / Revised Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and Its Affiliate or Joint Venture”	To be determined
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 Amendments)	January 1, 2027
Amendments to IAS 21, “Lack of Exchangeability”	January 1, 2027

Note 1: Unless otherwise specified, the aforementioned newly issued / amended / revised standards or interpretations shall become effective for annual reporting periods beginning after the respective effective dates.

Note 2: On September 25, 2025, the FSC announced that enterprises in Taiwan shall apply IFRS 18 beginning January 1, 2028, and may also elect early adoption after IFRS 18 is recognized by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and related consequential amendments

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The major amendments under the standard include:

1. The consolidated company shall assess whether it has specific main business activities involving investment in certain types of assets and the provision of financing to customers, and accordingly classify income and expense items in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories.
2. The statement of profit or loss shall present subtotals and totals for operating profit or loss, profit or loss before financing and income tax, and profit or loss.
3. Provide guidance to strengthen aggregation and disaggregation requirements: The consolidated company shall identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them based on shared characteristics, so that each line item presented in

the primary financial statements possesses at least one similar characteristic. Items with dissimilar characteristics shall be disaggregated in the primary financial statements and notes. The consolidated company shall label such items as “other” only when a more informative description cannot be identified.

4. Enhance disclosures of management-defined performance measures: When the consolidated company communicates management’s view of an aspect of the consolidated company’s overall financial performance outside the financial statements and to users of the financial statements, it shall disclose relevant information regarding management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, reconciliations to subtotals or totals specified by IFRS Accounting Standards, and the effects of income tax and non-controlling interests related to the reconciliation items.

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

1. When the consolidated company prepares cash flows from operating activities using the indirect method, operating profit or loss shall be used as the starting point for reconciliation.
2. Interest and dividends received by the consolidated company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the consolidated company is assessed as having specific main business activities, it shall consider the categories in which dividend income, interest income, and interest expenses are presented in the statement of profit or loss in determining the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of the aforementioned cash flows may only be classified into a single category of activities in the statement of cash flows.

In addition to the aforementioned impacts, as of the date these consolidated financial statements were authorized for issuance, the consolidated company is still assessing the other impacts of the amendments to the standards and interpretations on its financial position and financial performance, and the related impacts will be disclosed upon completion of the assessment.

IV. Summary and Description of Significant Accounting Policies

(I) Compliance Statement

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards recognized and issued as effective by the FSC.

(II) Basis of Preparation

These consolidated financial statements have been prepared on a historical cost basis.

(III) Criteria for classifying assets and liabilities as current and non-current

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (excluding cash restricted from being exchanged or used to settle liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities for which the consolidated company does not have a substantive right at the balance sheet date to defer settlement for at least 12 months after the balance sheet date.

Assets or liabilities other than those classified above as current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated statements of comprehensive income include the operating results of subsidiaries acquired or disposed of during the current period from the acquisition date to the disposal date. The financial statements of subsidiaries have been adjusted to make their accounting policies consistent with those of the consolidated company. In preparing the consolidated financial statements, all transactions, account balances, income, and expenses between entities have been fully eliminated. The total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interests, even if the non-controlling interests thereby become a deficit balance.

When the consolidated company loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between: (1) the aggregate of the fair value of the consideration received and the fair value of any retained investment in the former subsidiary at the date control is lost; and (2) the aggregate of the carrying amounts of

the assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary at the date control is lost. The accounting treatment for all amounts previously recognized in other comprehensive income in relation to that subsidiary shall be the same as the basis that would be required if the consolidated company had directly disposed of the related assets or liabilities.

For details of subsidiaries, shareholding percentages, and business activities, please refer to Note 10 and Table 3.

(V) Business Combinations

Business combinations are accounted for using the acquisition method. Acquisition-related costs are recognized as expenses in the period in which the costs are incurred and the services are received.

Goodwill is measured as the excess of the fair value of the consideration transferred and the amount of non-controlling interests in the acquiree over the net amount of the identifiable assets acquired and liabilities assumed at the acquisition date.

Non-controlling interests in the acquiree that represent present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets upon liquidation are measured at their proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

The consolidated company does not apply the acquisition method to business combinations under organizational restructuring, but instead applies the book value method and retrospectively restates prior-period comparative information as if the combination had occurred from the beginning.

(VI) Foreign Currency

When preparing financial statements, transactions denominated in currencies other than an entity's functional currency (foreign currencies) are translated into the functional currency using the exchange rates prevailing on the transaction dates.

Foreign currency monetary items are translated at the closing exchange rates at each balance sheet date. Exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss in the period in which they arise.

Foreign currency non-monetary items measured at historical cost are translated using the exchange rates at the transaction dates and are not subsequently retranslated.

In preparing the consolidated financial statements, the assets and liabilities of foreign operations, including subsidiaries whose country of operation or currency used differs from that of the Company, are translated into NT\$ using the exchange rates prevailing

at each balance sheet date. Income and expense items are translated using the average exchange rates for the current period, and the resulting exchange differences are recognized in other comprehensive income.

If the consolidated company disposes of all ownership interests in an affiliate that is a foreign operation, all accumulated exchange differences related to that foreign operation shall be reclassified to profit or loss.

(VII) Inventories

Inventories are measured at the lower of cost and net realizable value, and the comparison between cost and net realizable value is made on an individual item basis. Net realizable value refers to the estimated selling price under normal circumstances less the estimated costs to complete and the estimated costs necessary to make the sale. The weighted-average method is used to calculate inventory costs.

(VIII) Property, Plant and Equipment

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

Property, plant, and equipment under construction are recognized at cost less accumulated impairment losses. Cost includes professional service fees and borrowing costs eligible for capitalization. Such assets are classified into the appropriate categories of property, plant, and equipment and depreciation begins when the assets are completed and ready for their intended use.

Property, plant, and equipment are depreciated on a straight-line basis over their useful lives, with each significant component depreciated separately. The consolidated company reviews the estimated useful lives, residual values, and depreciation methods at least at the end of each annual period, and applies the effects of changes in accounting estimates prospectively.

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

(IX) Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or consolidated company of cash-generating units (collectively referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with its recoverable amount. If the goodwill allocated to a cash-generating unit was acquired in a business combination during the current year, the unit shall be tested for impairment before the end of the current year. If the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of the goodwill allocated to the cash-generating unit and then allocated to the other assets of the unit on a pro rata basis according to the carrying amount of each asset within the unit. Any impairment loss is recognized directly in current-period profit or loss. Impairment losses recognized for goodwill shall not be reversed in subsequent periods.

When disposing of an operation within a cash-generating unit to which goodwill has been allocated, the amount of goodwill associated with the disposed operation is included in the carrying amount of the operation in determining the gain or loss on disposal.

(X) Intangible Assets

1. Acquired separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The consolidated company reviews the estimated useful lives, residual values, and amortization methods at least at the end of each annual period and applies the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are presented at cost less accumulated impairment losses.

2. Acquired through business combinations

Intangible assets acquired through business combinations are recognized at their fair values on the acquisition date and are recognized separately from goodwill. Subsequent measurement is the same as that for intangible assets acquired separately.

3. Derecognition

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

(XI) Impairment of property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill)

The consolidated 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 indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

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

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the 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 for the asset or cash-generating unit in prior years. The reversal of an impairment loss is recognized in profit or loss.

(XII) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the consolidated company becomes a party to the contractual provisions of the instruments.

Upon initial recognition of financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly

attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

Regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement Types

The types of financial assets held by the consolidated company are financial assets measured at amortized cost.

Financial assets measured at amortized cost

Financial assets invested in by the consolidated company are classified as financial assets measured at amortized cost if both of the following conditions are met:

- A. They are 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, notes receivable measured at amortized cost, accounts receivable, other receivables, restricted bank deposits, and refundable deposits, are subsequently measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment losses. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b. For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired, interest income shall be calculated by applying the effective interest rate to the amortized cost of the financial asset beginning from the next reporting period after the asset becomes credit-impaired.

Credit-impaired financial assets refer to financial assets for which the issuer or debtor has experienced significant financial difficulty, default, a high probability of bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset due to financial difficulties.

(2) Impairment of Financial Assets

At each balance sheet date, the consolidated company assesses impairment losses on financial assets measured at amortized cost, including accounts receivable, based on expected credit losses.

Loss allowances for accounts receivable are recognized based on lifetime expected credit losses. For other financial assets, the consolidated company first assesses whether credit risk has increased significantly since initial recognition. If credit risk has not increased significantly, a loss allowance is recognized based on 12-month expected credit losses; if credit risk has increased significantly, a loss allowance is recognized based on lifetime expected credit losses.

Expected credit losses are weighted-average credit losses weighted by the risk of default occurring. 12-month expected credit losses represent the expected credit losses resulting from possible default events on a financial instrument within 12 months after the reporting date, while lifetime expected credit losses represent the expected credit losses resulting from all possible default events over the expected life of the financial instrument.

For internal credit risk management purposes, the consolidated company determines that a financial asset is in default when internal or external information indicates that the debtor is unlikely to repay its obligations, without considering any collateral held.

All impairment losses on financial assets are recognized through allowance accounts to reduce their carrying amounts.

(3) Derecognition of Financial Assets

The consolidated company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity.

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

2. Equity Instrument

Equity instruments issued by the consolidated company are recognized at the amount of proceeds received less direct issuance costs.

3. Financial Liabilities

(1) Subsequent measurement

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

(2) Derecognition of Financial Liabilities

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

(XIII) Provision

The amount recognized as a provision is the best estimate of the expenditures required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

Decommissioning and Restoration Obligations

In accordance with lease agreements, the consolidated company is required to restore leased stores to their original condition at the end of the lease term. The consolidated company recognizes a provision based on the present value of the best estimate of the future economic outflows required to fulfill its restoration obligations under lease agreements.

(XIV) Revenue Recognition

After identifying performance obligations in contracts with customers, the consolidated company allocates the transaction price to each performance obligation and recognizes revenue upon satisfaction of each performance obligation.

1. Food and Beverage Revenue

Food and beverage revenue is derived from the sale of food and beverage products related to chain restaurants and is recognized when the food and beverage services are provided to customers.

Under customer loyalty programs, customers are awarded points redeemable for future food and beverage purchases when purchasing food and beverages. As the points provide a material right, the portion of the transaction price allocated to the points is recognized as a contract liability upon receipt and is subsequently recognized as revenue when the points are redeemed or expire.

2. Revenue from Sale of Goods

Revenue from the sale of goods is derived from the sale of products related to chain restaurants. Because customers obtain the right to determine the price and use of the products and bear the primary responsibility for resale and the risks of obsolescence when the products are delivered to the locations designated by the customers, the consolidated company recognizes revenue and accounts receivable at that point in time.

For materials sent for processing, control over the ownership of the processed products has not been transferred; therefore, no revenue is recognized when the materials are delivered for processing.

3. Labor Service Revenue

Service revenue includes operating services provided under franchise agreements and is recognized when the services are rendered.

4. Licensing Revenue

Under the consolidated company's chain franchise licensing business practices, the Company continuously analyzes consumer preferences for products and accordingly launches new products and conducts pricing analyses and marketing activities. Franchise stores are required to cooperate in launching new products. Since the activities conducted under the aforementioned business practices do not transfer goods or services to franchise stores, the nature of the franchise license is to provide franchise stores with access to intellectual property existing throughout the license period. Initial franchise fees are recognized as licensing revenue on a straight-line basis over the license period, while ongoing franchise fees calculated based on sales are recognized as licensing revenue when the franchise stores make actual sales.

(XV) Leases

The consolidated company assesses whether a contract is, or contains, a lease at the contract inception date.

The consolidated company as lessee

Except for lease payments for leases of low-value underlying assets and short-term leases that qualify for recognition exemptions, which are recognized as expenses on a straight-line basis over the lease terms, all other leases are recognized as right-of-use assets and lease liabilities at the lease commencement date.

Right-of-use assets are initially measured at cost, which includes the initial measurement amount of the lease liabilities, lease payments made before the lease commencement date less any lease incentives received, initial direct costs, and estimated costs for restoring the underlying assets. Subsequently, they are measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of lease liabilities. Right-of-use assets are presented separately in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, including fixed payments and in-substance fixed payments. If the interest rate implicit in the lease can be readily determined, the lease payments are discounted using that interest rate. If that interest rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured on an amortized cost basis using the effective interest method, and interest expenses are allocated over the lease terms. If changes in lease terms result in changes in future lease payments, the consolidated company remeasures the lease liabilities and makes a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheets.

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

(XVI) Borrowing Costs

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

(XVII) Government Grants

Government grants are recognized only when there is reasonable assurance that the consolidated 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 profit or loss on a systematic basis over the periods in which the consolidated company recognizes as expenses the related costs that the grants are intended to compensate.

If government grants are intended to compensate for expenses or losses already incurred, or to provide immediate financial support to the consolidated company with no future related costs, they are recognized in profit or loss in the period in which they become receivable.

(XVIII) Employee Benefits

1. Short-term Employee Benefits

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

2. Post-employment Benefits

Pension costs under defined contribution retirement plans are recognized as expenses based on the pension contributions payable during the periods in which employees render services.

(XIX) Share-based Payment Arrangements

1. Equity-settled share-based payment arrangements granted by the Company to employees

Employee share options are recognized as expenses on a straight-line basis over the vesting period based on the fair value of the equity instruments at the grant date and the best estimate of the number of options expected to vest, with a corresponding adjustment to capital reserve - employee share options. If the options vest immediately on the grant date, the expense is recognized in full on the grant date.

The consolidated company revises its estimate of the number of employee share options expected to vest at each balance sheet date. If the originally estimated number is revised, the effects of the revision are recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital reserve - employee share options.

2. Equity-settled share-based payment arrangements granted by the parent company to the Company's employees

Employee share options granted by the parent company to the Company's employees and settled using the parent company's equity instruments are regarded as capital contributions to the Company and are measured at the fair value of the equity instruments at the grant date. The Company recognizes compensation costs over the vesting period, with a corresponding adjustment to capital reserve - employee share options.

(XX) Income Tax

Income tax expense represents the sum of current income tax and deferred income tax.

1. Current Income Tax

The consolidated company determines current income (loss) in accordance with the regulations established by each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

Additional income tax on undistributed earnings calculated in accordance with the Income Tax Act of the Republic of China is recognized in the year in which the shareholders' meeting resolves the distribution.

Adjustments to income tax payable for prior years are included in current income tax.

2. Deferred Income Tax

Deferred income tax is calculated based on temporary differences arising between the carrying amounts of assets and liabilities in the accounts and their tax bases used in determining taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

All taxable temporary differences related to investments in subsidiaries are recognized as deferred tax liabilities, except when the consolidated company is able to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not reverse in the foreseeable future. Deductible temporary differences related to such investments are recognized as deferred tax assets only to the extent that it is probable that sufficient taxable income will be available to realize the temporary differences and that they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable income will be available to realize all or part of the asset. Items previously not recognized as deferred tax assets are also reassessed at each balance sheet date, and the carrying amount is increased to the extent that it becomes probable that future taxable income will be available to realize all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would arise from the manner in which the consolidated company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred Income Tax

Current and deferred income taxes are recognized in profit or loss.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When the consolidated company applies accounting policies, where relevant information cannot be readily obtained from other sources, management must make judgments, estimates, and assumptions based on historical experience and other relevant factors. Actual results may differ from these estimates.

Key sources of estimation and assumption uncertainty - estimation of goodwill impairment

In determining whether goodwill (including goodwill included in investments in subsidiaries) is impaired, the value in use of the cash-generating unit to which the goodwill is allocated must be estimated. To calculate value in use, management shall estimate the future cash flows expected to be generated from the cash-generating unit and determine an appropriate discount rate for calculating their present value. If actual cash flows are lower than expected, significant impairment losses may arise.

VI. Cash

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and petty cash	\$ 2,697	\$ 2,102
Bank checks and demand deposits	<u>255,594</u>	<u>384,611</u>
	<u>\$ 258,291</u>	<u>\$ 386,713</u>

The interest rate range of bank deposits at the balance sheet date is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank demand deposits	0.03%–0.73%	0.00%–0.95%

VII. Financial assets measured at amortized cost - current

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Restricted bank deposits	<u>\$ 37</u>	<u>\$ -</u>

As of December 31, 2025, the interest rate on restricted bank deposits was 0.71%. Information on financial assets measured at amortized cost that have been pledged is disclosed in Note 30.

VIII. Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount - non-related parties	\$ 126,941	\$ 100,487
Total carrying amount - related parties	<u>133</u>	<u>108</u>
	<u>\$ 127,074</u>	<u>\$ 100,595</u>

The consolidated company's average credit period for sales of goods is 30-45 days. In addition, for retail store customers, the consolidated company primarily adopts cash transactions (or credit card payments). Except for certain outlets located in shopping malls or department stores, where accounts receivable are based on credit terms negotiated between both parties, the average credit period is 15-30 days. Accounts receivable are non-interest bearing due to the short credit period. To mitigate credit risk, the consolidated company's management assigns a dedicated team to determine credit limits and implement other monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue receivables. In addition, at each balance sheet date, the consolidated company individually reviews the recoverable amounts of receivables to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, management of the consolidated company considers that the consolidated company's credit risk has been significantly reduced.

The consolidated company recognizes allowance for impairment losses on accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which takes into consideration customers' historical default records, current financial condition, economic conditions of the industry, and industry outlook. As the consolidated company's historical credit loss experience indicates

that there are no significant differences in the loss patterns among different customer groups, the expected credit loss rates are determined solely based on the number of days past due for accounts receivable.

The consolidated company assessed accounts receivable using the provision matrix and determined that there were no material allowance losses as of December 31, 2025 and 2024.

Details are as follows:

December 31, 2025

	<u>Not past due</u>	<u>Past due 1 to 90 days</u>	<u>Past due 91 to 180 days</u>	<u>Past due 181 to 270 days</u>	<u>Past due 271 to 360 days</u>	<u>Past due for more than 360 days</u>	<u>Total</u>
Total carrying amount	\$126,197	\$ 482	\$ 295	\$ -	\$ -	\$ 100	\$127,074
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-	-
Amortized cost	<u>\$126,197</u>	<u>\$ 482</u>	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$127,074</u>

December 31, 2024

	<u>Not past due</u>	<u>Past due 1 to 90 days</u>	<u>Past due 91 to 180 days</u>	<u>Past due 181 to 270 days</u>	<u>Past due 271 to 360 days</u>	<u>Past due for more than 360 days</u>	<u>Total</u>
Total carrying amount	\$ 99,630	\$ 805	\$ 160	\$ -	\$ -	\$ -	\$100,595
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 99,630</u>	<u>\$ 805</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$100,595</u>

IX. Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw materials	\$ 40,214	\$ 37,171
Merchandises	<u>7,511</u>	<u>5,150</u>
	<u>\$ 47,725</u>	<u>\$ 42,321</u>

Operating costs related to inventories for 2025 and 2024 amounted to NT\$914,500 thousand and NT\$710,448 thousand, respectively.

Cost of goods sold for 2025 and 2024 included inventory write-down and obsolescence losses of NT\$185 thousand and NT\$249 thousand, respectively.

X. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The entities included in the preparation of these consolidated financial statements are as follows:

Name of investing company	Name of subsidiary	Nature of business	Percentage of ownership interest held		Description
			December 31, 2025	December 31, 2024	
The Company	Kingza HK Limited (hereinafter referred to as "Kingza HK")	Reinvestment holding company	-	100%	1
	Kingza USA, LLC (hereinafter referred to as "Kingza USA")	Franchising of chain restaurants and sales of related products	100%	100%	2
	Yang Shin Food & Beverage, Inc. (hereinafter referred to as "Yang Shin")	Franchising of chain restaurants and sales of related products	51%	-	3、4
Kingza HK	Kingza Catering Management (Shanghai) Co., Ltd. (hereinafter referred to as "Kingza Shanghai")	Franchising of chain restaurants and sales of related products	-	-	1

Remarks:

- Kingza HK was established in January 2017, and its principal business is reinvestment in Kingza Shanghai in China. In May 2023, the Company's Board of Directors resolved to liquidate Kingza HK and Kingza Shanghai invested by Kingza HK. Kingza Shanghai and Kingza HK completed liquidation and deregistration in June 2024 and May 2025, respectively.
- In May 2023, the Company's Board of Directors approved the establishment of a subsidiary in the United States to expand into the U.S. market. Kingza USA, LLC completed its registration in December 2023, and NT\$3,242 thousand (US\$100 thousand) was remitted in June 2024.
- On April 22, 2025, the Company's Board of Directors approved the acquisition of 51% equity interests in Yang Shin and Yang Ho Food Co., Ltd. (hereinafter referred to as "Yang Ho") for NT\$102,400 thousand and NT\$4,700 thousand, respectively, in order to integrate internal group resources, enhance operational synergies, enrich the brand portfolio, and further expand into diversified dining formats and consumer segments. The equity purchase agreements were signed on April 23, 2025, with June 1, 2025 designated as the acquisition date.
- At the extraordinary shareholders' meeting held on December 1, 2025, Yang Shin approved the merger with Yang Ho in order to enhance operational efficiency, promote sound management, integrate overall resources, and reduce operating costs. The merger was carried out through the issuance of 2,013,900 no-par-value shares to the shareholders of Yang Ho. Yang Shin was the surviving company, and Yang

Ho was the dissolved company. Both the merger date and the capital increase record date were December 31, 2025.

(II) Information on subsidiaries with material non-controlling interests

<u>Name of subsidiary</u>	<u>Percentage of ownership interest and voting rights held by non-controlling interests December 31, 2025</u>
Yang Shin	49%

For information on the principal place of business and country of incorporation, please refer to Table 3.

<u>Name of subsidiary</u>	<u>Profit or loss attributable to non-controlling interests June 1 to December 31, 2025</u>	<u>Non-controlling interest December 31, 2025</u>
Yang Shin	<u>\$ 3,087</u>	<u>\$ 63,741</u>

The following summarized financial information of the subsidiaries is prepared based on the amounts before elimination of intercompany transactions:

Yang Shin

	<u>December 31, 2025</u>
Current asset	\$ 88,603
Non-current assets	455,698
Current liabilities	(139,995)
Non-current liabilities	(230,009)
Equity	<u>\$ 174,297</u>
Equity attributable to:	
Owners of the Company	\$ 110,437
Non-controlling interest	<u>63,860</u>
	<u>\$ 174,297</u>

	June 1 to December 31, 2025
Operating revenue	<u>\$ 213,968</u>
Net profit and total comprehensive income for the current period	<u>\$ 7,247</u>
Net profit and total comprehensive income attributable to:	
Owners of the Company	\$ 3,696
Non-controlling interest	<u>3,551</u>
	<u>\$ 7,247</u>
 Cash flows	
Operating activities	\$ 37,874
Investing activities	(24,326)
Financing activities	<u>14,742</u>
Net cash inflows	<u>\$ 28,290</u>

XI. Property, Plant and Equipment

	Lease improvements	Transportation equipment	Miscellaneous equipment	Construction in progress and equipment pending inspection	Total
<u>Costs</u>					
Balance as of January 1, 2025	\$ 305,195	\$ -	\$ 180,539	\$ 7,512	\$ 493,246
Acquired through business combinations (Note 26)	84,792	829	55,663	-	141,284
Addition	62,737	-	23,245	17,180	103,162
Disposal	(28,890)	-	(12,699)	-	(41,589)
Internal transfer	13,514	-	2,301	(14,368)	1,447
Balance as of December 31, 2025	<u>\$ 437,348</u>	<u>\$ 829</u>	<u>\$ 249,049</u>	<u>\$ 10,324</u>	<u>\$ 697,550</u>
<u>Accumulated depreciation and impairment losses</u>					
Balance as of January 1, 2025	\$ 236,538	\$ -	\$ 146,070	\$ -	\$ 382,608
Acquired through business combinations (Note 26)	35,270	644	26,880	-	62,794
Impairment loss	386	-	-	-	386
Depreciation expenses	47,320	81	26,537	-	73,938
Disposal	(27,755)	-	(12,243)	-	(39,998)
Balance as of December 31, 2025	<u>\$ 291,759</u>	<u>\$ 725</u>	<u>\$ 187,244</u>	<u>\$ -</u>	<u>\$ 479,728</u>
Net amount as of December 31, 2025	<u>\$ 145,589</u>	<u>\$ 104</u>	<u>\$ 61,805</u>	<u>\$ 10,324</u>	<u>\$ 217,822</u>
<u>Costs</u>					
Balance as of January 1, 2024	\$ 276,603	\$ -	\$ 165,997	\$ 1,739	\$ 444,339
Addition	32,527	-	22,366	16,820	71,713
Disposal	(13,182)	-	(9,624)	-	(22,806)
Internal transfer	9,247	-	1,800	(11,047)	-
Balance as of December 31, 2024	<u>\$ 305,195</u>	<u>\$ -</u>	<u>\$ 180,539</u>	<u>\$ 7,512</u>	<u>\$ 493,246</u>
<u>Accumulated depreciation</u>					
Balance as of January 1, 2024	\$ 211,910	\$ -	\$ 135,207	\$ -	\$ 347,117
Depreciation expenses	37,665	-	19,887	-	57,552
Disposal	(13,037)	-	(9,024)	-	(22,061)
Balance as of December 31, 2024	<u>\$ 236,538</u>	<u>\$ -</u>	<u>\$ 146,070</u>	<u>\$ -</u>	<u>\$ 382,608</u>
Net amount as of December 31, 2024	<u>\$ 68,657</u>	<u>\$ -</u>	<u>\$ 34,469</u>	<u>\$ 7,512</u>	<u>\$ 110,638</u>

Depreciation expenses are recognized using the straight-line method over the following estimated useful lives:

Lease improvements	1 to 10 years
Transportation equipment	5 years
Miscellaneous equipment	1 to 10 years

Disposals of property, plant and equipment primarily arose from the closure of directly operated stores or the disposal of related assets.

Due to certain stores of the consolidated company not achieving the expected operating performance, their recoverable amounts were lower than their carrying amounts. Accordingly, an impairment loss of NT\$386 thousand was recognized in 2025, and such impairment loss was included under other gains and losses in the consolidated statements of comprehensive income. No indication of impairment was identified upon assessment in 2024.

XII. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of right-of-use assets		
Buildings	\$ 421,345	\$ 205,613
Transportation equipment	136	689
Wealth-generating tools	<u>415</u>	<u>1,047</u>
	<u>\$ 421,896</u>	<u>\$ 207,349</u>
	<u>2025</u>	<u>2024</u>
Addition of right-of-use assets	<u>\$ 93,579</u>	<u>\$ 155,926</u>
Acquired through business combinations (Note 26)	<u>\$ 235,855</u>	<u>\$ -</u>
Depreciation expenses of right-of-use assets		
Buildings	\$ 111,946	\$ 86,367
Transportation equipment	784	688
Wealth-generating tools	<u>190</u>	<u>85</u>
	<u>\$ 112,920</u>	<u>\$ 87,140</u>

Except for additions, acquisitions through business combinations, recognition of depreciation expenses, remeasurement of lease liabilities due to lease modifications with corresponding adjustments to right-of-use assets, and expenses arising from the closure of directly operated stores, the consolidated company did not have any material sublease or impairment of right-of-use assets in 2025 and 2024.

(II) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of lease liabilities		
Current	<u>\$ 103,154</u>	<u>\$ 83,110</u>
Non-current	<u>\$ 324,990</u>	<u>\$ 128,487</u>

The range of discount rates for lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Buildings	1.45-2.60%	1.45-2.00%
Transportation equipment	1.45-2.60%	1.45%
Wealth-generating tools	2.00%	2.00%

(III) Significant leasing activities and terms

The consolidated company leases certain properties for use as stores and central kitchens. Certain store lease agreements stipulate variable lease payments based on a specified percentage of the gross or net sales of the stores. Such variable payment terms are primarily applied to stores located in department stores. The variable lease payment terms within the consolidated company vary significantly:

1. Most variable payments are calculated based on a specified percentage of the gross sales of the stores;
2. Certain variable payment terms include minimum payment clauses.

(IV) Other leases information

	<u>2025</u>	<u>2024</u>
Short-term lease overheads	<u>\$ 2,545</u>	<u>\$ 5,743</u>
Expenses relating to leases of low-value assets	<u>\$ 7,162</u>	<u>\$ 3,052</u>
Variable lease payment expenses not included in the measurement of lease liabilities	<u>\$ 113,179</u>	<u>\$ 91,588</u>
Total cash outflow for leases	<u>(\$ 241,244)</u>	<u>(\$ 188,683)</u>

The consolidated company elected to apply the recognition exemptions to leases qualifying as short-term leases or leases of low-value assets and, accordingly, did not recognize the related right-of-use assets and lease liabilities for such leases.

XIII. Goodwill (None in 2024)

	<u>2025</u>
Opening balance	\$ -
Acquired through business combination during the current year (Note 26)	<u>43,971</u>
Ending balance	<u>\$ 43,971</u>

The consolidated company conducted an impairment assessment of goodwill at the end of the annual financial reporting period and used value in use as the basis for determining the recoverable amount. The calculation of value in use is based on the estimated cash flows from the financial forecasts of each cash-generating unit for the next five years and was calculated using a discount rate of 8.04% in 2025 to reflect the specific risks associated with the relevant cash-generating units.

In March 2026, the consolidated company obtained a valuation report. According to the report, the fair value of the trademark rights of subsidiary Yang Shin (including Yang Ho) on the acquisition date was NT\$56,328 thousand, and the calculated goodwill amounted to NT\$43,971 thousand. The consolidated company has adjusted the provisional amounts and the initial accounting treatment retrospectively from the acquisition date.

XIV. Intangible Assets

	Computer software	Franchise rights	Trademark rights	Total
<u>Costs</u>				
Balance as of January 1, 2025	\$ 5,474	\$ 61,942	\$ -	\$ 67,416
Acquired through business combinations (Note 26)	234	-	56,328	56,562
Acquired separately	1,766	3,856	-	5,622
Disposal	-	(149)	-	(149)
Balance as of December 31, 2025	<u>\$ 7,474</u>	<u>\$ 65,649</u>	<u>\$ 56,328</u>	<u>\$129,451</u>
<u>Accumulated amortization and impairment losses</u>				
Balance as of January 1, 2025	\$ 1,897	\$ 37,535	\$ -	\$ 39,432
Acquired through business combinations (Note 26)	135	-	-	135
Amortization expenses	2,122	5,071	-	7,193
Disposal	-	(149)	-	(149)
Impairment loss	-	684	-	684
Balance as of December 31, 2025	<u>\$ 4,154</u>	<u>\$ 43,141</u>	<u>\$ -</u>	<u>\$ 47,295</u>
Net amount as of December 31, 2025	<u>\$ 3,320</u>	<u>\$ 22,508</u>	<u>\$ 56,328</u>	<u>\$ 82,156</u>
<u>Costs</u>				
Balance as of January 1, 2024	\$ 3,497	\$ 62,858	\$ -	\$ 66,355
Acquired separately	2,055	3,007	-	5,062
Disposal	(78)	(3,923)	-	(4,001)
Balance as of December 31, 2024	<u>\$ 5,474</u>	<u>\$ 61,942</u>	<u>\$ -</u>	<u>\$ 67,416</u>
<u>Accumulated amortization and impairment losses</u>				
Balance as of January 1, 2024	\$ 296	\$ 36,544	\$ -	\$ 36,840
Amortization expenses	1,679	4,914	-	6,593
Disposal	(78)	(3,923)	-	(4,001)
Balance as of December 31, 2024	<u>\$ 1,897</u>	<u>\$ 37,535</u>	<u>\$ -</u>	<u>\$ 39,432</u>
Net amount as of December 31, 2024	<u>\$ 3,577</u>	<u>\$ 24,407</u>	<u>\$ -</u>	<u>\$ 27,984</u>

The legal term of trademarks is 10 years; however, the legal term may be renewed every 10 years at minimal cost. The management of the consolidated company believes that the consolidated company has the intention and ability to continually renew the useful lives. The trademark will not be amortized until its useful life is determined to be finite; however, impairment testing is conducted annually regardless of whether there is any indication of impairment.

Due to certain stores of the consolidated company not achieving the expected operating performance, their recoverable amounts were lower than their carrying amounts. Accordingly, an impairment loss of NT\$684 thousand was recognized in 2025, and such impairment loss was included under other gains and losses in the consolidated statements of comprehensive income. No indication of impairment was identified upon assessment in 2024. Amortization expenses are recognized using the straight-line method over the following estimated useful lives:

Computer software	2 to 5 years
Franchise rights	2 to 20 years

For the brand franchise agreements entered into by the consolidated company, please refer to Note 31.

XV. Other assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Guarantee deposits	\$ 16,867	\$ 10,971
Long-term prepaid expenses	10,200	10,880
Prepayments for construction and equipment	<u>2,327</u>	<u>2,434</u>
	<u>\$ 29,394</u>	<u>\$ 24,285</u>
Guarantee deposits		
- Current (recognized in other current assets)	<u>\$ 5,950</u>	<u>\$ 3,452</u>
- Non-current	<u>\$ 16,867</u>	<u>\$ 10,971</u>

XVI. Long-term borrowings (None as of December 31, 2024)

	<u>December 31,</u> <u>2025</u>
<u>Bank borrowings</u>	
Taiwan Cooperative Bank	\$ 14,639
Mega International Commercial Bank	<u>4,762</u>
	19,401
Less: Portion due within one year	(<u>7,603</u>)
	<u>\$ 11,798</u>

The consolidated company's borrowings are guaranteed by the Small & Medium Enterprise Credit Guarantee Fund, and the principal management of the consolidated company serves as joint guarantors within the approved credit limits. The final maturity date of the borrowings from Taiwan Cooperative Bank is September 15, 2030, and the final maturity date of the borrowings from Mega International Commercial Bank is August 31, 2027.

As of December 31, 2025, the effective annual interest rates ranged from 2.220% to 2.723%.

XVII. Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and bonuses payable	\$ 83,260	\$ 50,953
Payables for construction and equipment	22,747	36,762
Insurance premiums payable	9,828	6,638
Royalties payable	7,875	7,840
Others	<u>37,441</u>	<u>22,130</u>
	<u>\$ 161,151</u>	<u>\$ 124,323</u>

XVIII. Provision

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Decommissioning liabilities		
- Current	<u>\$ 11,000</u>	<u>\$ 8,300</u>
- Non-current	<u>\$ 10,130</u>	<u>\$ 9,150</u>
	<u>2025</u>	<u>2024</u>
Opening balance	\$ 17,450	\$ 15,700
Acquired through business combinations (Note 26)	2,410	-
Additions during the current year	2,807	2,550
Used during the current year	(<u>1,537</u>)	(<u>800</u>)
Ending balance	<u>\$ 21,130</u>	<u>\$ 17,450</u>

The provision for restoration liabilities represents the estimated costs related to restoring leased assets to their original condition at the commencement of the lease upon return of the stores to the lessors, as stipulated in the store lease agreements entered into by the consolidated company.

XIX. Post-employment benefit plans

The pension plan adopted by the Company within the consolidated company under the Labor Pension Act is a government-managed defined contribution plan, under which pension contributions are made at 6% of employees' monthly salaries to their individual accounts with the Bureau of Labor Insurance.

XX. Equity

(I) Common stock capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized shares (thousand shares)	<u>50,000</u>	<u>50,000</u>
Authorized share capital	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Issued and fully paid shares (thousand shares)	<u>19,760</u>	<u>19,600</u>
Issued share capital	<u>\$ 197,600</u>	<u>\$ 196,000</u>

On July 24, 2024, the Company's Board of Directors resolved to conduct a cash capital increase through the issuance of new shares for the initial TPEX listing public offering. A total of 2,600 thousand new shares with a par value of NT\$10 per share were issued, totaling NT\$26,000 thousand. After the capital increase, the paid-in capital amounted to NT\$196,000 thousand. The above cash capital increase adopted September 6, 2024 as the capital increase record date. The public subscription underwriting price and the weighted average successful bid price from the auction were NT\$70.80 and NT\$71.59 per share, respectively, and total proceeds of NT\$185,565 thousand were fully collected. In addition, transaction costs of NT\$3,050 thousand related to the issuance of new shares were deducted from capital reserve.

The primary reason for the change in the Company's share capital in 2025 was the exercise of employee stock options.

(II) Capital reserve

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>May be used to offset deficits, distribute cash, or capitalize share capital</u> (1)		
Share premium	\$ 155,681	\$ 165,252
<u>May only be used to offset deficits</u>		
Unclaimed dividends	1	-
<u>May not be used for any purpose</u>		
Employee stock options	<u>8,208</u>	<u>9,782</u>
	<u>\$ 163,890</u>	<u>\$ 175,034</u>

- (1) Such capital reserves may be used to offset deficits and may also be used to distribute cash or capitalize share capital when the Company has no deficits; provided that, when capitalizing share capital, the annual amount is limited to a certain percentage of the paid-in capital.

(III) Retained earnings and dividend policy

The Company's earnings distribution or loss compensation may be made after the end of each half year. If earnings distribution is paid in cash, it shall be resolved by the Board of Directors in accordance with Article 228-1 and Paragraph 5 of Article 240 of the Company Act, and reported to the Shareholders' Meeting without requiring shareholder approval.

If there is a surplus in the Company's annual final accounts, the Company shall pay taxation and make up for accumulated losses in accordance with the law, and then 10% of the "Profit after tax for the current period" plus "the amount of items other than the profit after tax for the current period included in the undistributed earnings of the current year" shall be allocated as the legal reserve. However, when the legal reserve has reached the paid-in capital of the Company, further appropriation may not be required. Next, special reserves will be appropriated or reversed in accordance with the Company's operational needs and laws and regulations. The remaining balance, together with the accumulated undistributed earnings, will be used by the Board of Directors to prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution regarding the distribution of shareholder dividends. For the distribution policy regarding employees' remuneration and directors' remuneration as stipulated in the Company's Articles of Incorporation, please refer to Note 22(7), Employees' Remuneration and Directors' Remuneration.

In addition, pursuant to the Company's Articles of Incorporation, the dividend policy is determined in consideration of the current and future development plans, investment environment, funding requirements, domestic and international competitive conditions, and shareholders' interests. The Company shall appropriate no less than 10% of the current year's earnings each year for the distribution of shareholders' dividends and bonuses. If there is a loss for the current year or undistributed earnings remain from prior years, earnings from prior years may be distributed; provided that when the accumulated distributable earnings for the current year (i.e., distributable earnings plus undistributed earnings from prior years) are less than 10% of the Company's paid-in capital, dividends or bonuses may not be distributed to shareholders. Shareholders' dividends and bonuses may be distributed in the form of cash dividends or stock dividends, of which cash dividends shall account for no less than 30% of the total shareholders' dividend distribution. Where the aforementioned dividends are distributed in cash, the Board of Directors may resolve such distribution in accordance with Article 241 of the Company Act and report the same to the shareholders' meeting.

Legal reserve shall be appropriated until its balance reaches the total amount of the Company's paid-in capital. Legal reserve may be used to offset deficits. When the Company has no deficits, the portion of legal reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being capitalized as share capital.

The Company's earnings distribution proposals for 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Legal reserve	<u>\$ 8,105</u>	<u>\$ 1,248</u>
(Reversal of) appropriation of special reserve	(<u>\$ 640</u>)	<u>\$ 642</u>
Cash dividends	<u>\$ 72,520</u>	<u>\$ 10,200</u>
Cash dividend per share (NT\$)	\$ 3.70	\$ 0.60

In addition, the Company's Board of Directors resolved on March 5, 2025 and March 21, 2024 to distribute cash from capital reserve in the amounts of NT\$15,680 thousand (NT\$0.8 per share) and NT\$74,800 thousand (NT\$4.40 per share), respectively.

The aforementioned cash dividends were approved by resolutions of the Board of Directors, and the remaining earnings distribution items for 2024 and 2023 were approved at the annual general shareholders' meetings held on June 3, 2025 and June 5, 2024, respectively.

The Company's Board of Directors proposed the following earnings distribution plans for the first half and second half of 2025:

	January 1 to June 30, 2025	July 1 to December 31, 2025
Resolution date of the Board of Directors	August 8, 2025	March 10, 2026
Legal reserve	<u>\$ 3,754</u>	<u>\$ 5,233</u>
Appropriation of (reversal of) special reserve	<u>\$ 306</u>	<u>(\$ 204)</u>
Cash dividends	<u>\$ 29,427</u>	<u>\$ 49,400</u>
Cash dividend per share (NT\$)	\$ 1.50	\$ 2.50

Due to employees exercising employee stock options in Q2 2025, the actual cash dividend distributed per share was adjusted to NT\$1.49197657.

The aforementioned cash dividends were approved by resolutions of the Board of Directors, and the remaining items are expected to be resolved at the annual general shareholders' meeting to be held on June 9, 2026.

XXI. Revenue

	<u>2025</u>	<u>2024</u>
Customer contract revenue		
Food and Beverage Revenue	\$ 1,707,776	\$ 1,331,131
Merchandise sales and others	<u>63,670</u>	<u>58,638</u>
	<u>\$ 1,771,446</u>	<u>\$ 1,389,769</u>

Contract balance

For accounts receivable, please refer to Note 8.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liability			
Advance receipts for restaurant gift vouchers	\$ 7,791	\$ -	\$ -
Customer loyalty programs	6,943	12,083	9,787
Advance receipts	6,152	-	-
Franchise and agency authorization	153	-	179
Others	<u>46</u>	<u>294</u>	<u>274</u>
	<u>\$ 21,085</u>	<u>\$ 12,377</u>	<u>\$ 10,240</u>
Current	<u>\$ 21,085</u>	<u>\$ 12,377</u>	<u>\$ 10,240</u>

Changes in contract liabilities primarily arose from the difference between the timing of satisfaction of performance obligations and the timing of customer payments.

XXII. Net profit for the year

(I) Net other gains and losses

	<u>2025</u>	<u>2024</u>
Net profit from the disposal of right-of-use assets	\$ 67	\$ 193
Net loss on disposal of property, plant and equipment	(1,648)	(658)
Impairment loss on assets	(1,070)	-
Government subsidy income	<u>850</u>	<u>896</u>
	<u>(\$ 1,801)</u>	<u>\$ 431</u>
 (II) Interest revenue		
	<u>2025</u>	<u>2024</u>
Bank deposits	\$ 2,283	\$ 1,296
Others	<u>115</u>	<u>110</u>
	<u>\$ 2,398</u>	<u>\$ 1,406</u>
 (III) Other gains and losses		
	<u>2025</u>	<u>2024</u>
Net foreign exchange (losses) gains	(\$ 737)	\$ 356
Others	<u>4,339</u>	<u>4,601</u>
	<u>\$ 3,602</u>	<u>\$ 4,957</u>
 (IV) Interest expense		
	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	\$ 7,505	\$ 3,017
Interest on bank borrowings	528	5
Other interest expenses	<u>109</u>	<u>104</u>
	<u>\$ 8,142</u>	<u>\$ 3,126</u>
 (V) Depreciation and amortization		
	<u>2025</u>	<u>2024</u>
Summary of depreciation expenses by function		
Operating costs	\$ 49,967	\$ 40,217
Operating expenses	<u>136,891</u>	<u>104,475</u>
	<u>\$ 186,858</u>	<u>\$ 144,692</u>
Summary of amortization expenses by function		
Operating costs	\$ 5,071	\$ 4,914
Selling expenses	2,042	1,609
Administrative expenses	79	69
R&D expenses	<u>1</u>	<u>1</u>
	<u>\$ 7,193</u>	<u>\$ 6,593</u>

(VI) Employee benefit expenses

	<u>2025</u>	<u>2024</u>
Post-employment Benefits	\$ 21,669	\$ 16,474
Share-based payment		
Equity-settled	3,988	6,446
Other employee benefits	<u>502,290</u>	<u>371,163</u>
	<u>\$ 527,947</u>	<u>\$ 394,083</u>
Summary by function		
Operating costs	\$ 243,654	\$ 147,848
Operating expenses	<u>284,293</u>	<u>246,235</u>
	<u>\$ 527,947</u>	<u>\$ 394,083</u>

(VII) Employees' and directors' remuneration

Pursuant to the Company's Articles of Incorporation, the Company shall appropriate employees' remuneration and directors' remuneration based on the profit before tax prior to the distribution of employees' remuneration and directors' remuneration for the current year at rates of no less than 1% and no more than 3%, respectively. However, if the Company still has accumulated deficits, an amount shall first be reserved to offset such deficits before appropriating employees' remuneration and directors' remuneration in accordance with the aforementioned percentages. Pursuant to the amendments to the Securities and Exchange Act in August 2024, the Company amended its Articles of Incorporation as approved by the shareholders' meeting in 2025 to stipulate that no less than 0.5% of the aforementioned employees' remuneration shall be allocated as remuneration for entry-level employees.

The estimated employees' remuneration and directors' remuneration for 2025 and 2024 were resolved by the Board of Directors on March 10, 2026 and March 5, 2025, respectively, as follows:

Estimated ratio

	<u>2025</u>	<u>2024</u>
Employees' remuneration	3.06%	2.65%
Directors' remuneration	0.98%	0.88%

Amount

	<u>2025</u>	<u>2024</u>
Employees' remuneration	\$ 3,154	\$ 2,227
Directors' remuneration	1,004	742

If there are subsequent changes in the amounts after the date on which the annual consolidated financial statements are authorized for issuance, such changes shall be accounted for as changes in accounting estimates and recognized in the following year. There was no difference between the actual distributed amounts of employees' and directors' remuneration for 2024 and 2023 and the amounts recognized in the consolidated financial statements for 2024 and 2023.

For information regarding employees' and directors' remuneration resolved by the Company's Board of Directors, please refer to MOPS of the Taiwan Stock Exchange.

XXIII. Income Tax

(I) Income tax recognized in profit or loss

The major components of income tax expense (benefit) are as follows:

	<u>2025</u>	<u>2024</u>
Current Income Tax		
Generated in the current year	\$ 9,313	\$ -
Additional tax on undistributed earnings	9	-
Adjustments for prior years	<u>32</u>	<u>-</u>
	<u>9,354</u>	<u>-</u>
Deferred Income Tax		
Generated in the current year	<u>963</u>	(<u>12</u>)
Income tax expense (benefit) recognized in profit or loss	<u>\$ 10,317</u>	(<u>\$ 12</u>)

The reconciliation between accounting income and income tax expense (benefit) is as follows:

	<u>2025</u>	<u>2024</u>
Profit before tax	<u>\$ 103,278</u>	<u>\$ 81,042</u>
Income tax expense calculated at the statutory tax rate on profit before tax	\$ 21,205	\$ 16,208
Non-deductible expenses for tax purposes	37	-
Additional tax on undistributed earnings	9	-
Unrecognized loss carryforwards	(6,529)	(16,241)
Unrecognized temporary differences	(4,437)	21
Adjustments to current income tax expense for prior years recognized in the current year	<u>32</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 10,317</u>	<u>(\$ 12)</u>

(II) Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities are as follows:

2025

	<u>Opening balance</u>	<u>Acquired through business combinations</u>	<u>Recognized in profit or loss</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Unused leave bonuses	\$ 586	\$ -	\$ 273	\$ 859
Unrealized inventory write-down losses	359	-	36	395
Unrealized impairment losses	-	-	214	214
Loss carryforwards	<u>-</u>	<u>2,363</u>	<u>(1,360)</u>	<u>1,003</u>
	<u>\$ 945</u>	<u>\$ 2,363</u>	<u>(\$ 837)</u>	<u>\$ 2,471</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 126</u>	<u>\$ 160</u>

2024

	Opening balance	Recognized in profit or loss	Ending balance
<u>Deferred income tax assets</u>			
Temporary differences			
Unused leave bonuses	\$ 588	(\$ 2)	\$ 586
Unrealized inventory write-down losses	308	51	359
Unrealized impairment losses	<u>52</u>	<u>(52)</u>	<u>-</u>
	<u>\$ 948</u>	<u>(\$ 3)</u>	<u>\$ 945</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized foreign exchange gains	<u>\$ 49</u>	<u>(\$ 15)</u>	<u>\$ 34</u>

(III) Deductible temporary differences and unused loss carryforwards for which deferred tax assets were not recognized in the consolidated balance sheets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Loss carryforwards		
Expire in 2031	\$ 2,258	\$ 60,145
Expire in 2033	100	-
Expire in 2034	<u>185</u>	<u>-</u>
	<u>\$ 2,543</u>	<u>\$ 60,145</u>
Deductible temporary differences	<u>\$ 612</u>	<u>\$ 19,940</u>

(IV) Unused loss carryforwards

As of December 31, 2025, the information relating to loss carryforwards is as follows:

Remaining unutilized balance	Final year of deduction
\$ 5,700	2031
1,672	2033
<u>185</u>	2034
<u>\$ 7,557</u>	

(V) Income tax assessment status

The Company, Yang Shin, and Yang Ho have had their profit-seeking enterprise income tax returns through 2023 assessed and approved by the tax authorities.

XXIV. Earnings per share

Unit: NT\$

	<u>2025</u>	<u>2024</u>
Basic earnings per share	<u>\$ 4.57</u>	<u>\$ 4.55</u>
Diluted earnings per share	<u>\$ 4.50</u>	<u>\$ 4.42</u>

Net profit and weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

Net profit for the current year attributable to owners of the Company

	<u>2025</u>	<u>2024</u>
Net profit used in the calculation of basic and diluted earnings per share	<u>\$ 89,874</u>	<u>\$ 81,054</u>

Number of shares

Unit: Thousand shares

	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	19,665	17,831
Effect of potentially dilutive ordinary shares:		
Employee stock options	259	241
Employees' remuneration	<u>57</u>	<u>283</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>19,981</u>	<u>18,355</u>

If the consolidated company may elect to settle employees' remuneration in either shares or cash, then for the purpose of calculating diluted earnings per share, it is assumed that employees' remuneration will be settled in shares. Such potential common shares are included in the weighted average number of common shares outstanding when they are dilutive, in order to calculate diluted earnings per share. When calculating diluted earnings per share prior to the resolution of the number of shares to be distributed as employees' remuneration in the following year, the dilutive effect of such potential ordinary shares is also taken into consideration.

XXV. Share-based Payment Arrangements

(I) Employee subscription rights reserved for cash capital increase

On July 24, 2024, the Company's Board of Directors resolved to conduct a cash capital increase and, in accordance with the Company Act, reserve a certain proportion of the shares issued for subscription by employees.

The Black-Scholes valuation model was used for the employee stock options. The input parameters used in the valuation model are as follows:

	<u>August 2024</u>
Share price at the grant date	NT\$71.40
Exercise price	NT\$70.80
Expected volatility	25.00%
Duration period	0.05 years
Risk-free interest rate	1.1458%
Weighted average fair value of share options granted	NT\$1.9585

In 2024, the Company recognized remuneration cost of NT\$509 thousand arising from employee share subscription rights reserved in the cash capital increase.

(II) The Company's employee stock option plan

On June 13, 2023, the Company granted 500 thousand units of employee stock options to employees of the Company who met specific eligibility criteria. The options have a term of five years. Holders of the options may exercise a certain proportion of the options granted starting from the second anniversary of the issuance. Each unit entitles the holder to subscribe for one ordinary share. After the issuance of the share options, if there are changes in the Company's ordinary shares, the exercise price of the share options shall be adjusted in accordance with the prescribed formula.

The related information on employee stock options is as follows:

<u>Employee stock options</u>	<u>2025</u>		<u>2024</u>	
	<u>Unit (thousand)</u>	<u>Weighted average exercise price (NT\$)</u>	<u>Unit (thousand)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at beginning of year	456	\$ 14.40	486	\$ 15.00
Exercised during the current year	(160)	13.42	-	-
Forfeited during the current year	(<u>34</u>)	13.59	(<u>30</u>)	14.50
Outstanding at end of year	<u>262</u>	13.20	<u>456</u>	14.40
Exercisable at end of year	<u>51</u>	13.20	<u>-</u>	-

As of the balance sheet date, the related information on outstanding employee stock options is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Exercise price (NT\$)	\$ 13.20	\$ 14.40
Weighted average remaining contractual life (years)	2.45 years	3.45 years

The employee stock options granted by the Company in June 2023 were valued using the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

	<u>June 2023</u>
Share price at the grant date	NT\$49.01
Exercise price	NT\$15.00
Expected volatility	35.00%
Duration period	5.00 years
Risk-free interest rate	1.0807%-1.0882%

The expected volatility used in the valuation of the employee stock options granted in June 2023 was based on historical stock price volatility of comparable companies.

The Company conducted stock dividend distributions in 2025 and 2024. Accordingly, the exercise price of the employee stock options granted in June 2023 was adjusted in accordance with the issuance rules, effective from the ex-dividend record dates of September 5, 2025, April 9, 2025, and April 11, 2024, to NT\$13.20, NT\$13.48, and NT\$14.40, respectively.

The remuneration cost recognized for 2025 and 2024 amounted to NT\$3,988 thousand and NT\$5,300 thousand, respectively.

(III) The parent company's employee stock option plan

The Company's parent company, La Kaffa International Co., Ltd. ("La Kaffa"), granted 1,000 thousand units of employee stock options on December 8, 2020. The grantees include employees of La Kaffa and its subsidiaries who meet specific eligibility criteria. The options have a term of five years. Holders of the options may exercise a certain proportion of the options granted starting from the second anniversary of the issuance. Each unit entitles the holder to subscribe for one ordinary share. The exercise price of the share options is the closing price of La Kaffa's ordinary shares on the grant date. After issuance of the share options, if there are changes in La Kaffa's ordinary shares, the exercise price shall be adjusted in accordance with the prescribed formula. In 2024, the Company recognized remuneration cost of NT\$637 thousand arising from employee stock options granted by La Kaffa to the Company's employees (None in 2025).

XXVI. Business Combinations

(I) Acquisition of subsidiaries

	<u>Major operating activities</u>	<u>Acquisition date</u>	<u>Ownership interest / acquisition percentage with voting rights (%)</u>	<u>Consideration transferred</u>
Yang Shin Food & Beverage, Inc. (hereinafter referred to as "Yang Shin")	Franchising of chain restaurants and sales of related products	June 1, 2025	51%	<u>\$ 102,400</u>
Yang Ho Food Co., Ltd. (hereinafter referred to as "Yang Ho")	Manufacturing and sale of food products	June 1, 2025	51%	<u>\$ 4,700</u>

In order to expand its presence in the restaurant market and establish a foothold in the high-growth vegetarian dining industry, integrate Group resources, enhance operational synergies, and enrich its brand portfolio, the consolidated company resolved through a Board of Directors meeting held on April 22, 2025 to acquire 51% equity interests in Yang Shin and Yang Ho for cash considerations of NT\$102,400 thousand and NT\$4,700 thousand, respectively. The equity purchase agreements were signed on April 23, 2025, with June 1, 2025 as the acquisition date.

(II) Assets acquired and liabilities assumed as of the acquisition date

	<u>Yang Shin</u>	<u>Yang Ho</u>
Current asset		
Cash and cash equivalents	\$ 20,637	\$ 1,196
Financial assets measured at amortized cost	37	-
Accounts receivable and other receivables	8,239	4,996
Inventories	4,294	2,143
Prepayments	3,502	1,094
Other current assets	9,435	69
Non-current assets		
Property, Plant and Equipment	57,727	20,763
Right-of-use assets	223,553	12,302
Trademark rights	56,328	-
Other intangible assets	99	-
Deferred income tax assets	2,363	-
Other non-current assets	18,937	530
Current liabilities		
Contract liabilities - current	(8,914)	-
Accounts payable and other payables	(34,935)	(5,604)
Lease liabilities - current	(22,531)	(1,300)
Long-term liabilities due within one year	(8,154)	(2,740)
Other current liabilities	(1,627)	(9,151)
Non-current liabilities		
Long-term borrowings	(\$ 3,571)	(\$ 11,500)
Provisions - non-current	(1,850)	(560)
Lease liabilities - non-current	(201,022)	(11,002)
	<u>\$ 122,547</u>	<u>\$ 1,236</u>

(III) Goodwill arising from the acquisition

	<u>Yang Shin</u>	<u>Yang Ho</u>
Consideration transferred	\$ 102,400	\$ 4,700
Add: Non-controlling interests (49% ownership interests in Yang Shin and Yang Ho)	60,048	606
Less: Fair value of identifiable net assets acquired	(122,547)	(1,236)
Goodwill arising from the acquisition	<u>\$ 39,901</u>	<u>\$ 4,070</u>

The goodwill arising from the acquisition of Yang Shin and Yang Ho primarily resulted from a control premium. In addition, the consideration paid for the business combination included expected synergies, revenue growth, future market development, and employee value. However, such benefits do not meet the recognition criteria for identifiable intangible assets and are therefore not recognized separately.

(IV) Net cash outflow from acquisition of subsidiaries

	<u>Yang Shin</u>	<u>Yang Ho</u>
Consideration paid in cash	\$ 102,400	\$ 4,700
Less: Cash and cash equivalents acquired	(20,637)	(1,196)
	<u>\$ 81,763</u>	<u>\$ 3,504</u>

(V) Impact of business combination on operating results

From the acquisition date, the operating results of the acquiree are as follows:

	<u>Yang Shin</u>	<u>Yang Ho</u>
Operating revenue	<u>\$ 213,747</u>	<u>\$ 7,382</u>
Net profit (loss) for the year	<u>\$ 7,775</u>	<u>(\$ 947)</u>

Had the business combination occurred on the first day of the financial reporting year in which the acquisition date falls, i.e., from January 1 to December 31, 2025, the consolidated company's pro forma revenue would have been NT\$1,920,356 thousand, and pro forma net profit would have been NT\$90,776 thousand. Such amounts do not reflect the revenue and operating results that the consolidated company would actually have generated had the business combination been completed at the beginning of the acquisition year, and should not be used as a forecast of future operating results.

XXVII. Capital risk management

The consolidated company manages capital to ensure that each entity within the Group can continue as a going concern, while optimizing the balance between debt and equity in order to maximize returns to shareholders.

XXVIII. Financial Instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the consolidated company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values, or that their fair values cannot be measured reliably.

(II) Types of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial Assets</u>		
Measured at amortized cost		
Cash	\$ 258,291	\$ 386,713
Restricted bank deposits (recognized as financial assets measured at amortized cost)	37	-
Notes receivable	987	577
Accounts receivable	127,074	100,595
Other receivables	302	77
Guarantee deposits	22,817	14,423
<u>Financial Liabilities</u>		
Measured at amortized cost		
Notes payable	10	-
Accounts payable	86,508	87,090
Other payables	67,944	68,364
Long-term borrowings (including those due within a year)	19,401	-

(III) Financial risk management objectives and policies

The risk control and hedging strategies adopted by the consolidated company are affected by the operating environment. However, the consolidated company has implemented appropriate risk management and control procedures in accordance with the nature of its operations and the principle of risk diversification. Such risks include market risk (comprising foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The consolidated company's operating activities expose it primarily to interest rate risk.

(1) Exchange rate risk

The consolidated company engages in transactions denominated in foreign currencies under licensing arrangements, which expose it to foreign exchange rate risk. To avoid reductions in the value of foreign currency assets and fluctuations in future cash flows due to exchange rate movements, the consolidated company mitigates the impact of exchange rate volatility through natural hedging of foreign currency assets and liabilities.

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date, please refer to Note 32.

Sensitivity analysis

The consolidated company is primarily affected by fluctuations in the exchange rate of the USD. The sensitivity analysis of foreign currency risk is primarily based on USD-denominated monetary items as of the end of the financial reporting period. When the functional currency of the consolidated entities appreciates/depreciates by 3% against the USD, profit before tax for the consolidated company in 2025 and 2024 would decrease/increase by NT\$539 thousand and NT\$686 thousand, respectively.

As the above sensitivity analysis is based on foreign currency exposures as of the balance sheet date, management considers that it does not reflect intra-year exposure.

(2) Interest rate risk

As entities within the consolidated company borrow funds at floating interest rates, they are exposed to interest rate risk. The management of the consolidated company regularly monitors changes in market interest rates to ensure that the Company's interest rates remain close to market rates, thereby mitigating risks arising from fluctuations in market interest rates.

The carrying amounts of the consolidated company's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair value interest rate risk		
- Financial liabilities	\$ 428,144	\$ 211,597
Cash flow interest rate risk		
- Financial assets	251,650	382,743
- Financial liabilities	19,401	-

Sensitivity analysis

The consolidated company's sensitivity analysis of interest rate risk is based on financial assets and financial liabilities with cash flow interest rate risk as of the balance sheet date. The consolidated company uses a 1% increase/decrease in market interest rates as a reasonable basis for reporting interest rate changes to management. Assuming all other variables remain constant, a 1% increase/decrease in market interest rates would increase/decrease the consolidated company's profit before tax for 2025 and 2024 by NT\$2,322 thousand and NT\$3,827 thousand, respectively.

2. Credit risk

Credit risk refers to the risk of financial loss to the Group arising from a counterparty's failure to discharge its contractual obligations. The consolidated company's policy is to engage in transactions only with reputable counterparties in order to mitigate the risk of financial losses, and to continuously monitor credit exposures and the creditworthiness of counterparties.

The consolidated company's accounts receivable involve a large number of customers distributed across different regions and are not concentrated on a single customer or geographic area. In addition, the consolidated company continuously assesses the financial condition of its accounts receivable customers; therefore, its credit risk is considered limited.

As of the balance sheet date, the maximum credit risk exposure of the consolidated company is equivalent to the carrying amount of financial assets recognized in the accounts.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash positions to support its operations and mitigate the impact of cash flow fluctuations. The management of the consolidated company monitors the utilization of bank financing facilities and ensures compliance with the terms of borrowing agreements.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

The maturity analysis of non-derivative financial liabilities is prepared based on the earliest possible date on which the consolidated company may be required to repay, using the undiscounted cash flows of financial liabilities (including principal and estimated interest). Accordingly, bank borrowings that may be required to be repaid immediately by the consolidated company are included in the earliest time band in the table below, without considering the probability that the banks will exercise such rights immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

December 31, 2025

	On demand or less than 1 <u>year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ 154,820	\$ 424	\$ -
Lease liabilities	111,604	238,346	112,564
Floating rate instruments	<u>7,603</u>	<u>11,798</u>	<u>-</u>
	<u>\$ 274,027</u>	<u>\$ 250,568</u>	<u>\$ 112,564</u>

December 31, 2024

	On demand or less than 1 <u>year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ 155,454	\$ -	\$ -
Lease liabilities	<u>86,383</u>	<u>120,829</u>	<u>12,003</u>
	<u>\$ 241,837</u>	<u>\$ 120,829</u>	<u>\$ 12,003</u>

(2) Financing limit

Bank borrowings are an important source of liquidity for the consolidated company. The consolidated company's unused bank financing facilities as of the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank borrowing facilities		
- Unused amount	<u>\$ 270,000</u>	<u>\$ 200,000</u>

XXIX. Related Party Transactions

The Company's parent company is La Kaffa International Co., Ltd., which held 60.58% and 61.07% of the Company's common shares as of December 31, 2025 and 2024, respectively. Transactions, account balances, income, and expenses between the Company and its subsidiaries (which are related parties of the Company) are fully eliminated upon consolidation; therefore, they are not disclosed in this note. Except as disclosed in other notes, transactions between the consolidated company and other related parties are as follows.

(I) Name of related party and relationship thereof

<u>Name of related party</u>	<u>Relationship with the Company</u>
La Kaffa International Co., Ltd. (hereinafter referred to as "La Kaffa")	Parent company
Chun-Sun Cake Co., Ltd. (hereinafter referred to as "Chun-Sun")	Fellow subsidiary company
Chatime USA, LLC (hereinafter referred to as "Chatime USA")	Fellow subsidiary company
Heng Tai International Investment Holdings Limited (hereinafter referred to as "Heng Tai")	Substantive related party (the Chairman of that company is the spouse of the Company's Chairman)
Ten En Tapioca Foods Co., Ltd. (hereinafter referred to as "Ten En")	Fellow subsidiary company
Han Ley International Co., Ltd. (hereinafter referred to as "Han Ley")	Fellow subsidiary company
Tread Way Development Ltd. (hereinafter referred to as "Tread Way")	Fellow subsidiary company
Wang Yao-Hui	Key management
Wang Li-Yu	Key management

(II) Operating revenue

<u>Types of related parties</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ 212	\$ 448
Fellow subsidiary company	741	1,375
Substantive related party	<u>47</u>	<u>102</u>
	<u>\$ 1,000</u>	<u>\$ 1,925</u>

The sales transactions between the consolidated company and related parties do not differ materially from those with ordinary customers.

(III) Purchases

<u>Types of related parties</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ 658	\$ 787
Fellow subsidiary company	<u>81</u>	<u>-</u>
	<u>\$ 739</u>	<u>\$ 787</u>

The purchase transactions between the consolidated company and related parties do not differ materially from those with ordinary suppliers.

(IV) Receivables from related parties

<u>Recognized item</u>	<u>Types of related parties</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	Parent company	\$ 14	\$ 97
	Fellow subsidiary company	<u>119</u>	<u>11</u>
		<u>\$ 133</u>	<u>\$ 108</u>

No guarantees were received for the outstanding accounts receivable from related parties. No allowance for losses was recognized for accounts receivable from related parties in 2025 and 2024.

(V) Payables from related parties

<u>Recognized item</u>	<u>Types of related parties</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	Parent company	\$ 185	\$ 95
	Fellow subsidiary company	<u>55</u>	<u>-</u>
		<u>\$ 240</u>	<u>\$ 95</u>

The outstanding balances of payables to related parties were unsecured.

(VI) Lease agreements

<u>Recognized item</u>	<u>Types of related parties</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease liabilities	Parent company	\$ 2,843	\$ 3,986
	Substantive related party	<u>381</u>	<u>789</u>
		<u>\$ 3,224</u>	<u>\$ 4,775</u>

<u>Recognized item</u>	<u>Types of related parties</u>	<u>2025</u>	<u>2024</u>
Interest expense	Parent company	\$ 57	\$ 76
	Substantive related party	<u>12</u>	<u>20</u>
		<u>\$ 69</u>	<u>\$ 96</u>

In June and December 2023, the consolidated company entered into office lease agreements with the parent company and Heng Tai, respectively. The lease terms were 5 years and 3 years, respectively. The rental amounts were determined with reference to the rental rates for similar assets, and fixed lease payments are paid monthly in accordance with the lease agreements.

(VII) Acquisition of other assets (None in 2025)

<u>Name of related party</u>	<u>Recognized item</u>	<u>Acquisition consideration</u> <u>2024</u>
La Kaffa	Intangible Assets	<u>\$ 1,714</u>

The consolidated company acquired intangible assets for operating use from La Kaffa, and the acquisition consideration was determined with reference to the market transaction prices of similar assets.

(VIII) Other gains and losses (None in 2025)

<u>Types of related parties</u>	<u>2024</u>
Parent company	\$ 300
Fellow subsidiary company	300
Key management	<u>400</u>
	<u>\$ 1,000</u>

Other benefits of the Company mainly consisted of banquet sponsorship fees.

(IX) Remuneration of key management personnel

The total remuneration to directors and other key management personnel was as follows:

	<u>2025</u>	<u>2024</u>
Short-term Employee Benefits	\$ 13,905	\$ 10,265
Post-employment Benefits	387	261
Share-based payment	<u>55</u>	<u>664</u>
	<u>\$ 14,347</u>	<u>\$ 11,190</u>

The remuneration to directors and other key management personnel was determined based on individual performance and market trends.

XXX. Pledged Assets

The following assets had been pledged to financial institutions as collateral for gift voucher performance guarantees (None as of December 31, 2024):

	<u>December 31, 2025</u>
Restricted bank deposits	<u>\$ 37</u>

XXXI. Material contract

- (I) The consolidated company entered into a franchise agreement with ATOM Food International Pte. Ltd. and obtained the agency rights for the Ginza Anzu Tonkatsu brand in Taiwan. The royalty fees are calculated based on a fixed percentage of monthly operating revenue as agreed by both parties.
- (II) La Kaffa entered into a franchise agreement and a brand consulting agreement with Muchaka Consultants Co., Ltd. and Yu Jhuan Food Company, respectively, to obtain the agency rights for the Duan Chun Zhen Noodle House brand in Taiwan, with a contract term of 25 years. In April 2017, La Kaffa disposed of the business-related assets and franchise-related rights of the Duan Chun Zhen Noodle House business unit to the consolidated company. In 2017, the consolidated company also entered into a brand licensing agreement with Muchaka Consultants Co., Ltd. for designated regions within China, with a contract term of 10 years. In July 2019, the consolidated company entered into a supplemental agreement to the Duan Chun Zhen brand licensing agreement with Duan Chun Zhen International Co., Ltd. and Muchaka Consultants Co., Ltd., obtaining authorization to develop overseas franchise operations outside Taiwan. The royalty fees are calculated based on a fixed percentage of monthly operating revenue as agreed by both parties.
- (III) The consolidated company entered into a franchise agreement with Eat & International Co., Ltd. and obtained the agency rights for the Osaka Ohsho Gyoza brand in Taiwan, with a contract term of 5 years. If neither party raises any objection 3 months prior to the expiration of the contract, the agreement will be automatically renewed for an additional 5 years. The royalty fees are calculated based on a fixed percentage of monthly operating revenue as agreed by both parties.
- (IV) The consolidated company entered into a master franchise agreement with GOLIP Co., Ltd. and obtained the master franchise rights for the Gyukatsu Kyoto Katsugyu brand in Taiwan, including direct operation of stores by the consolidated company and the execution of sub-franchise agreements between the consolidated company and third parties. The contract term is 10 years, and if neither party raises any objection 6 months prior to the expiration of the contract, the agreement will be automatically renewed for an additional 5 years. In June 2019, the consolidated company also entered into a master franchise agreement for the Hong Kong region with GOLIP Co., Ltd., obtaining the master franchise rights for the Gyukatsu Kyoto Katsugyu brand in Hong Kong. The contract term is 10 years, and if neither party raises any objection 6 months prior to the

expiration of the contract, the agreement will be automatically renewed for an additional 5 years. The royalty fees are calculated based on a fixed percentage of monthly operating revenue as agreed by both parties.

- (V) In April 2019, the consolidated company entered into a franchise agreement with Oasis F&B Consulting Company Limited and obtained the franchise rights for the Taiyo Tomato Ramen brand in Taiwan. The franchise territory covers Store No. 1 in Songshan District, Taipei City, and all cities and counties outside Taipei City. The contract term is 5 years, and if neither party raises any objection 6 months prior to the expiration of the contract, the agreement will be automatically renewed for an additional 3 years. The royalty fees are calculated at a fixed amount based on the actual number of operating stores each month as agreed by both parties. Both parties confirmed in October 2023 that the agreement would not be renewed, and the contract expired on April 21, 2024.
- (VI) The consolidated company entered into a franchise agreement with KYOCHON F&B Co., Ltd. and obtained the agency rights for the Kyochon Chicken brand in Taiwan, including direct operation of stores by the consolidated company and the execution of sub-franchise agreements between the consolidated company and third parties. The contract term is 5 years. Provided that there is no breach of the matters stipulated in the agreement, the consolidated company may decide whether to renew the agreement for an additional 5 years prior to its expiration. The royalty fees are calculated based on a fixed percentage of monthly operating revenue as agreed by both parties.
- (VII) In July 2025, the consolidated company entered into a franchise agreement and store purchase agreement with Taiwan Torisanwa Co., Ltd., obtaining the franchise rights for Tori Sanwa Chicken in Taiwan (excluding the Taipei Nanjing East Road store), as well as the Breeze Taipei Station store and Hanshin Arena store. The contract term is 10 years. Provided that there is no breach of the matters stipulated in the agreements, the consolidated company may apply for renewal 6 months prior to the expiration of the contracts. The royalty fees are calculated based on a fixed percentage of monthly operating revenue as agreed by both parties.

XXXII. Information on foreign currency assets and liabilities with significant impact

The following information is presented in aggregate for foreign currencies other than the functional currencies of each entity within the consolidated company. The exchange rates disclosed represent the rates at which such foreign currencies are translated into the functional currencies. Foreign currency assets and liabilities with significant impact were as follows:

December 31, 2025

Foreign currency assets	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 571	31.43 (USD: NTD)	\$ 17,950

December 31, 2024

Foreign currency assets	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 697	32.79 (USD: NTD)	\$ 22,863

The consolidated company recognized net foreign exchange (losses) gains of NT\$(737) thousand and NT\$356 thousand in 2025 and 2024, respectively.

XXXIII. Notes Disclosure Items

(I) Information on material transactions:

1. Loans to others: Table 1.
2. Endorsement/guarantee for others: None.
3. Major marketable securities held at the end of the period (excluding investments in subsidiaries): None.
4. Purchases from and sales to related parties amounting to NT\$100 million or more, or 20% or more of paid-in capital: None.
5. Accounts receivable from related parties amounting to NT\$100 million or more, or 20% or more of paid-in capital: None.
6. Others: Business relationships and significant intercompany transactions and balances between the parent company and subsidiaries, and among subsidiaries: Table 2.

(II) Information on reinvestments: Table 3.

(III) Information on investments in China:

1. Name of investee companies in China, principal business activities, paid-in capital, investment method, status of capital remittance, shareholding percentage, current period profit or loss and recognized investment profit or loss, carrying amount of investments at the end of the period, repatriated investment gains, and investment limits for the China region: None

2. The following significant transactions with investee companies in China, either directly or indirectly through a third region, including prices, payment terms, and unrealized gains or losses: None.
 - (1) Purchase amounts and percentages, and the ending balances and percentages of the related payables.
 - (2) Sales amounts and percentages, and the ending balances and percentages of the related receivables.
 - (3) Property transaction amounts and the resulting gains or losses.
 - (4) Ending balance of endorsed notes, guarantees, or collateral provided, and the purposes thereof.
 - (5) Highest balance, ending balance, interest rate range, and total interest for the current period of financing provided.
 - (6) Other transactions having a material effect on the current period's profit or loss or financial position, such as the rendering or receipt of services.

XXXIV. Segment Information

Information provided to the chief operating decision maker for resource allocation and performance assessment focuses on the types of products delivered or services provided. In accordance with IFRS 8 "Operating Segments," the consolidated company originally operated as a single segment engaged in franchise chain restaurant operations and the sale of related products. Beginning in 2025, due to the acquisition of Yang Shin, the reportable segments of the consolidated company are Kingza International (including the United States region) and Yang Shin.

(I) Segment revenue and operating results

The revenue and operating results of the consolidated company's continuing operations were analyzed by reportable segment as follows:

	2025			
	Kingza (including the U.S. region)	Yang Shin	Elimination of inter-segment revenue	Total
Revenue from external customers	\$ 1,550,317	\$ 221,129	\$ -	\$ 1,771,446
Inter-segment revenue	<u>27</u>	<u>4,238</u>	<u>(4,265)</u>	<u>-</u>
Consolidated revenue	<u>\$ 1,550,344</u>	<u>\$ 225,367</u>	<u>(\$ 4,265)</u>	<u>\$ 1,771,446</u>
Segment profits	<u>\$ 94,870</u>	<u>\$ 10,793</u>	<u>(\$ 243)</u>	\$ 105,420
Interest revenue				2,398
Interest expense				(8,142)
Others				<u>3,602</u>
Profit before tax				<u>\$ 103,278</u>

Segment profit refers to the profit earned by each segment, excluding interest income and interest expenses, among others. This measurement amount is provided to the chief operating decision maker for allocating resources to segments and assessing their performance.

As the segment information provided to the operating decision maker by the consolidated company does not include the assets and liabilities of individual operating segments, the segment financial information also does not include the measurement amounts of operating segment assets and liabilities.

(II) Product information

The consolidated company is principally engaged in the franchise operations of chain restaurants and the manufacturing and sale of related products. Please refer to Note 21.

(III) Geographical information

Information on revenue from continuing operations generated from external customers by customer location and non-current assets by asset location is presented as follows:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>2025</u>	<u>2024</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Asia	\$ 1,769,037	\$ 1,385,601	\$ 778,372	\$ 359,285
Americas	<u>2,409</u>	<u>4,168</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,771,446</u>	<u>\$ 1,389,769</u>	<u>\$ 778,372</u>	<u>\$ 359,285</u>

Non-current assets do not include financial instruments and deferred tax assets.

(IV) Information on major customers

No revenue from a single customer accounted for 10% or more of the consolidated company's total revenue in 2025 and 2024.

Kingza International Co., Ltd. and subsidiaries

Loans to others

From January 1 to December 31, 2025

Table 1

Unit: NT\$ thousand, unless otherwise stated

No. (Note 1)	Company extending funds to others	Counterparty to the loan	Transaction item	Whether the counterparty is a related party	Highest balance during the current period	Ending balance	Actual amount drawn	Interest rate range	Nature of fund lending (Note 2)	Transaction amount	Reason for the necessity of short-term financing	Allowance for doubtful accounts recognized	Collateral		Limit on fund lending to an individual counterparty (Note 3)	Total limit on fund lending (Note 3)	Remarks
													Name	Value			
0	Kingza International Co., Ltd.	Yang Shin Food & Beverage, Inc.	Other receivables	Yes	\$ 38,000	\$ 38,000	\$ 38,000	2.5%	2	\$ -	Operating turnover	\$ -	-	-	\$ 43,416	\$ 86,832	

Note 1: The description for the numbering column are as follows:

(1) 0 represents the issuer.

(2) Investee companies are numbered sequentially starting from 1 in Arabic numerals according to each company.

Note 2: The description for the nature of fund lending are as follows:

(1) Business dealings exist.

(2) There is a need for short-term financing.

Note 3: The total amount of funds lent by the Company to others shall not exceed 20% of the Company's net worth, and the amount lent to any individual counterparty shall not exceed 10% of the Company's net worth. The limits for fund lending to others were calculated based on the net worth as of December 31, 2025.

Kingza International Co., Ltd. and subsidiaries

Business relationships and significant intercompany transactions and balances between the parent company and subsidiaries, and among subsidiaries

From January 1 to December 31, 2025

Table 2

Unit: NT\$ thousand

No. (Note 1)	Name of transaction counterparty	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction details			
				Account	Amount	Transaction conditions	Percentage of consolidated total revenue or total assets (Note 3)
0	Kingza International Co., Ltd.	Yang Shin Food & Beverage, Inc.	1	Other receivables - related party	\$ 38,528	No significant differences	3%

Note 1: Information on business transactions between the parent company and subsidiaries shall be separately indicated in the numbering column. The numbering method is as follows:

- (1) 0 represents the parent company.
- (2) Subsidiaries are numbered sequentially starting from 1 in Arabic numerals according to each company.

Note 2: The relationships with transaction counterparties are classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: The ratio of transaction amounts to consolidated total revenue or total assets is calculated as follows: for balance sheet accounts, the ending balance is calculated as a percentage of consolidated total assets; for income statement accounts, the accumulated amount for the period is calculated as a percentage of consolidated total revenue.

Note 4: The related transactions had been fully eliminated in the preparation of the consolidated financial statements.

Kingza International Co., Ltd. and subsidiaries
Information on investees
From January 1 to December 31, 2025

Table 3

Unit: NT\$ thousand, unless otherwise stated

Name of investing company	Name of investee	Location	Main business activities	Original investment amount		Held at the end of the period			Current period profit (loss) of the investee	Investment profit (loss) recognized in the current period	Remarks
				End of the current period	End of last year	Number of shares	Ratio	Carrying amount			
Kingza International Co., Ltd.	Kingza USA, LLC	Corporation Trust Center 1209 Orange St Wilmington, DE 19801	Franchising of chain restaurants and sales of related products	\$ 3,242	\$ 3,242	100,000	100%	\$ 2,630	(\$ 552)	(\$ 552)	Subsidiary
	Yang Shin Food & Beverage, Inc.	1F and 2F, No. 128, Songjiang Rd., Zhongshan Dist., Taipei City	Franchising of chain restaurants and sales of related products	107,100	-	23,613,001	51%	110,313	4,047	3,696	Subsidiary, Note
	Yang Ho Food Co., Ltd.	10F-8, No. 152, Songjiang Rd., Zhongshan Dist., Taipei City	Manufacturing and sale of food products	-	-	-	-	-	(1,045)	(483)	Note

Note: Yang Shin issued 2,013,900 no-par-value shares to the shareholders of Yang Ho in connection with the merger with Yang Ho. Yang Shin was the surviving company, and Yang Ho was the dissolved company. Both the merger date and the capital increase record date were December 31, 2025.