

Chin Hsin Environmental Engineering Co., Ltd.,
and its subsidiaries
Consolidated financial statements and
Independent Accounting Auditors' Review Report
Three Months Ended March 31, 2025 and 2024
(stock ticker: 6951)

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Notice to Readers:

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.

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Three Months Ended 2025 and 2024 Consolidated Financial Statements and Accounting
Auditors' Review Report
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Independent Auditors' Review Report

(2025)Cai-Shen-Bao-Zi No. 25000264

Chin Hsin Environmental Engineering Co., Ltd., to all:

Introduction

The consolidated balance sheets of CHIN HSIN ENVIRON ENGINEERING CO., LTD. and its subsidiaries (hereinafter referred to as "Chin Hsin Environmental Group") as of March 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the periods from January 1 to March 31, 2025 and 2024, as well as the notes to the consolidated financial statements (including a summary of significant accounting policies), have been reviewed by this accountant. It is the responsibility of management to prepare consolidated financial statements that fairly present in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission. The accountant's responsibility is to express a conclusion on the consolidated financial statements based on the review results.

Scope of Review

The accountant conducted the review in accordance with Statement of Auditing Standards No. 2410 of the Republic of China, "Review of Financial Information Performed by the Independent Auditor of the Entity." The procedures performed when reviewing the consolidated financial statements include inquiries (mainly inquiring personnel responsible for financial and accounting tasks), analytical procedures and other review procedures. The scope of review is obviously smaller than that of an audit. Therefore, the accountant may not be able to detect all the major matters that can be identified through audit, so it is impossible to express an audit opinion.

Opinion

Based on the accountant's review, no issues were found that would indicate the consolidated financial statements have not been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission, which would prevent the fair presentation of the consolidated financial position of Chin Hsin Environmental Group as of March 31, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to March 31, 2025 and 2024.

PwC Taiwan

Huang Chin-Lien

CPA

Li Hsiu-Ling

Approved by FSC under Letter No.:

Jin-Guan-Zheng-Shen-Zi No. 1100348083

Approved by former FSC, Securities and Futures Bureau under
Letter No.: Jin-Guan-Zheng-Liu-Zi No. 0960038033

May 09, 2025

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated balance sheet
March 31, 2025 and December 31 and March 31, 2024

Unit: NTD thousands

| Assets | Notes | March 31, 2025 | | December 31, 2024 | | March 31, 2024 | | |
|---------------------------|---|----------------|---------------------|-------------------|---------------------|----------------|---------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 156,275 | 10 | \$ 328,264 | 21 | \$ 330,254 | 29 |
| 1110 | Financial assets measured at fair value – current | 6(2) | 281,526 | 18 | 280,440 | 18 | - | - |
| 1136 | Financial assets measured at amortized cost - current | 6(1)(3) and 8 | 14,116 | 1 | 8,195 | 1 | 5,895 | - |
| 1140 | Contract assets - current | 6(21) | 16,520 | 1 | 15,457 | 1 | - | - |
| 1150 | Net notes receivable | 6(4) | 7,992 | 1 | 5,559 | - | 11,066 | 1 |
| 1170 | Net accounts receivable | 6(4) | 53,537 | 3 | 51,728 | 3 | 41,367 | 4 |
| 1180 | Accounts receivable - related parties | 6(4) and 7 | 11 | - | 1,039 | - | - | - |
| 1200 | Other receivables | 6(5) | 115,895 | 7 | 120,146 | 8 | 96,202 | 9 |
| 130X | Inventory | 6(6) | 18,707 | 1 | 18,043 | 1 | 17,711 | 2 |
| 1410 | Pre-paid items | | 13,578 | 1 | 11,928 | 1 | 14,392 | 1 |
| 1479 | Other current assets - others | | - | - | 48 | - | 137 | - |
| 11XX | Total current assets | | <u>678,157</u> | <u>43</u> | <u>840,847</u> | <u>54</u> | <u>517,024</u> | <u>46</u> |
| Non-current assets | | | | | | | | |
| 1535 | Financial assets measured at amortized cost - non-current | 6(1)(3) and 8 | 16,347 | 1 | 21,088 | 1 | 14,366 | 1 |
| 1600 | Property, plant and equipment | 6(7), 7 and 8 | 749,903 | 48 | 459,620 | 30 | 453,205 | 40 |
| 1755 | Right-of-use assets | 6(8) and 7 | 18,441 | 1 | 31,556 | 2 | 35,035 | 3 |
| 1780 | Intangible assets | 6(9) | 69,325 | 4 | 70,712 | 5 | 75,463 | 7 |
| 1840 | Deferred tax assets | | 1,363 | - | 1,167 | - | 1,086 | - |
| 1920 | Refundable deposits | | 30,371 | 2 | 29,170 | 2 | 22,663 | 2 |
| 1990 | Other non-current assets - others | 6(7)(10) and 7 | 17,515 | 1 | 89,247 | 6 | 9,563 | 1 |
| 15XX | Total non-current assets | | <u>903,265</u> | <u>57</u> | <u>702,560</u> | <u>46</u> | <u>611,381</u> | <u>54</u> |
| 1XXX | Total assets | | <u>\$ 1,581,422</u> | <u>100</u> | <u>\$ 1,543,407</u> | <u>100</u> | <u>\$ 1,128,405</u> | <u>100</u> |

(continued)

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated balance sheet
March 31, 2025 and December 31 and March 31, 2024

Unit: NTD thousands

| Liabilities and equity | Notes | March 31, 2025 | | December 31, 2024 | | March 31, 2024 | | |
|---|--|-----------------|---------------------|-------------------|---------------------|----------------|---------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current liabilities | | | | | | | | |
| 2100 | Short-term borrowings | 6(11) and 8 | \$ 33,000 | 2 | \$ 43,000 | 3 | \$ 17,000 | 1 |
| 2110 | Short-term notes payable | 6(12) | - | - | - | - | 29,962 | 3 |
| 2130 | Contract liabilities - current | 6(21) | 66,105 | 4 | 59,858 | 4 | 58,900 | 5 |
| 2150 | Notes payable | | 5,881 | - | 6,542 | - | 48 | - |
| 2170 | Accounts payable | | 8,462 | 1 | 10,615 | 1 | 8,845 | 1 |
| 2180 | Accounts payable - related parties | 7 | - | - | 16 | - | - | - |
| 2200 | Other payables | 6(13) | 78,258 | 5 | 89,589 | 6 | 66,355 | 6 |
| 2220 | Other payables - related parties | 7 | 141,268 | 9 | 133,149 | 9 | 131,848 | 12 |
| 2230 | Income tax liabilities in the current period | | 52,390 | 3 | 39,184 | 2 | 24,196 | 2 |
| 2280 | Lease liabilities - current | 6(8) and 7 | 4,102 | - | 6,262 | - | 6,070 | 1 |
| 2320 | Long-term liabilities due within one year or one operating cycle | 6(14)(16) and 8 | 14,285 | 1 | 14,227 | 1 | 15,979 | 1 |
| 2399 | Other current liabilities - others | 6(4) | 6,331 | 1 | 7,624 | - | 8,361 | 1 |
| 21XX | Total current liabilities | | <u>410,082</u> | <u>26</u> | <u>410,066</u> | <u>26</u> | <u>367,564</u> | <u>33</u> |
| Non-current liabilities | | | | | | | | |
| 2527 | Contract liabilities - non-current | 6(21) | 2,389 | - | 2,284 | - | 4,650 | - |
| 2540 | Long-term borrowings | 6(14) and 8 | - | - | - | - | 6,522 | 1 |
| 2580 | Lease liabilities - non-current | 6(8) and 7 | 13,701 | 1 | 24,789 | 2 | 26,933 | 2 |
| 2600 | Other non-current liabilities | 6(4)(16) and 7 | 26,871 | 2 | 29,457 | 2 | 41,043 | 4 |
| 25XX | Total non-current liabilities | | <u>42,961</u> | <u>3</u> | <u>56,530</u> | <u>4</u> | <u>79,148</u> | <u>7</u> |
| 2XXX | Total liabilities | | <u>453,043</u> | <u>29</u> | <u>466,596</u> | <u>30</u> | <u>446,712</u> | <u>40</u> |
| Equity | | | | | | | | |
| Equity attributable to owners of the parent company | | | | | | | | |
| Share capital | | | | | | | | |
| 3110 | Common stock capital | 6(18) | 460,000 | 29 | 460,000 | 30 | 400,000 | 35 |
| Capital reserve | | | | | | | | |
| 3200 | Capital reserve | 6(19) | 356,695 | 22 | 356,695 | 23 | 96,687 | 9 |
| Retained earnings | | | | | | | | |
| 3310 | Legal reserve | 6(20) | 35,131 | 2 | 35,131 | 2 | 24,678 | 2 |
| 3350 | Undistributed earnings | | 276,553 | 18 | 224,985 | 15 | 151,745 | 13 |
| 31XX | Total equity attributable to owners of the parent company | | <u>1,128,379</u> | <u>71</u> | <u>1,076,811</u> | <u>70</u> | <u>673,110</u> | <u>59</u> |
| 36XX | Non-controlling interests | | - | - | - | - | 8,583 | 1 |
| 3XXX | Total equity | | <u>1,128,379</u> | <u>71</u> | <u>1,076,811</u> | <u>70</u> | <u>681,693</u> | <u>60</u> |
| Significant contingent liabilities and unrecognized contractual commitments | | | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 1,581,422</u> | <u>100</u> | <u>\$ 1,543,407</u> | <u>100</u> | <u>\$ 1,128,405</u> | <u>100</u> |

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.
Chairman: Chang Fang-Cheng Manager: Chang Tsai-Jung Accounting Manager: Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated statement of comprehensive income
January 1 to March 31, 2025 and 2024

Unit: NTD thousands
(Unless the earnings per share is in NTD)

Three Months Ended March 31

| Items | Notes | 2025 | | 2024 | |
|---|-----------------------------------|-------------------|--------------|-------------------|--------------|
| | | Amount | % | Amount | % |
| 4000 Operating revenue | 6(21) and 7 | NTD 172,693 | 100 | NTD 130,784 | 100 |
| 5000 Operating cost | 6(6)(9) (15)(26) (27) and 7 | (72,388) | (42) | (63,766) | (49) |
| 5900 Operating gross profit | | <u>100,305</u> | <u>58</u> | <u>67,018</u> | <u>51</u> |
| Operating expenses | 6(9)(15) (26) (27) and 7 | | | | |
| 6100 Marketing expenses | | (15,283) | (9) | (14,504) | (11) |
| 6200 Administrative expenses | | (21,247) | (12) | (15,701) | (12) |
| 6300 R&D expenses | | - | - | (79) | - |
| 6450 Expected credit impairment gain (loss) | 12(2) | (165) | - | (34) | - |
| 6000 Total operating expenses | | <u>(36,695)</u> | <u>(21)</u> | <u>(30,318)</u> | <u>(23)</u> |
| 6900 Operating profit | | <u>63,610</u> | <u>37</u> | <u>36,700</u> | <u>28</u> |
| Non-operating income and expenses | | | | | |
| 7100 Interest revenue | 6(3)(22) | 282 | - | 764 | 1 |
| 7010 Other income | 6(23) | 99 | - | 10 | - |
| 7020 Other gains and losses | 6(24) | 1,009 | - | - | - |
| 7050 Financial cost | 6(8)(25) and 7 | (422) | - | (568) | (1) |
| 7000 Total non-operating income and expenses | | <u>968</u> | <u>-</u> | <u>206</u> | <u>-</u> |
| 7900 Net income before tax | | <u>64,578</u> | <u>37</u> | <u>36,906</u> | <u>28</u> |
| 7950 Income tax expense | 6(28) | (13,010) | (7) | (7,786) | (6) |
| 8200 Net income of the current period | | <u>NTD 51,568</u> | <u>30</u> | <u>NTD 29,120</u> | <u>22</u> |
| 8500 Total comprehensive income of the current period | | <u>NTD 51,568</u> | <u>30</u> | <u>NTD 29,120</u> | <u>22</u> |
| Net income (loss) attributable to: | | | | | |
| 8610 Owners of the parent company | | <u>NTD 51,568</u> | <u>30</u> | <u>NTD 29,314</u> | <u>22</u> |
| 8620 Non-controlling interests | | <u>NTD -</u> | <u>-</u> | <u>(NTD 194)</u> | <u>-</u> |
| Total comprehensive income (loss) attributable to: | | | | | |
| 8710 Owners of the parent company | | <u>NTD 51,568</u> | <u>30</u> | <u>NTD 29,314</u> | <u>22</u> |
| 8720 Non-controlling interests | | <u>NTD -</u> | <u>-</u> | <u>(NTD 194)</u> | <u>-</u> |
| Earnings per share | 6(29) | | | | |
| 9750 Basic earnings per share | | <u>NTD</u> | <u>1.12</u> | <u>NTD</u> | <u>0.73</u> |
| 9850 Diluted earnings per share | | <u>NTD</u> | <u>1.12</u> | <u>NTD</u> | <u>0.73</u> |

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.

Chairman: Chang Fang-Cheng

Manager: Chang Tsai-Jung

Accounting Manager: Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated statement of changes in equity
January 1 to March 31, 2025 and 2024

Unit: NTD thousands

| Notes | Equity attributable to owners of the parent company | | | | | | | | Non-controlling interests | Total | |
|--|---|-----------------------|---|-----------|-------------------|------------------------|--------------|-----------|---------------------------|-------|--|
| | Common stock capital | Capital reserve | | | Retained earnings | | Total | | | | |
| | | Premium from issuance | Difference between consideration and carrying amount of subsidiaries acquired or disposed | Others | Legal reserve | Undistributed earnings | | | | | |
| <u>January 1 to March 31, 2024</u> | | | | | | | | | | | |
| Balance January 1, 2024 | NTD 400,000 | NTD96,662 | NTD - | NTD 25 | NTD 24,678 | NTD 122,431 | NTD643,796 | NTD 8,777 | NTD652,573 | | |
| Net income (net loss) of the current period | - | - | - | - | - | 29,314 | 29,314 | (194) | 29,120 | | |
| Total comprehensive income of the current period | - | - | - | - | - | 29,314 | 29,314 | (194) | 29,120 | | |
| Balance March 31, 2024 | NTD 400,000 | NTD96,662 | NTD - | NTD 25 | NTD 24,678 | NTD 151,745 | NTD673,110 | NTD 8,583 | NTD681,693 | | |
| <u>January 1 to March 31, 2025</u> | | | | | | | | | | | |
| Balance January 1, 2025 | 6(30) NTD 460,000 | NTD352,273 | NTD 3,011 | NTD 1,411 | NTD 35,131 | NTD 224,985 | NTD1,076,811 | NTD - | NTD1,076,811 | | |
| Net income (net loss) of the current period | - | - | - | - | - | 51,568 | 51,568 | - | 51,568 | | |
| Total comprehensive income of the current period | - | - | - | - | - | 51,568 | 51,568 | - | 51,568 | | |
| Balance March 31, 2025 | NTD 460,000 | NTD352,273 | NTD 3,011 | NTD 1,411 | NTD 35,131 | NTD 276,553 | NTD1,128,379 | NTD - | NTD1,128,379 | | |

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.

Chairman:Chang Fang-Cheng

Manager:Chang Tsai-Jung

Accounting Manager:Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries

Consolidated statement of cash flows
January 1 to March 31, 2025 and 2024

| | Notes | Unit: NTD thousands | |
|--|-----------|-----------------------------|------------|
| | | Three Months Ended March 31 | |
| | | 2025 | 2024 |
| <u>Cash flow from operating activities</u> | | | |
| Net income before tax of the current period | | NTD 64,578 | NTD 36,906 |
| Adjustment items | | | |
| Income and expenses | | | |
| Depreciation expense | 6(7)(8) | | |
| | (26) | 13,854 | 10,603 |
| Amortization expenses | 6(9)(26) | 1,690 | 1,664 |
| Expected credit impairment loss | 12(2) | 165 | 34 |
| Interest revenue | 6(22) | (282) | (764) |
| Interest expense | 6(25) | 422 | 568 |
| Gain on lease modifications | 6(24) | (162) | - |
| Net gain on financial assets measured at fair value | 6(2) (24) | (1,086) | - |
| Changes in operating activities related assets/liabilities | | | |
| Net changes in assets related to operating activities | | | |
| Contract assets - current | | (1,063) | - |
| Notes receivable | | (2,434) | (2,592) |
| Accounts receivable | | (1,973) | 3,234 |
| Accounts receivable - related parties | | 1,028 | - |
| Other receivables | | 4,197 | 27,579 |
| Inventory | | (664) | 3 |
| Pre-paid items | | (1,650) | (950) |
| Other current assets - others | | 48 | (88) |
| Net changes in liabilities related to operating activities | | | |
| Contract liabilities (including current and non-current) | | 6,352 | 6,280 |
| Notes payable | | (661) | (16) |
| Accounts payable | | (2,153) | (531) |
| Accounts payable - related parties | | (16) | (200) |
| Other payables | | (9,316) | 1,033 |
| Other payables - related parties | | 8,119 | (23,599) |
| Other current liabilities | | (965) | (235) |
| Long-term payables - related parties (presented as "Other Non-current Liabilities" in the table) | | 1,086 | (3,250) |
| Cash inflow from operations | | 79,114 | 55,679 |
| Interest received | | 336 | 747 |
| Interest paid | | (433) | (591) |
| Net cash inflow from operating activities | | 79,017 | 55,835 |

(continued)

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries
Consolidated statement of cash flows
January 1 to March 31, 2025 and 2024

| | Notes | Unit: NTD thousands | |
|---|-------|-----------------------------|---------------|
| | | Three Months Ended March 31 | |
| | | 2025 | 2024 |
| <u>Cash flow from investing activities</u> | | | |
| Acquisition of financial assets measured at amortized cost | | (NTD 2,980) | (NTD 1,795) |
| Disposal of financial assets measured at amortized cost | | 1,800 | 989 |
| Acquisition of property, plant and equipment | 6(31) | (216,214) | (8,090) |
| Acquisition of intangible assets | 6(31) | (3,820) | (4,239) |
| Increase in refundable deposits | | (7,342) | (13,511) |
| Decrease in refundable deposits | | 6,141 | 1,239 |
| Increase in other non-current assets | | (17,351) | (9,893) |
| Net cash outflow from investing activities | | (239,766) | (35,300) |
| <u>Cash flow from financing activities</u> | | | |
| Net decrease in short-term borrowings | 6(32) | (10,000) | (34,000) |
| Increase in short-term notes payable | 6(32) | - | 30,000 |
| Repayment of long-term borrowings | 6(32) | - | (175) |
| Increase in deposits received (presented as "Other Current Liabilities" and "Other Non-current Liabilities" in the table) | 6(32) | 593 | 2,213 |
| Decrease in deposits received (presented as "Other Current Liabilities" and "Other Non-Current Liabilities" in the table) | 6(32) | (1,001) | (750) |
| Lease liability principal repayment | 6(32) | (832) | (3,060) |
| Net cash outflow from financing activities | | (11,240) | (5,772) |
| Increase (Decrease) in cash and cash equivalents in the current period | | (171,989) | 14,763 |
| Balance of cash and cash equivalents at the beginning of the period | | 328,264 | 315,491 |
| Balance of cash and cash equivalents at the end of the period | | NTD 156,275 | NTD 330,254 |

The notes to the consolidated financial statements are an integral part of this consolidated financial report. Please refer to them accordingly.

Chairman: Chang Fang-Cheng

Manager: Chang Tsai-Jung

Accounting Manager: Chang Chi

Chin Hsin Environmental Engineering Co., Ltd., and its subsidiaries

Notes to Consolidated Financial Statements

For The Three Months Ended March 31, 2025 And 2024

(Reviewed, Not Audited)

Unit: NTD thousands
(Unless otherwise specified)

I. Company history

1. Chin Hsin Environmental Engineering Co., Ltd. (hereinafter referred to as "the Company") was established in Taiwan on July 2, 1999. The parent company, Sunny Friend Environmental Technology Co., Ltd. (hereinafter referred to as "Sunny Friend") undertook organizational restructuring within the group in July 2021 to enhance operational synergy and efficiency. The Company issued new shares to acquire 100% ownership of Cheng Shin Environmental Engineering Co., Ltd. (hereinafter referred to as "Cheng Shin") and Liang Wei Environmental Engineering Co., Ltd. (hereinafter referred to as "Liang Wei").
2. After the capital increase, as of March 31, 2025, the Company's paid-in capital is NTD 460,000, with Sunny Friend holding 57.42% of the Company's shares, making it the parent company.
3. Our company and its subsidiaries (hereinafter referred to as "the Group") primarily engage in waste removal and treatment, manufacturing and sales of plastic building materials, and management consulting services.
4. The Company's stock began trading on the Emerging Stock Market on May 24, 2023, and was subsequently listed on the Innovation Board on June 18, 2024.

II. Date and procedure for approval of financial statements

This consolidated financial statement was published after being approved by the Board of Directors on May 9, 2025.

III. Application of new and amended standards and interpretations

- (I) The impact of the newly issued and amended International Financial Reporting Standards (IFRS), approved and enacted by the Financial Supervisory Commission (FSC), has been adopted

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of the International Financial Reporting Standards (IFRS) endorsed and issued into effect by the FSC for application in 2025:

| <u>Newly released / corrected / amended standards and interpretations</u> | <u>Effective Date Issued by IASB</u> |
|---|--------------------------------------|
| <u>Amendments to IAS 21 "Lack of Exchangeability</u> | <u>January 1, 2025</u> |

The Group has evaluated the above standards and interpretations and determined that they have no significant impact on its financial position and financial performance.

- (II) The impact of the new and amended IFRS approved by the FSC that have not yet been adopted has not been assessed

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2025:

| <u>Newly released / corrected / amended standards and interpretations</u> | <u>Effective Date Issued by IASB</u> |
|---|--------------------------------------|
| Partial Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" | January 1, 2026 |

The Group has evaluated the above standards and interpretations and determined that they have no significant impact on its financial position and financial performance.

- (III) The impact of the IFRS issued by the IASB but not yet approved by the FSC has not been assessed

The table below lists the new, amended, and revised IFRS issued by the IASB but not yet approved by the FSC:

| <u>Newly released / corrected / amended standards and interpretations</u> | <u>Effective Date Issued by IASB</u> |
|--|--------------------------------------|
| Partial Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 "Contracts Involving Natural Electricity" | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by the IASB |
| IFRS 17 - Insurance contracts | January 1, 2023 |
| Amendment to IFRS 17 - Insurance contracts | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 — Comparative Information" | January 1, 2023 |
| IFRS 18 "Presentation and Disclosures in Financial Statements" | January 1, 2027 |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures" | January 1, 2027 |
| Annual Improvements to IFRS Standards—Volume 11 | January 1, 2026 |

Except for the following, the Corporate Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 "Presentation and Disclosures in Financial Statements" replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosures on management performance measurement, and strengthens the summary and segment principles applied to the main financial statements and notes.

IV. Summary of significant accounting policies

Significant accounting policies, except for the statement of compliance, basis of preparation, basis of consolidation, and additional explanations as follows, are the same as those in Note 4 to the consolidated financial statements for 2024. Unless otherwise stated, these policies have been consistently applied during all reporting periods.

(I) Statement of compliance

1. These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission.
2. These consolidated financial statements should be read in conjunction with the consolidated financial statements for 2024.

(II) Basis of preparation

1. Except for financial assets at fair value through profit or loss that are measured at fair value, these consolidated financial statements are prepared based on historical cost.
2. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretative bulletins endorsed and issued into effect by the Financial Supervisory Commission (collectively referred to as "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Items involving a higher degree of judgment or complexity, or items where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(III) Basis of consolidation

1. The principle for preparation of consolidated financial statements

The preparation principles of these consolidated financial statements are the same as those for the consolidated financial statements for 2024.

2. Subsidiaries included in the consolidated financial statements:

| Name of the investment company | Name of subsidiary | Business nature | Percentage of ownership (%) | | | Description |
|--------------------------------|---|--------------------------------------|-----------------------------|-------------------|----------------|-------------|
| | | | March 31, 2025 | December 31, 2024 | March 31, 2024 | |
| The Company | Liang Wei | Cleaning of medical waste | 100.00 | 100.00 | 100.00 | |
| " | Cheng Shin | Cleaning of medical waste | 100.00 | 100.00 | 100.00 | |
| " | Huan Hsin Precision Co., Ltd. (Huan Hsin) | Building raw materials manufacturing | - | 100.00 | 66.67 | Note |

Note: In December 2024, the Company acquired 1,000 thousand shares of Huan Xin equity from non-controlling interests at NT\$5 per share, increasing its shareholding ratio from 66.67% to 100%. The relevant registration change procedures have been completed. Furthermore, to strengthen operational management, the Company's Board of Directors passed a resolution on December 27, 2024, proposing to merge with Huan Xin through a simplified merger in accordance with the Business Mergers and Acquisitions Act. The Company will be the surviving entity, with February 3, 2025 as the reference date. The relevant registration procedures for changes have been completed.

3. Subsidiaries not included in the consolidated financial statements: No such situation.
4. Different adjustment and management methods during the accounting period of the subsidiaries: No such situation.
5. Major limitation: No such situation.
6. Subsidiaries with significant non-controlling interests in the Group: No such situation.

(IV) Income tax

Income tax expense for the interim period is calculated by applying the estimated annual effective tax rate to the pre-tax income of the interim period, and the relevant information is disclosed in accordance with the policies in the consolidated financial statements for 2024.

V. Key sources of uncertainty over significant accounting judgments, assumptions, and estimation

There were no significant changes in this period. Please refer to Note 5 to the consolidated financial statements for 2024.

VI. Description of important accounting items

(I) Cash and cash equivalents

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---------------------------------------|-----------------------|--------------------------|-----------------------|
| Cash on hand | \$ 220 | \$ 240 | \$ 567 |
| Demand deposits and checking deposits | 93,855 | 100,124 | 70,687 |
| Time deposits | 62,200 | 227,900 | 259,000 |
| | <u>\$ 156,275</u> | <u>\$ 328,264</u> | <u>\$ 330,254</u> |

1. The credit quality of the financial institutions with which the Group interacts is sound, and the Group interacts with several financial institutions to diversify credit risks. The probability of default is expected to be very low.
2. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's pledged cash and cash equivalents are classified based on liquidity as NT\$9,116, NT\$3,195 and NT\$895 under "Financial assets at amortized cost - current," and NT \$16,347, NT\$21,088 and NT\$14,366 under "Financial assets at amortized cost - non-current," respectively. Please refer to Notes VI(III) and VIII for details.
3. The Group held time deposits with maturities over three months as of March 31, 2025, December 31, 2024 and March 31, 2024. These deposits, amounting to NTD 5,000, NTD 5,000 and NTD 5,000 respectively, are classified under "Financial Assets Measured at Amortized Cost - current" based on their liquidity. Please refer to Note 6(3) for further details.

(II) Financial assets at fair value through profit and loss - Current

| <u>Items</u> | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|--|-----------------------|--------------------------|-----------------------|
| Current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Beneficiary certificates | \$ 280,000 | \$ 280,000 | \$ - |
| Valuation adjustment | 1,526 | 440 | - |
| | <u>\$ 281,526</u> | <u>\$ 280,440</u> | <u>\$ -</u> |

1. Financial assets at fair value through profit or loss is detailed as follows:

| | <u>For the three-month periods ended March 31</u> | |
|--|---|-------------|
| | <u>2025</u> | <u>2024</u> |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Beneficiary certificates | <u>\$ 1,086</u> | <u>\$ -</u> |

2. For information regarding credit risk of financial assets at fair value through profit or loss, please refer to Note XII(II).

3. The Group has no financial assets at fair value through profit or loss pledged to others.

(III) Financial assets measured at amortized cost

| Items | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|----------------|-------------------|----------------|
| Current items: | | | |
| Time deposits with a maturity of more than three months | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| Pledge of time deposits | 9,116 | 3,195 | 895 |
| | \$ 14,116 | \$ 8,195 | \$ 5,895 |
| Non-current items: | | | |
| Pledge of time deposits | \$ 16,347 | \$ 21,088 | \$ 14,366 |

1. The details of the financial assets measured at amortized cost recognized in profit or loss are as follows:

| | For the three-month periods ended March 31 | |
|------------------|--|-------|
| | 2025 | 2024 |
| Interest revenue | \$ 78 | \$ 59 |

- Without considering collateral or other credit enhancements, the maximum exposure to credit risk for the Group's financial assets measured at amortized cost as of March 31, 2025, December 31, 2024 and March 31, 2024, amounted to NTD 30,463, NTD 29,283 and NTD 20,261, respectively.
- For the credit risk information of financial assets measured at amortized cost, please refer to Note 12(2). The counterparties of the Group's investments in time deposits are financial institutions with sound credit quality, and the probability of default is expected to be very low.
- For the financial assets measured at amortized cost pledged by the Group as collateral, please refer to Note 8.

(IV) Notes and accounts receivable

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---------------------------------------|----------------|-------------------|----------------|
| Notes receivable | \$ 7,995 | \$ 5,561 | \$ 11,073 |
| Less: Allowance to reduce loss | (3) | (2) | (7) |
| | \$ 7,992 | \$ 5,559 | \$ 11,066 |
| Accounts receivable | \$ 53,743 | \$ 51,770 | \$ 41,437 |
| Less: Allowance to reduce loss | (206) | (42) | (70) |
| Subtotal | \$ 53,537 | \$ 51,728 | \$ 41,367 |
| Accounts receivable - related parties | 11 | 1,039 | - |
| Total | \$ 53,548 | \$ 52,767 | \$ 41,367 |

- As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group held guarantee deposits of NTD 6,832, NTD 7,240 and NTD 8,255, respectively, as collateral for accounts receivable, recorded under other current liabilities and other non-current liabilities.
- The aging analysis of notes and accounts receivable is as follows:

| | March 31, 2025 | | December 31, 2024 | |
|----------------|------------------|---------------------|-------------------|---------------------|
| | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable |
| Not past due | \$ 7,995 | \$ 51,204 | \$ 5,561 | \$ 52,447 |
| Within 30 days | - | 2,550 | - | 285 |
| 31-90 days | - | - | - | 77 |
| | \$ 7,995 | \$ 53,754 | \$ 5,561 | \$ 52,809 |

| | March 31, 2024 | |
|----------------|------------------|---------------------|
| | Notes receivable | Accounts receivable |
| Not past due | \$ 11,073 | \$ 41,281 |
| Within 30 days | - | 156 |
| | <u>\$ 11,073</u> | <u>\$ 41,437</u> |

The above aging analysis is based on the number of overdue days.

- As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's balances of notes receivable and accounts receivable arose from customer contracts. Additionally, as of January 1, 2024, the balances of notes receivable and accounts receivable from customer contracts were NTD 8,474 and NTD 44,635, respectively.
 - Without considering any collateral or other credit enhancements held, the maximum exposure to credit risk for the Group's notes receivable as of March 31, 2025, December 31, 2024 and March 31, 2024, was NTD 7,992, NTD 5,559 and NTD 11,066, respectively. The maximum exposure to credit risk for the Group's accounts receivable as of March 31, 2025, December 31, 2024 and March 31, 2024, was NTD 53,548, NTD 68,224 and NTD 41,367, respectively.
 - For credit risk information, please refer to Note 12(2).
- (V) Other receivables

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|------------------------------------|-------------------|-------------------|------------------|
| Treatment fees collected on behalf | \$ 115,809 | \$ 119,264 | \$ 96,088 |
| Others | 86 | 882 | 114 |
| | <u>\$ 115,895</u> | <u>\$ 120,146</u> | <u>\$ 96,202</u> |

- The Group has signed waste disposal contracts with certain customers, where the contract specifies that the Company providing the disposal service will collect the handling fees on behalf of the customer and then pay the treatment company. The Group's portion of the receivables from customers is recognized as "other receivables" in accordance with its nature.
 - For credit risk information, please refer to Note 12(2).
- (VI) Inventory

| | March 31, 2025 | | |
|------------------------|------------------|--|------------------|
| | Cost | Allowance to reduce inventory to market | Carrying amount |
| Raw materials | \$ 4,102 | (\$ 316) | \$ 3,786 |
| Semi-finished products | 1,792 | - | 1,792 |
| Finished products | 17,072 | (3,943) | 13,129 |
| Total | <u>\$ 22,966</u> | <u>(\$ 4,259)</u> | <u>\$ 18,707</u> |

| | December 31, 2024 | | |
|------------------------|-------------------|--|------------------|
| | Cost | Allowance to reduce inventory to market | Carrying amount |
| Raw materials | \$ 3,103 | (\$ 338) | \$ 2,765 |
| Semi-finished products | 598 | - | 598 |
| Finished products | 18,287 | (3,607) | 14,680 |
| Total | <u>\$ 21,988</u> | <u>(\$ 3,945)</u> | <u>\$ 18,043</u> |

| March 31, 2024 | | | |
|------------------------|------------------|--|------------------|
| | Cost | Allowance to reduce inventory to market | Carrying amount |
| Raw materials | \$ 2,886 | (\$ 348) | \$ 2,538 |
| Semi-finished products | 720 | (25) | 695 |
| Finished products | 17,196 | (2,718) | 14,478 |
| Total | \$ 20,802 | (\$ 3,091) | \$ 17,711 |

The cost of inventory recognized as expenses by the Group for the current period:

| | For the three-month periods ended March 31 | |
|---|--|-----------------|
| | 2025 | 2024 |
| Cost of inventory sold | \$ 3,089 | \$ 5,722 |
| Inventory valuation loss (Gain from Recovery) | 314 (| 720) |
| Unappropriated manufacturing expenses | 4,516 | 3,533 |
| | \$ 7,919 | \$ 8,535 |

From January 1 to March 31, 2024, the Group recognized a decrease in cost of goods sold due to the reversal of previously recognized inventory write-downs for inventory that was sold during the period.

(VII) Property, plant and equipment

2025

| | Land | Houses and buildings | Machinery equipment | Transportation equipment | Office equipment | Other equipment | Unfinished construction and equipment to be inspected | Total |
|--|-------------------|----------------------|---------------------|--------------------------|------------------|------------------|---|-------------------|
| January 1 | | | | | | | | |
| Cost | \$ 163,587 | \$ 104,988 | \$ 102,138 | \$ 285,395 | \$ 11,408 | \$ 25,249 | \$ 665 | \$ 693,430 |
| Accumulated depreciation | - | (41,000) | (22,945) | (152,004) | (7,250) | (10,611) | - | (233,810) |
| | <u>\$ 163,587</u> | <u>\$ 63,988</u> | <u>\$ 79,193</u> | <u>\$ 133,391</u> | <u>\$ 4,158</u> | <u>\$ 14,638</u> | <u>\$ 665</u> | <u>\$ 459,620</u> |
| January 1 | \$ 163,587 | \$ 63,988 | \$ 79,193 | \$ 133,391 | \$ 4,158 | \$ 14,638 | \$ 665 | \$ 459,620 |
| Add | 142,773 | 63,951 | 1,671 | 5,179 | 532 | 87 | - | 214,193 |
| Transfers in the current period (Note) | 61,188 | 27,408 | 259 | - | 228 | - | - | 89,083 |
| Depreciation expense | - | (2,247) | (2,396) | (7,024) | (528) | (798) | - | (12,993) |
| March 31 | <u>\$ 367,548</u> | <u>\$ 153,100</u> | <u>\$ 78,727</u> | <u>\$ 131,546</u> | <u>\$ 4,390</u> | <u>\$ 13,927</u> | <u>\$ 665</u> | <u>\$ 749,903</u> |
| March 31 | | | | | | | | |
| Cost | \$ 367,548 | \$ 196,347 | \$ 104,068 | \$ 290,574 | \$ 12,168 | \$ 25,336 | \$ 665 | \$ 996,706 |
| Accumulated depreciation | - | (43,247) | (25,341) | (159,028) | (7,778) | (11,409) | - | (246,803) |
| | <u>\$ 367,548</u> | <u>\$ 153,100</u> | <u>\$ 78,727</u> | <u>\$ 131,546</u> | <u>\$ 4,390</u> | <u>\$ 13,927</u> | <u>\$ 665</u> | <u>\$ 749,903</u> |

2024

| | Land | Houses and buildings | Machinery equipment | Transportation equipment | Office equipment | Other equipment | Unfinished construction and equipment to be inspected | Total |
|--|-------------------|----------------------|---------------------|--------------------------|------------------|------------------|---|-------------------|
| January 1 | | | | | | | | |
| Cost | \$ 166,374 | \$ 90,938 | \$ 81,900 | \$ 252,035 | \$ 10,125 | \$ 15,049 | \$ 17,150 | \$ 633,571 |
| Accumulated depreciation | - | (36,179) | (13,977) | (132,661) | (5,560) | (8,030) | - | (196,407) |
| | <u>\$ 166,374</u> | <u>\$ 54,759</u> | <u>\$ 67,923</u> | <u>\$ 119,374</u> | <u>\$ 4,565</u> | <u>\$ 7,019</u> | <u>\$ 17,150</u> | <u>\$ 437,164</u> |
| January 1 | \$ 166,374 | \$ 54,759 | \$ 67,923 | \$ 119,374 | \$ 4,565 | \$ 7,019 | \$ 17,150 | \$ 437,164 |
| Add | - | - | 669 | 4,068 | 1,260 | 969 | 1,360 | 8,326 |
| Transfers in the current period (Note) | - | 6,781 | 15,251 | 150 | 88 | 3,441 | (8,197) | 17,514 |
| Depreciation expense | - | (1,254) | (2,084) | (5,600) | (423) | (438) | - | (9,799) |
| March 31 | <u>\$ 166,374</u> | <u>\$ 60,286</u> | <u>\$ 81,759</u> | <u>\$ 117,992</u> | <u>\$ 5,490</u> | <u>\$ 10,991</u> | <u>\$ 10,313</u> | <u>\$ 453,205</u> |
| March 31 | | | | | | | | |
| Cost | \$ 166,374 | \$ 97,719 | \$ 97,820 | \$ 256,253 | \$ 11,473 | \$ 19,459 | \$ 10,313 | \$ 659,411 |
| Accumulated depreciation | - | (37,433) | (16,061) | (138,261) | (5,983) | (8,468) | - | (206,206) |
| | <u>\$ 166,374</u> | <u>\$ 60,286</u> | <u>\$ 81,759</u> | <u>\$ 117,992</u> | <u>\$ 5,490</u> | <u>\$ 10,991</u> | <u>\$ 10,313</u> | <u>\$ 453,205</u> |

Note: Please refer to Note VI (XXXI) for the number of transfers from January 1 to March 31 in 2025 and 2024.

1. For the three-month periods ended March 31, 2025 and 2024, the Group's property, plant and equipment were all for self-use, without any leasing.
2. For the information on collateral with property, plant and equipment of the Group, please refer to the descriptions in Note 8.

3. To meet operational development planning needs, the Company's Board of Directors passed a resolution on November 7, 2024, to purchase land and buildings on Wenxian Road in Tainan City from its parent company, Sunny Friend Environmental Technology Co., Ltd. The Company commissioned Zhonghua Real Estate Appraisers Joint Firm to conduct the valuation. The total contract price is NT\$296,080 (excluding tax), a contract was signed on November 30, 2024. The transfer of ownership and handover was completed in January 2025, and the remaining balance was paid on February 10 of the same year. These land and buildings were originally leased by the parent company Sunny Friend Environmental Technology to the subsidiary Zhengxin. In January 2025, Sunny Friend Environmental Technology transferred these properties to the Company. After negotiation, the Company agreed to fulfill the rights and obligations of the aforementioned lease contract until the end of the lease period specified in the contract.
4. To meet operational development planning requirements, the Company's Board of Directors resolved on December 27, 2024, to sign land and building lease and purchase contracts with a non-related party for property located on Dougong Third Road, Douliu City, Yunlin County. The contracts were completed on March 3, 2025, with a total purchase contract price of \$208,571 (excluding tax). As of March 31, 2025, \$9,932 had been prepaid (listed under "Other non-current assets - others"), and the remaining amount will be paid according to the contract.

(VIII) Lease transaction - Lessee

1. The assets leased by the Group include land, dormitories and offices, with lease terms ranging from 5 to 15 years. The lease agreements are individually negotiated and contain various terms and conditions. Other than prohibiting subleasing, lending, transferring, or any other means of unauthorized or illegal use of the leased assets, no additional restrictions are imposed.
2. The lease terms for buildings leased by the Group do not exceed 12 months. Additionally, the Company leases low-value assets, specifically pallet trucks.

3. The carrying amount of the right-of-use assets and the recognized depreciation expenses are as follows:

| | 2025 | | |
|---------------------------------------|-----------------|----------------------|------------------|
| | Land | Houses and buildings | Total |
| January 1 | | | |
| Cost | \$ 11,496 | \$ 28,831 | \$ 40,327 |
| Accumulated depreciation | (2,363) | (6,408) | (8,771) |
| | <u>\$ 9,133</u> | <u>\$ 22,423</u> | <u>\$ 31,556</u> |
| January 1 | \$ 9,133 | \$ 22,423 | \$ 31,556 |
| Add - New lease | - | 6,686 | 6,686 |
| Lease modify-Cost | - (| 22,958) | (22,958) |
| Lease modify-Accumulated depreciation | - | 4,018 | 4,018 |
| Depreciation expense | (191) | (670) | (861) |
| March 31 | <u>\$ 8,942</u> | <u>\$ 9,499</u> | <u>\$ 18,441</u> |
| March 31 | | | |
| Cost | \$ 11,496 | \$ 12,559 | \$ 24,055 |
| Accumulated depreciation | (2,554) | (3,060) | (5,614) |
| | <u>\$ 8,942</u> | <u>\$ 9,499</u> | <u>\$ 18,441</u> |
| | 2024 | | |
| | Land | Houses and buildings | Total |
| January 1 | | | |
| Cost | \$ 11,496 | \$ 4,619 | \$ 16,115 |
| Accumulated depreciation | (1,597) | (1,637) | (3,234) |
| | <u>\$ 9,899</u> | <u>\$ 2,982</u> | <u>\$ 12,881</u> |
| January 1 | \$ 9,899 | \$ 2,982 | \$ 12,881 |
| Add - New lease | - | 22,958 | 22,958 |
| Depreciation expense | (191) | (613) | (804) |
| March 31 | <u>\$ 9,708</u> | <u>\$ 25,327</u> | <u>\$ 35,035</u> |
| March 31 | | | |
| Cost | \$ 11,496 | \$ 27,577 | \$ 39,073 |
| Accumulated depreciation | (1,788) | (2,250) | (4,038) |
| | <u>\$ 9,708</u> | <u>\$ 25,327</u> | <u>\$ 35,035</u> |

4. Lease liabilities related to lease contracts are as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|------------------|-------------------|------------------|
| Total lease liabilities | \$ 17,803 | \$ 31,051 | \$ 33,003 |
| Less: Those due within one year (presented as "Lease liabilities - current" in the table) | (4,102) | (6,262) | (6,070) |
| | <u>\$ 13,701</u> | <u>\$ 24,789</u> | <u>\$ 26,933</u> |

5. The information on profit and loss items related to lease contracts is as follows:

| | For the three-month periods ended March 31 | |
|---|--|-------|
| | 2025 | 2024 |
| <u>Items affecting the current profit or loss</u> | | |
| Interest expense of lease liabilities | \$ 65 | \$ 75 |
| Expenses of short-term lease contracts | 123 | - |
| Expenses on low-value asset leases | - | 7 |
| Gains on lease modifications | (162) | - |

6. For the three-month periods ended March 31, 2025 and 2024, the total cash outflow from the leases of the Group were NTD 1,020 and NTD 3,142, respectively.

(IX) Intangible assets

| | 2025 | | |
|--------------------------|--------------------|-------------------|------------------|
| | Customer relations | Computer software | Total |
| January 1 | | | |
| Cost | \$ 85,856 | \$ 3,706 | \$ 89,562 |
| Accumulated amortization | (17,171) | (1,679) | (18,850) |
| | <u>\$ 68,685</u> | <u>\$ 2,027</u> | <u>\$ 70,712</u> |
| March 31 | | | |
| Cost | \$ 85,856 | \$ 3,875 | \$ 89,731 |
| Accumulated amortization | (18,602) | (1,804) | (20,406) |
| | <u>\$ 67,254</u> | <u>\$ 2,071</u> | <u>\$ 69,325</u> |
| January 1 | | | |
| Cost | \$ 85,856 | \$ 4,084 | \$ 89,940 |
| Accumulated amortization | (11,447) | (1,724) | (13,171) |
| | <u>\$ 74,409</u> | <u>\$ 2,360</u> | <u>\$ 76,769</u> |
| March 31 | | | |
| Cost | \$ 85,856 | \$ 3,601 | \$ 89,457 |
| Accumulated amortization | (12,878) | (1,116) | (13,994) |
| | <u>\$ 72,978</u> | <u>\$ 2,485</u> | <u>\$ 75,463</u> |

1. The amortization of intangible assets is as follows:

| | For the three-month periods ended March 31 | |
|-------------------------|--|-----------------|
| | 2025 | 2024 |
| Operating cost | \$ 1,551 | \$ 1,545 |
| Administrative expenses | 139 | 119 |
| | <u>\$ 1,690</u> | <u>\$ 1,664</u> |

2. To expand its operations, the Group entered into contracts with two waste disposal companies in January 2022 to acquire their customer lists. The total contract price was NTD 90,257, with the Group making monthly payments over 5 to 9 years. The present value of the total contract price, discounted at the effective interest rate, was recorded at NTD 85,856. The customer relationship is amortized over 15 years using the straight-line method, based on the remaining economic benefit period.

(X) Other non-current assets - others

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|------------------|-------------------|-----------------|
| Prepayment for equipment purchase | \$ 7,583 | \$ 423 | \$ 9,563 |
| Prepayment for land and building purchase | 9,932 | - | - |
| Prepayment for land and building purchase -Related parties | - | 88,824 | - |
| | <u>\$ 17,515</u> | <u>\$ 89,247</u> | <u>\$ 9,563</u> |

For explanations of the aforementioned prepaid property payments and prepaid property payments to related parties, please refer to Notes 6(7) and 7.

(XI) Short-term borrowings

| Nature of the loan | March 31, 2025 | Interest rate range | Collateral |
|--------------------|------------------|---------------------|--|
| Bank borrowings | | | |
| Secured borrowings | <u>\$ 33,000</u> | 1.90% | Land and property, plant and equipment |

| Nature of the loan | December 31, 2024 | Interest rate range | Collateral |
|--------------------|-------------------|---------------------|--|
| Bank borrowings | | | |
| Secured borrowings | \$ 40,000 | 1.90% | Land and property, plant and equipment |
| Credit borrowings | 3,000 | 1.90% | None |
| | <u>\$ 43,000</u> | | |

| Nature of the loan | March 31, 2024 | Interest rate range | Collateral |
|--------------------|------------------|---------------------|--|
| Bank borrowings | | | |
| Secured borrowings | <u>\$ 17,000</u> | 2.075% | Land and property, plant and equipment |

The Group has provided collateral for short-term borrowings. Please refer to Note 8 for further details.

(XII) Short-term notes payable

| Nature of the loan | March 31, 2024 | Interest rate range | Collateral |
|------------------------------------|------------------|---------------------|------------|
| Face value of commercial paper | \$ 30,000 | 1.998% | None |
| Less: Unamortized premium discount | (38) | | |
| | <u>\$ 29,962</u> | | |

The balances of short-term bills payable as of March 31, 2025, and December 31, 2024, were both \$0.

(XIII) Other payables

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|--------------------------------------|-----------------------|--------------------------|-----------------------|
| Directors and employees remuneration | \$ 27,535 | \$ 22,173 | \$ 13,983 |
| Bonuses and salaries payable | 20,612 | 39,010 | 17,132 |
| Treatment fees | 17,238 | 14,101 | 21,378 |
| Payables for equipment | 389 | 2,410 | 603 |
| Others | 12,484 | 11,895 | 13,259 |
| | <u>\$ 78,258</u> | <u>\$ 89,589</u> | <u>\$ 66,355</u> |

(XIV) Long-term borrowings

| <u>Nature of the loan</u> | <u>Term and repayment method of loans</u> | <u>Interest rate range</u> | <u>Collateral</u> | <u>March 31, 2024</u> |
|--|---|----------------------------|----------------------------|-----------------------|
| Long-term bank borrowings | | | | |
| Secured borrowings | Interest paid monthly from June 15, 2018 to June 15, 2033, with the principal being repaid in 180 installments beginning July 15, 2018. | 2.425% | Land, houses and buildings | \$ 7,232 |
| Less: Long-term borrowings due within one year | | | | (710) |
| (Listed as "Long-term liabilities due within one year or one operating cycle") | | | | <u>\$ 6,522</u> |

1. The balance of long-term borrowings as of March 31, 2025 and December 31, 2024, was NT\$0.

2. The Group has provided collateral for long-term borrowings. Please refer to Note 8 for further details.

(XV) Pension

1. Since July 1, 2005, the Group has established a defined contribution pension plan in accordance with the "Labor Pension Act", applicable to its domestic employees. For employees who choose to adopt the labor pension system under the "Labor Pension Act", the Group contributes 6% of the monthly salary to their individual pension accounts at the Bureau of Labor Insurance. The payment of the employee pension is based on the employee's individual pension account and the accumulated return, which are paid monthly or in lump sum.

2. For the three-month periods ended March 31, 2025 and 2024, the Group recognized pension costs of NTD 2,495 and NTD 2,100, respectively, in accordance with the above-mentioned pension measures.

(XVI) Other non-current liabilities

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---|-----------------------|--------------------------|-----------------------|
| Long-term payables: | | | |
| Long-term payables | \$ 37,311 | \$ 41,006 | \$ 53,318 |
| Long-term payables due within one year (Listed as "Long-term liabilities due within one year or one operating cycle") | (14,285) | (14,227) | (15,269) |
| Unrealized interest expense | (1,067) | (1,228) | (1,806) |
| Subtotal | 21,959 | 25,551 | 36,243 |
| Long-term payables - related parties | 3,478 | 2,392 | 4,036 |
| Deposits received - non-current | 1,434 | 1,514 | 764 |
| Total | <u>\$ 26,871</u> | <u>\$ 29,457</u> | <u>\$ 41,043</u> |

Long-term payables

In order to expand the scale of operation, the Group signed a contract with two waste disposal companies in January 2022 to acquire intangible assets, agreeing to pay monthly for 5 to 9 years in

accordance with the contract. Please refer to Note 6(9) for details.

(XVII) Share-based payment

The Company's share-based payment arrangements for 2024 are as follows:

1. On March 28, 2024, the Company's Board of Directors passed a resolution to issue 6,000 thousand new shares through a cash capital increase, reserving 15% for subscription by employees of the controlling and subsidiary companies who meet certain conditions. Employees were thus granted stock options for 900 thousand shares with a subscription price of NT\$45 per share. The terms of the share-based payment agreement are as follows:

| <u>Types of agreements</u> | <u>Grant date</u> | <u>Number of shares granted (shares)</u> | <u>Contract period</u> | <u>Vesting conditions</u> |
|---|-------------------|--|------------------------|---------------------------|
| Cash capital increase reserved for employee stock options | June 14, 2024 | 900,000 | None | Immediately vested |

The above share-based payment arrangement is settled on the basis of equity.

2. Detailed information about the above share-based payment arrangements is as follows:

| | <u>2024</u> | |
|---------------------------------------|-----------------------------------|---|
| | <u>Number of options (shares)</u> | <u>Weighted average exercise price (NT\$)</u> |
| Options outstanding as of January 1 | - | \$ - |
| Share options granted this period | 900,000 | 45 |
| Share options exercised this period | (733,000) | 45 |
| Share options foregone this period | (167,000) | 45 |
| Options outstanding as of December 31 | - | - |
| Options exercisable as of December 31 | - | - |

3. The share-based payment transaction uses publicly quoted prices from an active market, and the fair value per share is calculated after considering liquidity discounts. The fair value of the stock options is then estimated using the Black-Scholes-Merton option pricing model. The relevant information is as follows:

| <u>Types of agreements</u> | <u>Grant date</u> | <u>Market price per share (NTD)</u> | <u>Strike price (NTD)</u> | <u>Expected volatility</u> | <u>Expected duration</u> | <u>Expected dividends</u> | <u>Risk-free interest rate</u> | <u>Fair value per unit (NTD)</u> |
|---|-------------------|-------------------------------------|---------------------------|----------------------------|--------------------------|---------------------------|--------------------------------|----------------------------------|
| Cash capital increase reserved for employee stock options | June 14, 2024 | \$ 53.3 | \$ 45 | 26.56% | 0.02 years | - | 1.30% | \$ 8.3 |

(XVIII) Share capital

1. As of March 31, 2025, the Company's authorized capital was NTD 600,000, divided into 60,000 thousand shares, with a paid-in capital of NTD 460,000, all of which were common shares, with a par value of NTD 10 per share. The payment for the issued shares of the Company has been collected.

The outstanding common shares of the Company from January 1 to March 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---------------------|--------|--------|
| January 1/ March 31 | 46,000 | 40,000 |

- To accommodate the initial public offering on the Innovation Board, the Company's Board of Directors passed a resolution on March 28, 2024, to issue 6,000 thousand new shares through a premium cash capital increase, with a par value of NT\$10 per share. The public offering price was NT\$45 per share, with a minimum auction price of NT\$43.27 per share. The weighted average price of successful bids was NT\$53.34 per share. Considering the necessary costs of issuing new shares, the total capital increase amounted to NT\$309,530. June 14, 2024 was set as the record date for the capital increase, and the registration change was completed on July 11, 2024.

(XIX) Capital reserve

According to the Company Act, the premium received from the issuance of shares above their par value and the capital reserve from received donations, unless used to offset losses, shall, when the Company has no accumulated losses, be distributed to shareholders in proportion to their existing shareholding in the form of new shares or cash. In accordance with the relevant provisions of the Securities and Exchange Act, the above-mentioned capital reserve is limited to 10% of the paid-in capital annually. If the Company is unable to cover capital losses with retained earnings and there is still a shortfall, capital reserve cannot be used to supplement the deficiency.

(XX) Retained earnings

- According to the Company's Articles of Incorporation, if there is an earnings in the annual financial statements, after paying all taxes and duties as required by law, the earnings should first be used to cover any prior year losses. Then, 10% should be allocated as legal retained earnings. The remainder shall be allocated or reversed as special reserve in accordance with laws or regulations set by the competent authorities. Any remaining earnings, together with accumulated undistributed earnings, may be distributed as dividends to shareholders. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be submitted to the shareholders' meeting for approval.
- According to the Company's dividend policy, based on operational budget planning for future years, assessment of capital requirements, and shareholder interests, the Company shall distribute no less than 50% of the distributable earnings mentioned in the preceding paragraph as dividends to shareholders. Unless the Board of Directors resolves not to distribute cash dividends and such resolution is approved by the shareholders' meeting, to achieve a balanced and stable dividend policy, cash dividends shall not be less than 30% of total dividends when the Company distributes dividends.
- The legal reserve shall not be used except to offset a deficit, issue new shares or issue cash in proportion to the original shares of a shareholder, but if the legal reserve exceeds 25% of the paid-in capital, the excess may be used for issuing new shares or issuing cash.
- The Company's Board of Directors proposed the distribution of 2024 earnings on February 27, 2025, and the shareholders approved the distribution of 2023 earnings on May 17, 2024, as follows:

| | 2024 | | 2023 | |
|----------------|------------|------------------------------|------------|------------------------------|
| | Amount | Dividends per share (NTD) | Amount | Dividends per share (NTD) |
| Legal reserve | \$ 20,701 | \$ - | \$ 10,453 | \$ - |
| Cash dividends | 174,800 | 3.80 | 94,000 | 2.35 |
| | \$ 195,501 | | \$ 104,453 | |

The 2024 earnings distribution has not yet been resolved by the shareholders' meeting.

(XXI) Operating revenue

| | For the three-month periods ended March 31 | |
|---------------------------------|--|------------|
| | 2025 | 2024 |
| Revenue from customer contracts | \$ 172,693 | \$ 130,784 |

1. Segmenting revenue from customer contracts

The Group's revenue sources are from the provision of goods and services that are both gradually transferred over time and transferred in full at a certain point in time. The revenue can be divided into the following major product lines:

| | Disposal Department | | Treatment | | Plastic-wood Department | Environmental Safety Department | Total |
|--|---------------------|------------------|--------------------|-----------------|---------------------------------|---------------------------------|-------------------|
| | Medical waste | Industrial waste | Effluent treatment | Reuse | Sales of plastic-wood materials | Sales of services | |
| For the three-month periods ended March 31, 2025 | | | | | | | |
| Revenue from department transactions | \$ 92,565 | \$ 72,905 | \$ 1,886 | \$ 3,743 | \$ 2,937 | \$ 1,746 | \$ 175,782 |
| Revenue from inter-department transactions | (1,800) | (538) | - | - | (751) | - | (3,089) |
| Revenue from customer contracts | <u>\$ 90,765</u> | <u>\$ 72,367</u> | <u>\$ 1,886</u> | <u>\$ 3,743</u> | <u>\$ 2,186</u> | <u>\$ 1,746</u> | <u>\$ 172,693</u> |
| Time of revenue recognition | | | | | | | |
| Revenue recognized at a specific point in time | \$ - | \$ - | \$ - | \$ - | \$ 2,186 | \$ - | \$ 2,186 |
| Revenue recognized over time | <u>90,765</u> | <u>72,367</u> | <u>1,886</u> | <u>3,743</u> | <u>-</u> | <u>1,746</u> | <u>170,507</u> |
| | <u>\$ 90,765</u> | <u>\$ 72,367</u> | <u>\$ 1,886</u> | <u>\$ 3,743</u> | <u>\$ 2,186</u> | <u>\$ 1,746</u> | <u>\$ 172,693</u> |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| For the three-month periods ended March 31, 2024 | | | | | | | |
| Revenue from department transactions | \$ 80,988 | \$ 43,833 | \$ 1,964 | \$ 729 | \$ 6,408 | \$ - | \$ 133,922 |
| Revenue from inter-department transactions | (1,800) | (609) | - | - | (729) | - | (3,138) |
| Revenue from customer contracts | <u>\$ 79,188</u> | <u>\$ 43,224</u> | <u>\$ 1,964</u> | <u>\$ 729</u> | <u>\$ 5,679</u> | <u>\$ -</u> | <u>\$ 130,784</u> |
| Time of revenue recognition | | | | | | | |
| Revenue recognized at a specific point in time | \$ - | \$ - | \$ - | \$ - | \$ 5,679 | \$ - | \$ 5,679 |
| Revenue recognized over time | <u>79,188</u> | <u>43,224</u> | <u>1,964</u> | <u>729</u> | <u>-</u> | <u>-</u> | <u>125,105</u> |
| | <u>\$ 79,188</u> | <u>\$ 43,224</u> | <u>\$ 1,964</u> | <u>\$ 729</u> | <u>\$ 5,679</u> | <u>\$ -</u> | <u>\$ 130,784</u> |

2. Contract assets and contract liabilities

(1) As of March 31, 2025, December 31, 2024 and March 31, 2024, the contract assets and contract liabilities related to customer contract revenue recognized by the Group are as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 | January 1, 2024 |
|------------------------------------|------------------|-------------------|------------------|------------------|
| Contract assets - current | \$ 16,520 | \$ 15,457 | \$ - | \$ - |
| Contract liabilities - current | \$ 66,105 | \$ 59,858 | \$ 58,900 | \$ 50,799 |
| Contract liabilities - non-current | 2,389 | 2,284 | 4,650 | 6,471 |
| | <u>\$ 68,494</u> | <u>\$ 62,142</u> | <u>\$ 63,550</u> | <u>\$ 57,270</u> |

(2) Revenue recognized from contract liabilities at the beginning of the period

| | For the three-month periods ended March 31 | |
|---|--|-----------|
| | 2025 | 2024 |
| Revenue recognized in the current period from the beginning balance of contract liabilities | \$ 23,097 | \$ 19,888 |

3. The Group establishes billing upon the quantity of waste disposed of by each entrusted entity multiplied by the contract unit price, and recognizes the billing amount as revenue. Due to this practice, it is not necessary to disclose the transaction price allocated from the remaining performance obligation of such type of contract.
4. The Company's Environmental Safety Department has undertaken asbestos building material waste removal and disposal service projects. As of March 31, 2025, the allocated transaction price for portions not yet fully performed was \$20,218. Management expects that the transaction price allocated to unsatisfied performance obligations as of March 31, 2025, will be recognized as revenue from April 1 to December 31, 2025. The aforementioned amount does not include restricted variable consideration.
5. For information on credit risk related to contract assets, please refer to Note 12(2).

(XXII) Interest revenue

| | For the three-month periods ended March 31 | |
|--|--|--------|
| | 2025 | 2024 |
| Bank deposit interest | \$ 204 | \$ 705 |
| Interest income from financial assets measured at amortized cost | 78 | 59 |
| | \$ 282 | \$ 764 |

(XXIII) Other income

| | For the three-month periods ended March 31 | |
|--------------------------|--|-------|
| | 2025 | 2024 |
| Government grants income | \$ - | \$ 4 |
| Other income - others | 99 | 6 |
| | \$ 99 | \$ 10 |

(XXIV) Other gains and losses

| | For the three-month periods ended March 31 | |
|--|--|------|
| | 2025 | 2024 |
| Gains on lease modifications | \$ 162 | \$ - |
| Gains on Financial Assets at Fair Value through Profit or Loss | 1,086 | - |
| Other losses | (239) | - |
| | \$ 1,009 | \$ - |

(XXV) Financial cost

| | For the three-month periods ended March 31 | |
|--|--|---------------|
| | 2025 | 2024 |
| Interest expense: | | |
| Bank borrowings | \$ 196 | \$ 269 |
| Interest expense of lease liabilities | 65 | 75 |
| Interest expense of long-term payables | 161 | 224 |
| Financial cost | <u>\$ 422</u> | <u>\$ 568</u> |

(XXVI) Additional information on the nature of expenses

| | For the three-month periods ended March 31 | |
|---|--|------------------|
| | 2025 | 2024 |
| Employee benefit expenses | \$ 64,976 | \$ 54,559 |
| Raw materials and supplies consumed | 828 | 1,138 |
| Changes in inventory of finished products and work-in-progress products | (466) | 1,075 |
| Transportation expense | 8,423 | 7,539 |
| Depreciation expense on property, plant and equipment | 12,993 | 9,799 |
| Repair and maintenance fee | 5,005 | 4,678 |
| Consumables | 2,855 | 2,531 |
| Service expense | 2,396 | 2,491 |
| Amortization expenses | 1,690 | 1,664 |
| Depreciation expense on right-of-use assets | 861 | 804 |
| Other expenses | 9,522 | 7,806 |
| Operating costs and operating expenses | <u>\$ 109,083</u> | <u>\$ 94,084</u> |

(XXVII) Employee benefit expenses

| | For the three-month periods ended March 31 | |
|------------------------------------|--|------------------|
| | 2025 | 2024 |
| Salary expense | \$ 53,377 | \$ 45,377 |
| Labor and health insurance expense | 4,711 | 4,010 |
| Pension expense | 2,495 | 2,100 |
| Remuneration to directors | 1,574 | 825 |
| Other personnel expenses | 2,819 | 2,247 |
| | <u>\$ 64,976</u> | <u>\$ 54,559</u> |

1. The Company's Articles of Incorporation stipulate that after offsetting accumulated losses from the current year's profits, if there is a remainder, 7% shall be allocated as employee compensation, and up to 1% (inclusive) may be allocated as directors' compensation. The remuneration may be paid to employees of subsidiaries of the Company who meet certain criteria.
2. For the three-month periods ended March 31, 2025 and 2024, the estimated amount of employee remuneration of the Company was NTD 4,546 and NTD 2,557, respectively. The estimated amount of director remuneration was NTD 649 and NTD 365, respectively. The aforementioned employee remuneration was booked in the salary expense account.
For the three-month periods ended March 31, 2025, the estimated amounts of employee remuneration and director remuneration were calculated based on the profit for the year, with estimates of 7% and 1%, respectively. The estimated amounts align with the Board of Directors'

resolution, and employee remuneration will be paid in cash.

The Board of Directors approved employee compensation of NT\$18,898 and directors' compensation of NT\$2,700 for 2024 on February 27, 2025, which is consistent with the amount recognized in the financial statements for 2024. As of May 9, 2025, these have not yet been actually distributed.

The information on remuneration to employees and directors approved by the Board of Directors of the Company can be found on the MOPS.

(XXVIII) Income tax

1. Income tax expense

Components of income tax expenses:

| | <u>For the three-month periods ended March 31</u> | |
|--|---|-----------------|
| | <u>2025</u> | <u>2024</u> |
| Income tax for the current period: | | |
| Income tax generated from current income of the current period | \$ 13,206 | \$ 7,612 |
| Total income tax for the current period | <u>13,206</u> | <u>7,612</u> |
| Deferred income tax: | | |
| Reversal and origin of temporary differences | (196) | 174 |
| Income tax expense | <u>\$ 13,010</u> | <u>\$ 7,786</u> |

2. The Company's profit-seeking enterprise income tax has been approved by the tax authorities up to 2023.

(XXIX) Earnings per share

| | <u>For the three-month periods ended March 31, 2025</u> | | |
|---|---|--|---------------------------------|
| | <u>Amount after-tax</u> | <u>Number of outstanding shares at the end of the period (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| | | | |
| <u>Basic earnings per share</u> | | | |
| Net income attributable to the common shareholders of the parent company | \$ 51,568 | <u>46,000</u> | <u>\$ 1.12</u> |
| <u>Diluted earnings per share</u> | | | |
| Net income attributable to the common shareholders of the parent company | \$ 51,568 | 46,000 | |
| Impact of potential common shares with dilutive effect | | | |
| Employee remuneration | - | <u>236</u> | |
| Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares. | <u>\$ 51,568</u> | <u>46,236</u> | <u>\$ 1.12</u> |

| | <u>For the three-month periods ended March 31, 2024</u> | | |
|---|---|--|-------------------------------------|
| | <u>Amount after-tax</u> | <u>Number of outstanding shares at the end of the period (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u> | | | |
| Net income attributable to the common shareholders of the parent company | \$ 29,314 | 40,000 | \$ 0.73 |
| <u>Diluted earnings per share</u> | | | |
| Net income attributable to the common shareholders of the parent company | \$ 29,314 | 40,000 | |
| Impact of potential common shares with dilutive effect | | | |
| Employee remuneration | - | 114 | |
| Net profit attributable to common shareholders of the parent company for the current period, including the impact of potential common shares. | \$ 29,314 | 40,114 | \$ 0.73 |

(XXX) Transactions with Non-controlling Interests

- In December 2024, the Company purchased an additional 33.33% of issued shares of Huan Xin from non-related parties for NT\$5,000 in cash. The carrying amount of Huan Xin's non-controlling interests at the acquisition date was NT\$8,011. This transaction decreased non-controlling interests by NT\$8,011 and increased equity attributable to owners of the parent by NT\$3,011.
- The effect of changes in equity attributable to owners of the parent during 2024 is as follows:

| | <u>2024</u> |
|--|-------------|
| Carrying amount of non-controlling interest purchase | \$ 8,011 |
| Consideration paid for non-controlling interests | (5,000) |
| Capital Surplus - Difference Between the Actual Price of Acquisition or Disposal of Subsidiary Shares and Their Carrying Value | \$ 3,011 |

(XXXI) Supplementary information on cash flow

1. Investment activities with partial cash payments:

| | For the three-month periods ended March 31 | |
|--|--|-----------------|
| | 2025 | 2024 |
| (1) Purchase of property, plant and equipment | \$ 214,193 | \$ 8,326 |
| Add: Payables for equipment in the beginning of the period | 2,410 | 367 |
| Less: Payables for equipment on the end of the period | (389) | (603) |
| Paid in cash in the current period | <u>\$ 216,214</u> | <u>\$ 8,090</u> |
| | For the three-month periods ended March 31 | |
| | 2025 | 2024 |
| (2) Purchase of intangible assets | \$ 303 | \$ 358 |
| Add: Long-term payables in the beginning of period - current | 14,227 | 15,614 |
| Add: Long-term payables in the beginning of period - non-current | 25,551 | 39,779 |
| Less: Long-term payables at the end of the period - current | (14,285) | (15,269) |
| Less: Long-term payables at the end of the period - non-current | (21,959) | (36,243) |
| Less: Other payables at the end of the period - non-current | (17) | - |
| Paid in cash in the current period | <u>\$ 3,820</u> | <u>\$ 4,239</u> |

2. Operating and investing activities that do not affect cash flow:

| | For the three-month periods ended March 31 | |
|--|--|-----------|
| | 2025 | 2024 |
| (1) Transfer of inventory to property, plant, and equipment | \$ - | \$ 1,054 |
| (2) Transfer of other non-current assets to property, plant, and equipment | \$ 89,083 | \$ 16,460 |

(XXXII) Changes in liabilities from financing activities

| | 2025 | | | |
|--|-----------------------|---|---|---|
| | Short-term borrowings | Lease liabilities - current and non-current | Deposits received - current and non-current | Total liabilities from financing activities |
| January 1 | \$ 43,000 | \$ 31,051 | \$ 7,240 | \$ 81,291 |
| Changes in cash flow from financing activities | (10,000) | (832) | (408) | (11,240) |
| Lease modifications | - | (19,102) | - | (19,102) |
| Additions of non-cash payments | - | 6,686 | - | 6,686 |
| March 31 | <u>\$ 33,000</u> | <u>\$ 17,803</u> | <u>\$ 6,832</u> | <u>\$ 57,635</u> |

| | 2024 | | | | | |
|---|-----------------------|--------------------------|---|---|---|---|
| | Short-term borrowings | Short-term notes payable | Lease liabilities - current and non-current | Deposits received - current and non-current | Longt-term borrowings (including due within one year) | Total liabilities from financing activities |
| | January 1 | \$ 51,000 | \$ - | \$ 13,105 | \$ 6,792 | \$ 7,407 |
| Changes in cash flow from financing activities | (34,000) | 30,000 | (3,060) | 1,463 | (175) | (5,772) |
| Change in discounts on short-term notes payable | - | (38) | - | - | - | (38) |
| Additions of non-cash payments | - | - | 22,958 | - | - | 22,958 |
| March 31 | <u>\$ 17,000</u> | <u>\$ 29,962</u> | <u>\$ 33,003</u> | <u>\$ 8,255</u> | <u>\$ 7,232</u> | <u>\$ 95,452</u> |

VII. Related party transactions

(I) Name and relationship with related parties

| Name of related party | Relations with the Group |
|---------------------------------------|---|
| Sunny Friend Environmental Technology | The parent company of the Group |
| Lin Lung-Wei | Key management personnel of the parent company of the Group |

(II) Major transactions with related parties

1. Operating revenue

| | For the three-month periods ended March 31 | |
|---------------------------------------|--|------------------|
| | 2025 | 2024 |
| Service revenue: | | |
| Sunny Friend Environmental Technology | \$ 53,819 | \$ 35,555 |
| Sales revenue: | | |
| Sunny Friend Environmental Technology | 35 | - |
| | 35 | - |
| Total | <u>\$ 53,854</u> | <u>\$ 35,555</u> |

- (1) The Group's waste collection revenue is calculated by weight with reference to market prices, with payment terms of 30-60 days after monthly settlement.
- (2) The transaction price for the Group's product sales is determined through mutual negotiation, with payment terms finalized 40 days after the close of each month's billing period.

2. Operating cost - handling expense

| | For the three-month periods ended March 31 | |
|---------------------------------------|--|--------|
| | 2025 | 2024 |
| Sunny Friend Environmental Technology | \$ 585 | \$ 250 |

The price of labor service is determined through mutual negotiation between the buyer and the seller. The payment terms are not significantly different from those with non-affiliates. The payment terms are settlement within 30 days after the service is provided.

3. Receivables from Related Parties

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---------------------------------------|-----------------------|--------------------------|-----------------------|
| Accounts receivable: | | | |
| Sunny Friend Environmental Technology | \$ 11 | \$ 1,039 | \$ - |

4. Payables to related parties

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---------------------------------------|-----------------------|--------------------------|-----------------------|
| Accounts payable: | | | |
| Sunny Friend Environmental Technology | \$ - | \$ 16 | \$ - |
| Other payables- equipments: | | | |
| Sunny Friend Environmental Technology | \$ - | \$ - | \$ 420 |
| Other payables- handling expense: | | | |
| Sunny Friend Environmental Technology | \$ 141,268 | \$ 133,149 | \$ 131,428 |
| Long-term payables- handling expense: | | | |
| Sunny Friend Environmental Technology | \$ 3,478 | \$ 2,392 | \$ 4,036 |

Other payables and long-term payables to Sunny Friend mainly consist of:

The Group has signed waste disposal contracts with certain customers, where the contract specifies that the Company providing the disposal service will collect the handling fees on behalf of the customer and then pay the treatment company. Sunny Friend is one of the waste disposal companies employed to handle the waste disposed of by the Group. According to the contract, the Group will collect the treatment fees on behalf of the customer and pay them to Sunny Friend. As of March 31, 2025, December 31, 2024 and March 31, 2024, Sunny Friend has completed the waste disposal and issued an invoice. The unpaid portion by the Company amounts to NTD 95,384, NTD 91,740 and NTD 84,550, respectively, which is classified under "Other Payables" based on its liquidity. The portion of the waste disposal and treatment that has not yet been completed, for which the Company has already collected payment in advance, amounts to NTD 49,362, NTD 43,801 and NTD 50,914, respectively, which is classified under "Other Payables" and "Long-Term Payables" (listed as other non-current liabilities) based on its liquidity.

5. Lease transaction - Lessee

(1) The Group leases employee dormitories in Yunlin County from Lin Lung-Wei, a key management personnel of the parent company, with a lease term from January 1, 2022 to December 31, 2026. The aforementioned lease is recognized as a right-of-use asset amounting to NTD 1,460 based on the lease term and discount rate, with accumulated depreciation of NTD 949 recognized as of March 31, 2025.

The Group leases offices and business premises from Sunny Friend Environmental Technology, with a lease period from March 1, 2024, to February 28, 2029. In January 2025, SUNNY FRIEND ENVIRONMENTAL TECHNOLOGYCO., LTD. sold this leased property to the Group, resulting in early termination of the lease contract. The Group derecognized the related right-of-use assets of \$18,940 and lease liabilities of \$19,102, and recognized a gain on lease modification of \$162.

(2) Lease liabilities related to the aforementioned lease contracts:

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|---|-----------------------|--------------------------|-----------------------|
| Total lease liabilities | \$ 446 | \$ 19,081 | \$ 21,332 |
| Less: Those due within one year (presented as "Lease liabilities – current" in the table) | (296) | (4,780) | (4,711) |
| Total | <u>\$ 150</u> | <u>\$ 14,301</u> | <u>\$ 16,621</u> |

(3) Interest expense related to the aforementioned lease contract:

| | <u>For the three-month periods ended March 31</u> | |
|---------------------------------------|---|--------------|
| | <u>2025</u> | <u>2024</u> |
| Key management personnel | \$ 1 | \$ 2 |
| Sunny Friend Environmental Technology | 15 | 34 |
| Total | <u>\$ 16</u> | <u>\$ 36</u> |

6. Acquisition of Property, Plant and Equipment

(1) Acquisition of Property, Plant and Equipment

To meet operational development planning requirements, the Company's Board of Directors resolved on November 7, 2024, to purchase land and buildings on Wenxian Road, Tainan City, from its parent company, SUNNY FRIEND ENVIRONMENTAL TECHNOLOGYCO., LTD.. The Company commissioned Zhonghua Real Estate Appraisers Joint Office to conduct an appraisal, with a total contract price of \$296,080 (excluding tax). The contract was signed on November 30, 2024, and as of December 31, 2024, the prepaid property payment was \$88,824. The transfer of ownership and delivery were completed in January 2025. The aforementioned prepaid property payment was transferred to property, plant and equipment in January 2025. For related information, please refer to Note 6(7)3.

(2) Acquisition of Transportation Equipment

| | <u>For the three-month periods ended March 31</u> | |
|---------------------------------------|---|-------------|
| | <u>2025</u> | <u>2024</u> |
| Sunny Friend Environmental Technology | \$ - | \$ 420 |

Mainly refers to vehicles acquired from Sunny Friend Environmental Technology for business use.

(III) Information on remuneration to key management personnel

| | <u>For the three-month periods ended March 31</u> | |
|------------------------------|---|-----------------|
| | <u>2025</u> | <u>2024</u> |
| Short-term employee benefits | \$ 4,515 | \$ 3,279 |
| Post-employment benefits | 66 | 46 |
| Total | <u>\$ 4,581</u> | <u>\$ 3,325</u> |

VIII. Pledge assets

The details of the assets provided as collateral by the Group are as follows:

| Asset item | Book value | | | Purpose of guarantee |
|---|-------------------|-------------------|-------------------|-----------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 | |
| Property, plant and equipment | \$ 187,953 | \$ 188,395 | \$ 189,719 | Loan guarantee amount |
| Time deposits (presented as "financial assets measured at amortized cost -current" in the table) | 9,116 | 3,195 | 895 | Performance bond |
| Time deposits (presented as "financial assets measured at amortized cost - non-current" in the table) | 16,347 | 21,088 | 14,366 | Performance bond |
| | <u>\$ 213,416</u> | <u>\$ 212,678</u> | <u>\$ 204,980</u> | |

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Contingent matters

In order to expand its operations, the Group signed a contract with a waste disposal contractor in November 2021 to acquire its customer list, with payments made monthly over a period of 9 years according to the contract. Since the pricing method requires consideration of operational performance and is calculated at a certain ratio, it is classified as variable consideration. The Group has recognized operating costs of NTD 174 and NTD 376 for the three-month periods ended March 31, 2025 and 2024, respectively.

(II) Commitments

As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group had signed but not yet completed major contracted projects, equipment purchases, and property contracts with total prices of \$227,405, \$305,985, and \$18,140, respectively. The Group had paid \$19,193, \$94,767, and \$13,530 according to the contracts, with the remaining amounts to be paid based on construction progress.

X. Major disaster losses

No such situation.

XI. Major events after the reporting period

No such situation.

XII. Others

(I) Capital Management

There were no significant changes in this period. Please refer to Note 12 of the consolidated financial statements for 2024.

(II) Financial instruments - financial derivatives

1. Type of financial instrument

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|--|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at fair value - current | | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 281,526 | \$ 280,440 | \$ - |
| Financial assets measured at amortized cost | | | |
| Cash and cash equivalents | 156,275 | 328,264 | 330,254 |
| Financial assets measured at amortized cost - current | 14,116 | 8,195 | 5,895 |
| Notes receivable | 7,992 | 5,559 | 11,066 |
| Accounts receivable | 53,537 | 51,728 | 41,367 |
| Accounts receivable - related parties | 11 | 1,039 | - |
| Other receivables | 115,895 | 120,146 | 96,202 |
| Financial assets measured at amortized cost - non-current | 16,347 | 21,088 | 14,366 |
| Refundable deposits | 30,371 | 29,170 | 22,663 |
| | <u>\$ 676,070</u> | <u>\$ 845,629</u> | <u>\$ 521,813</u> |
| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities measured at amortized cost | | | |
| Short-term borrowings | \$ 33,000 | \$ 43,000 | \$ 17,000 |
| Short-term notes payable | - | - | 29,962 |
| Notes payable | 5,881 | 6,542 | 48 |
| Accounts payable | 8,462 | 10,615 | 8,845 |
| Accounts payable - related parties | - | 16 | - |
| Other payables | 78,258 | 89,589 | 66,355 |
| Other payables - related parties | 141,268 | 133,149 | 131,848 |
| Long-term borrowings (including those due within | - | - | 7,232 |
| Long-term payables (including those due within in | 36,244 | 39,778 | 51,512 |
| Long-term payables - related parties | 3,478 | 2,392 | 4,036 |
| Current | | | |
| Liabilities" and "Other Non-Current Liabilities" | <u>6,832</u> | <u>7,240</u> | <u>8,255</u> |
| | <u>\$ 313,423</u> | <u>\$ 332,321</u> | <u>\$ 325,093</u> |
| Lease liabilities (current and non-current) | <u>\$ 17,803</u> | <u>\$ 31,051</u> | <u>\$ 33,003</u> |

2. Risk management policy

There were no significant changes in this period. Please refer to Note 12 of the consolidated financial statements for 2024.

3. The nature and severity of material financial risks

(1) Market risk

Price risk

A. The Company is exposed to price risk from debt instruments classified as financial assets at fair value through profit or loss. To manage the price risk of debt instrument investments, the Company diversifies its investment portfolio according to limits set by the Company.

B. The Company primarily invests in open-ended funds, and the prices of these debt instruments are affected by uncertainties in the future value of the investment targets. If the prices of these

debt instruments were to increase or decrease by 1%, with all other factors remaining constant, the after-tax net income for the three-month periods ended March 31, 2025 and 2024 would increase or decrease by NT\$2,815 and NT\$0, respectively, due to gains or losses from debt instruments at fair value through profit or loss.

Cash flow and interest rate risk at fair value

- A. The Group's interest rate risk mainly arises from long-term borrowings issued at floating rates, which expose the Group to cash flow interest rate risk. For the three-month periods ended March 31, 2025 and 2024, the Group's borrowings issued at floating rates were primarily denominated in New Taiwan Dollars.
 - B. When the NTD interest rate increases or decreases by 1%, while all other factors remain unchanged, the net income after tax for the three-month periods ended March 31, 2025 and 2024 will decrease or increase by NTD 0 and NTD 48, respectively, primarily due to the changes in interest expenses resulting from floating interest rate borrowings.
- (2) Credit risk
- A. The credit risk of the Group refers to the risk of financial loss due to the inability of customers or counterparties in financial instruments to fulfill their contractual obligations. This risk mainly arises from counterparties' inability to repay contract assets, note receivables, accounts receivable, other receivables, guarantee deposits, financial assets measured at amortized cost according to the payment terms, and contractual cash flows of debt instrument investments measured at fair value through profit or loss.
 - B. The Group manages credit risk from the perspective of the Group. According to the internal credit policy, each operational unit of the Group must conduct a management and credit risk analysis for every new customer before setting payment terms and delivery conditions. Internal risk control is carried out by evaluating the customer's credit quality based on their financial condition, past experience, and other factors. The individual risk limits are set by the Board of Directors based on internal or external ratings and are regularly monitored for usage of the credit limits.
 - C. The Group adopts the premise assumption of IFRS 9. When the contract amount is overdue for more than 90 days under the agreed payment terms, it is deemed a breach of contract.
 - D. The Group adopts the assumptions provided under IFRS 9 as follows, which serve as the basis for determining whether there has been a significant increase in the credit risk of a financial instrument since its initial recognition:
 - (A) When contract payments are overdue for more than 30 days according to the agreed payment terms, it is considered that the credit risk of the financial asset has significantly increased since its initial recognition.
 - (B) If a financial asset is rated as investment grade by any external rating agency on the balance sheet date, the financial asset is considered to have low credit risk.
 - E. The indicators used by the Group to determine whether debt instrument investments have experienced credit impairment are as follows:
 - (A) The issuer experiences significant financial difficulties, or the likelihood of entering bankruptcy or other financial restructuring increases substantially.
 - (B) The issuer's financial difficulties result in the disappearance of an active market for the financial asset.
 - (C) The issuer delays or fails to pay interest or principal.
 - (D) Adverse national or regional economic changes leading to the issuer's default.
 - F. The Group adopts a simplified approach to estimate credit losses based on the allowance matrix and the loss rate method.

- G. After the collection process, the Group writes off the amounts of financial assets that cannot be reasonably expected to be recovered. However, the Group will continue to pursue legal proceedings to safeguard its rights to the debt. The Group's written-off and still outstanding debts as of March 31, 2025 and 2024 were both NTD 124, respectively.
- H. The Group has taken into consideration the future-looking considerations of the National Development Council's economic indicators and lightings, and adjusted the loss rate established based on historical and current information of a specific period to estimate the allowance loss of accounts receivable and notes receivable. The loss rate method on March 31, 2025, December 31, 2024 and March 31, 2024 is as follows:

| | Individual | Group | Total |
|----------------------------|------------|---------------|-----------|
| <u>March 31, 2025</u> | | | |
| Expected loss rate | - | 0.032%~7.08% | |
| Total carrying amount | \$ - | \$ 61,749 | \$ 61,749 |
| Allowance to reduce losses | \$ - | \$ 209 | \$ 209 |
| <u>December 31, 2024</u> | | | |
| Expected loss rate | - | 0.032%~7.097% | |
| Total carrying amount | \$ - | \$ 58,370 | \$ 58,370 |
| Allowance to reduce losses | \$ - | \$ 44 | \$ 44 |
| <u>March 31, 2024</u> | | | |
| Expected loss rate | - | 0.064% | |
| Total carrying amount | \$ - | \$ 52,510 | \$ 52,510 |
| Allowance to reduce losses | \$ - | \$ 77 | \$ 77 |

- I. The Group adopts a simplified statement of changes in the allowance to reduce losses of notes and accounts receivable as follows:

| | 2025 | | |
|-----------------------------|------------------|---------------------|--------|
| | Notes receivable | Accounts receivable | Total |
| January 1 | \$ 2 | \$ 42 | \$ 44 |
| Impairment loss recognized | 1 | 164 | 165 |
| Reversal of impairment loss | - | - | - |
| March 31 | \$ 3 | \$ 206 | \$ 209 |
| | <u>2024</u> | | |
| | Notes receivable | Accounts receivable | Total |
| January 1 | \$ 7 | \$ 36 | \$ 43 |
| Impairment loss recognized | 1 | 35 | 36 |
| Reversal of impairment loss | (1) | (1) | (2) |
| March 31 | \$ 7 | \$ 70 | \$ 77 |

- J. The Group has assessed other receivables based on a 12-month expected credit loss, and no allowance for doubtful accounts has been provided.
- K. The financial assets measured at amortized cost of the Group are time deposits with a maturity of more than three months and pledged. As the credit quality of the financial institutions is sound, the probability of default is expected to be very low.
- L. The Group has recorded time deposits, mainly performance bonds. Due to the good credit quality of the counterparties, the probability of default is considered very low.

(3) Liquidity risk

- A. Cash flow forecasts are executed by each of the Group's operating units and are consolidated by the Group's Finance Department. The Group's Finance Department monitors the forecast

of the Group's liquidity requirements to ensure sufficient funds are available to meet operational needs, while maintaining adequate unused borrowing commitments at all times to prevent breaching relevant borrowing limits or terms. These forecasts take into account the Group's debt financing plans, debt covenant compliance, and alignment with internal financial ratio targets in the balance sheet.

B. The Group's unused borrowing capacity are as follows:

| | <u>March 31, 2025</u> | <u>December 31, 2024</u> | <u>March 31, 2024</u> |
|------------------------|-----------------------|--------------------------|-----------------------|
| Floating interest rate | | | |
| Due within one year | <u>\$ 142,000</u> | <u>\$ 132,000</u> | <u>\$ 128,000</u> |

C. The following table shows the non-derivative financial liabilities of the Group, grouped by their maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contract cash flow amount disclosed in the following table are not discounted.

| <u>Non-derivative financial liabilities:</u> | | | | |
|---|----------------------|---------------------|--------------------------|--|
| <u>March 31, 2025</u> | <u>Within 1 year</u> | <u>1 to 3 years</u> | <u>More than 3 years</u> | |
| Short-term borrowings | \$ 33,000 | \$ - | \$ - | |
| Notes payable | 5,881 | - | - | |
| Accounts payable | 8,462 | - | - | |
| Other payables | 78,258 | - | - | |
| Other payables - related parties | 141,268 | - | - | |
| Lease liabilities - current and non-current (Note) | 4,343 | 6,871 | 7,456 | |
| Long-term payables (including those due within a year) (Note) | 14,782 | 15,786 | 6,743 | |
| Long-term payables - related parties | - | 3,478 | - | |
| Guarantee deposits received (presented under "Other current liabilities" and "Other non-current liabilities") | 5,398 | 1,434 | - | |
| <u>Non-derivative financial liabilities:</u> | | | | |
| <u>December 31, 2024</u> | <u>Within 1 year</u> | <u>1 to 3 years</u> | <u>More than 3 years</u> | |
| Short-term borrowings | \$ 43,000 | \$ - | \$ - | |
| Notes payable | 6,542 | - | - | |
| Accounts payable | 10,615 | - | - | |
| Accounts payable - related parties | 16 | - | - | |
| Other payables | 89,589 | - | - | |
| Other payables - related parties | 133,149 | - | - | |
| Lease liabilities - current and non-current (Note) | 6,729 | 12,976 | 12,807 | |
| Long-term payables (including those due within a year) (Note) | 14,783 | 18,869 | 7,354 | |
| Long-term payables - related parties | - | 2,392 | - | |
| Guarantee deposits received (presented under "Other current liabilities" and "Other non-current liabilities") | 5,726 | 1,514 | - | |

Non-derivative financial liabilities:

| March 31, 2024 | Within 1 year | 1 to 3 years | More than 3 years |
|---|---------------|--------------|-------------------|
| Short-term borrowings | \$ 17,000 | \$ - | \$ - |
| Short-term notes payable | 30,000 | - | - |
| Notes payable | 48 | - | - |
| Accounts payable | 8,845 | - | - |
| Other payables | 66,355 | - | - |
| Other payables - related parties | 131,848 | - | - |
| Lease liabilities - current and non-current (Note) | 6,600 | 13,050 | 15,164 |
| Long-term borrowings (including those due within a year) (Note) | 869 | 1,738 | 5,429 |
| Long-term payables (including those due within a year) (Note) | 16,008 | 26,892 | 10,418 |
| Long-term payables - related parties | - | 4,036 | - |
| Guarantee deposits received (presented under "Other current liabilities" and "Other non-current | 7,491 | 764 | - |

Note: The amount includes the interest expected to be paid in the future.

- D. The Group does not anticipate that the timing of cash flows in the maturity date analysis will occur significantly earlier, or that the actual amounts will differ significantly.

(III) Information on fair value

1. The definitions of the various levels of valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the beneficiary certificates invested by the Group all belong to this category.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

2. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable (including those from related parties), other receivables, guarantee deposits, notes payable, accounts payable (including those to related parties), other payables (including those to related parties), and guarantee deposits received) are reasonable approximations of their fair values.
3. For financial instruments measured at fair value, the Group classifies them based on the nature, characteristics, and risks of the assets and the fair value hierarchy. The relevant information is as follows:

- (1) The Group classifies the assets according to their nature. The relevant information is as follows:

| <u>March 31, 2025</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|-------------------|----------------|----------------|-------------------|
| Assets | | | | |
| Recurring Fair Value | | | | |
| Financial assets at fair value through profit and loss | | | | |
| Beneficiary certificates | <u>\$ 281,526</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 281,526</u> |
| | | | | |
| <u>December 31, 2024</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| Recurring Fair Value | | | | |
| Financial assets at fair value through profit and loss | | | | |
| Beneficiary certificates | <u>\$ 280,440</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 280,440</u> |

(2) The methods and assumptions used by the Company to measure fair value are described below:

The Company uses market quotes as fair value inputs (i.e., Level 1) for beneficiary certificates, with market quotes being the net asset value.

XIII. Notes to the disclosure

(I) Information on significant transactions

1. Loaning of funds to others: No such situation.
2. Endorsements/guarantees for others: No such situation.
3. The situation of held securities at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): Please refer to Table 1 for details.
4. Amount of transactions with related parties reaches NTD 100 million or more, or exceeds 20% of the paid-in capital: No such situation.
5. Receivables from related parties reaching NTD 100 million or exceeds 20% of the paid-in capital: No such situations.
6. Business relationships and significant transactions between the parent company and its subsidiaries: No such situation.

(II) Information on investee businesses

The name and location of the investee company and other relevant information (excluding investee companies in China): Please refer to Table 2 for details.

(III) Information on investments in China

1. Basic information: No such situation.
2. Significant transactions occurring directly or indirectly through third-party businesses with invested companies in China: No such situation.

XIV. Information on operating segments

(I) General information

The Group's management has identified the reportable departments based on the information used by the chief operating decision maker in making operational decisions. The Group's operating decision maker manages the business and evaluates department performance from the perspective of services and products. The Group currently focuses on waste collection, treatment, plastic building material sales, and management consulting services.

(II) Measurement of department information

1. The accounting policies of the operating department are the same as those described in Note 4.
2. The Group evaluates the operating performance based on the annual financial statements.

(III) Information on profit and loss, assets and liabilities of the department

The information on the departments to be reported to the major operating decision maker is as follows:

| | For the three-month periods ended March 31, 2025 | | | | | |
|---|--|-------------------|-------------------|----------------------|--------------------------|-------------------|
| | Disposal | Treatment | Plastic-wood | Environmental Safety | Adjustment and write-off | Total |
| Revenue from external customers | \$ 163,132 | \$ 5,629 | \$ 2,186 | \$ 1,746 | \$ - | \$ 172,693 |
| Inter-department transactions | 2,338 | - | 751 | - | (3,089) | - |
| Disposal Department | <u>\$ 165,470</u> | <u>\$ 5,629</u> | <u>\$ 2,937</u> | <u>\$ 1,746</u> | <u>(\$ 3,089)</u> | <u>\$ 172,693</u> |
| Net profit of the department | <u>\$ 72,828</u> | <u>(\$ 2,350)</u> | <u>(\$ 5,970)</u> | <u>(\$ 1,855)</u> | <u>\$ 957</u> | <u>\$ 63,610</u> |
| The profit and loss of the department includes: | | | | | | |
| Depreciation expenses | <u>\$ 10,267</u> | <u>\$ 1,076</u> | <u>\$ 2,259</u> | <u>\$ 252</u> | <u>\$ -</u> | <u>\$ 13,854</u> |
| Amortization expenses | <u>\$ 1,664</u> | <u>\$ -</u> | <u>\$ 16</u> | <u>\$ 10</u> | <u>\$ -</u> | <u>\$ 1,690</u> |
| | For the three-month periods ended March 31, 2024 | | | | | |
| | Disposal | Treatment | Plastic-wood | Environmental Safety | Adjustment and write-off | Total |
| Revenue from external customers | \$ 122,412 | \$ 2,693 | \$ 5,679 | \$ - | \$ - | \$ 130,784 |
| Inter-department transactions | 2,409 | - | 729 | - | (3,138) | - |
| Disposal Department | <u>\$ 124,821</u> | <u>\$ 2,693</u> | <u>\$ 6,408</u> | <u>\$ -</u> | <u>(\$ 3,138)</u> | <u>\$ 130,784</u> |
| Net profit of the department | <u>\$ 42,310</u> | <u>(\$ 1,430)</u> | <u>(\$ 4,273)</u> | <u>\$ -</u> | <u>\$ 93</u> | <u>\$ 36,700</u> |
| The profit and loss of the department includes: | | | | | | |
| Depreciation expenses | <u>\$ 7,787</u> | <u>\$ 586</u> | <u>\$ 2,230</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,603</u> |
| Amortization expenses | <u>\$ 1,656</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,664</u> |

(IV) Information on adjustments for departmental profit and loss

Since the Group's operating decision maker evaluates performance and determines how to allocate resources based on the revenue from business activities and net operating profits, it is not necessary to adjust the department's profit and loss.

CHIN HSIN ENVIRON ENGINEERING CO., LTD and Subsidiaries
 Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Jointly Controlled Entities)
 March 31, 2025

Appendix Table 1

Unit: NT\$ thousand
 (Unless otherwise specified)

| Securities held by | Marketable securities (Note 1) | Relationship with Securities Issuer Relation(Note 2) | General ledger account | End of Period | | | Remarks (Note 4) |
|--|---|--|--|-----------------|-----------------------------|-------------------------|---------------------|
| | | | | Number of Units | Carrying Amount (Note 3) | Ownership Fair value | |
| CHIN HSIN ENVIRON ENGINEERING CO., LTD. | Uni-President Strong Money Market Fund | - | Financial assets at fair value through profit and loss - Current | 16,123,801.61 | \$ 281,526 | - \$ 281,526 | |

Note 1: Securities referred to in this table are stocks, bonds, beneficiary certificates, and derivative securities of the aforementioned items within the scope of IFRS 9 "Financial Instruments."

Note 2: This column may be left blank if the securities issuer is not a related party.

Note 3: For items measured at fair value, the carrying amount column should be filled with the balance after fair value adjustment and deduction of accumulated impairment; for items not measured at fair value, the carrying amount column should be filled with the balance of original acquisition cost or amortized cost less accumulated impairment.

Note 4: If the listed securities are restricted from use due to provision of guarantees, pledges for loans, or other agreements, the number of shares provided as guarantee or pledge, the amount of guarantee or pledge, and the restrictions on use should be noted in the remarks column.

Note 5: The securities that must be presented in this table are determined by the Company based on the principle of materiality.

CHIN HSIN ENVIRON ENGINEERING CO., LTD and Subsidiaries
Names, locations and other information of investee companies (not including investees in China)
January 1 to March 31, 2025

Appendix Table II

Unit: NT\$ thousand
(Unless otherwise specified)

| Name of Investor | Investee (Note 1 and 2) | Location | Main business activities | Initial investment amount | | Shares held as of the end of period | | | Net profit (loss) of the investee for the current period (Note 2 (2)) | Investment income(loss) recognized by the Company for the current period (Note 2 (3)) | Remarks |
|---|--|---------------|---------------------------|---------------------------|--------------------------|-------------------------------------|-----------|------------|--|--|------------|
| | | | | end of the period | End of the previous year | Number of shares (thousand) | Ownership | Book value | | | |
| CHIN HSIN ENVIRON ENGINEERING CO., LTD. | Liang Wei Environmental Engineering Co., Ltd. | Taoyuan City | Disposal of medical waste | \$ 64,041 | \$ 64,041 | 5,500 | 100.00 | \$ 134,114 | \$ 15,241 | \$ 15,241 | Subsidiary |
| " | Cheng Shin Environmental Engineering Co., Ltd. | Tainan City | Disposal of medical waste | 34,357 | 34,357 | 2,000 | 100.00 | 61,919 | 3,555 | 3,555 | " |
| " | Huan Hsin Precision | Yunlin County | Manufacturing of building | - | 25,000 | - | - | - | (121) | (121) | " |

Note 1: If a public company has established an overseas holding company and is required by local regulations to use consolidated financial statements as its primary financial reports, the disclosure of information about overseas

Note 2: For situations not described in Note 1, fill in according to the following regulations:

- (1) The columns for "Investee Company Name," "Location," "Main Business Activities," "Original Investment Amount," and "Shareholding at the End of Period" should be filled in sequence according to the investment situation of this (public) company and the reinvestment situation of each directly or indirectly controlled investee company. The relationship between each investee company and this (public) company (such as whether it is a subsidiary or sub-subsidiary) should be noted in the remarks column.
- (2) The "Current Period Profit/Loss of Investee Company" column should be filled with the current period profit/loss amount of each investee company.
- (3) The "Investment Profit/Loss Recognized in the Current Period" column only needs to be filled with the profit/loss amounts recognized by this (public) company from its direct investments in various subsidiaries and investee companies accounted for using the equity method; the rest may be omitted. When filling in "the current period profit/loss amount of directly invested subsidiaries," it should be confirmed that the current period profit/loss amount of each subsidiary already includes the investment profit/loss that should be recognized from its reinvestments according to regulations.

Note 3: Huan Hsin Precision Co., Ltd. was merged into the Company on February 3, 2025. Please refer to Note 4(3) for details.