Stock Code: 6771

PING HO ENVIRONMENTAL TECHNOLOGY CO., LTD AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

From January 1 to March 31, 2026, and From January 1 to March 31, 2025

Address: No. 6, Bengong Rd., Gangshan Dist., Kaohsiung City

Company Phone: (07) 623-3690

<u>*Notice to Readers*</u>

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

Consolidated Financial Statements

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Independent Auditors' Review Report

To the Board of Directors and Stockholders of Ping Ho Environmental Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Ping Ho Environmental Technology Co., Ltd. and its subsidiaries as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The preparation and fair presentation of the consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" as endorsed and put into effect by the Financial Supervisory Commission and the Regulations Governing the Preparation of Financial Reports by Securities Issuers is the responsibility of management. Our responsibility as auditors is to express a conclusion on the consolidated financial statements based on our review.

Scope

We conducted our review in accordance with the Standard on Review Engagements No. 2410 "Review of Financial Statements." The procedures performed in a review of the consolidated financial statements include inquiry (mainly of persons responsible for financial and accounting matters), analytical procedures, and Others review procedures. The scope of a review is substantially less than the scope of an audit, and therefore we may not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on the results of our review, we did not become aware of any material modifications that should be made to the accompanying consolidated financial statements for them to be in conformity with International Accounting Standards 34, "Interim Financial Reporting," as endorsed and put into effect by the Financial Supervisory Commission and the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Thus, they fairly present, in all material respects, the consolidated financial position of Ping Ho Environmental Technology Co., Ltd. and its subsidiaries as of March 31, 2026, and 2025, and their consolidated financial performance and consolidated cash flows for the periods from January 1 to March 31, 2026, and from January 1 to March 31, 2025.

Ernst & Young Taiwan

The Competent Authority approves the public issuance of the company's financial statements.

Audit Verification Document Number: Financial-Supervisory-Securities-Auditing No.1100352201

Financial-Supervisory-Securities No.0970038990

Hung Kuo-Sen

Auditor:

Chen Cheng-Chu

May 12, 2026

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2026, December 31, 2025, and March 31, 2025

	Assets		March 31, 2026		December 31, 2025		March 31, 2025	
Code	Accounting item	Note	Amount	%	Amount	%	Amount	%
	Current Assets							
1100	Cash and cash equivalents	(Note 4)/(Note 6).1	$243,016	18	$298,562	21	$274,329	19
1110	Financial assets at fair value through profit or loss - current	(Note 4)/(Note 6).2	34,905	2	38,643	3	45,759	3
1136	Current financial assets at amortized cost	(Note 4)/(Note 6).3	108,000	8	8,000	1	73,000	5
1150	Notes receivable, net	(Note 4)/(Note 6).4	16,995	1	26,504	2	25,297	2
1170	Accounts receivable, net	(Note 5)/(Note 6).5	75,291	6	77,963	5	94,678	7
1180	Accounts receivable - related parties	(Note 4)/(Note 6).5/(Note 7)	308	0	287	0	1,622	0
1200	Other receivables	(Note 4)	4,574	0	21,722	2	12,423	1
1210	Other receivables - related parties	(Note 4)/(Note 7)	105	0	84	0	316	0
1220	Current tax assets	(Note 4)/(Note 6).22	64	0	50	0	6	0
130x	Inventories	(Note 4)/(Note 6).6	4,475	0	3,528	0	4,151	0
1410	Prepayments	(Note 7)	14,822	1	11,335	1	33,134	2
1470	Other current assets		—	—	6	0	—	—
1482	Contract Fulfillment Costs－Current	(Note 6).17(2)	1,348	0	1,225	0	1,687	0
11xx	Total current assets		503,903	36	487,909	35	566,402	39
	Noncurrent Assets							
1550	Investments accounted for using equity method	(Note 4)/(Note 6).7	2,918	0	2,083	0	—	—
1600	Property, Plant and Equipment	(Note 4)/(Note 6).8/(Note 7)/(Note 8)	830,363	59	826,894	60	845,419	57
1755	Right-of-use assets	(Note 4)/(Note 6).19	1,096	0	1,169	0	1,388	0
1840	Deferred income tax assets	(Note 4)	38,573	3	37,298	3	32,841	2
1990	Other noncurrent assets	(Note 6).9	22,199	2	33,047	2	24,573	2
15xx	Total noncurrent assets		895,149	64	900,491	65	904,221	61
	Total		$1,399,052	100	$1,388,400	100	$1,470,623	100

	Liabilities and Equity		March 31, 2026		December 31, 2025		March 31, 2025	
Code	Accounting item	Note	Amount	%	Amount	%	Amount	%
	Current Liabilities							
2100	Short-term loans	(Note 6).10	$10,000	1	$10,000	1	$168,000	11
2120	Financial liabilities at FVTPL - current	(Note 4)/ (Note 6).11	2,800	0	2,415	0	—	—
2150	Accounts payable		18,549	1	20,065	1	22,880	2
2170	Accounts payable		7,345	1	8,611	1	9,964	1
2180	Accounts payable - related parties	(Note 7)	777	0	—	—	—	—
2200	Other payables		56,067	4	74,504	6	61,114	4
2220	Other payables - related parties	(Note 7)	2,644	0	1,723	0	4,169	0
2230	Income tax payable	(Note 4)	25,175	2	18,424	1	33,286	2
2280	Lease liabilities - current	(Note 4)/ (Note 6).19	286	0	285	0	281	0
2322	Long-term borrowings due within one year or one operating cycle	(Note 6).13	6,200	0	6,000	0	48,265	3
2399	Other current liabilities		354	0	99	0	271	0
21xx	Total current liabilities		130,197	9	142,126	10	348,230	23
	Noncurrent Liabilities							
2530	Bonds payable	(Note 6).12	332,803	23	330,797	24	—	—
2540	Long-term borrowings	(Note 6).13	21,433	2	22,167	2	210,081	14
2580	Lease liabilities - noncurrent	(Note 4)/ (Note 6).19	823	0	896	0	1,111	0
2670	Other noncurrent liabilities - Others		240	0	240	0	—	—
25xx	Total noncurrent liabilities		355,299	25	354,100	26	211,192	14
2xxx	Total liabilities		485,496	34	496,226	36	559,422	37
	Equity Attributable to Shareholders of the Parent	(Note 6).15						
3100	Capital stock							
3110	Capital stock		311,795	22	311,795	22	311,795	21
3200	Capital surplus		280,156	20	280,156	20	261,215	18
3300	Retained Earnings							
3310	Legal Capital Reserve		109,373	8	109,373	8	97,596	7
3350	Unappropriated Earnings		202,996	15	181,538	13	232,599	16
	Total		312,369	23	290,911	21	330,195	23
31xx	Total Equity Attributable to Shareholders of The Parent		904,320	65	882,862	63	903,205	62
36xx	Non-controlling Interests	(Note 4)/ (Note 6).15	9,236	1	9,312	1	7,996	1
3xxx	Total equity		913,556	66	892,174	64	911,201	63
	Total		$1,399,052	100	$1,388,400	100	$1,470,623	100

(Refer to Notes to Consolidated Financial Statements)

Chairman: Ming-Yang Wu　　Executive officers: Hung-Chieh Huang　　Accounting Supervisor: Yi-Sheng Chen

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to March 31, 2026 and 2025

(In Thousands of New Taiwan Dollars)

Code	Item	Note	From January 1 to March 31, 2026		From January 1 to March 31, 2025	
			Amount	%	Amount	%
4000	Net revenue	(Note 4)/(Note 6).17/(Note 7)	$131,486	100	$163,801	100
5000	Cost of revenue	(Note 6).6, 20/(Note 7)	(69,921)	(53)	(80,079)	(49)
5900	Gross Profit		61,565	47	83,722	51
6000	Operating expenses	(Note 6).18, 19, 20/(Note 7)				
6200	General and administrative		(25,438)	(19)	(30,619)	(19)
6300	Research and development		(3,845)	(3)	(3,887)	(2)
	Total operating expenses		(29,283)	(22)	(34,506)	(21)
6900	Operating income		32,282	25	49,216	30
7000	Non-operating revenues and expenses	(Note 6).21/(Note 7)				
7100	Interest income		607	0	394	0
7010	Other income		639	0	164	0
7020	Other gains and losses		(4,232)	(3)	3,275	2
7050	Finance costs		(2,240)	(2)	(2,100)	(1)
7060	Share of profits of associates and joint ventures accounted for using the equity method		(165)	(0)	—	—
	Total Non-operating revenues and expenses		(5,391)	(5)	1,733	1
7900	Income before income tax		26,891	20	50,949	31
7950	Income tax expense	(Note 4)/(Note 6).22	(5,509)	(4)	(9,526)	(6)
8200	Net income after tax		21,382	16	41,423	25
8500	Total comprehensive income (loss)		$21,382	16	$41,423	25
8600	Net income attributable to :					
8610	Shareholders of the parent		$21,458	16	$41,763	25
8620	Non-controlling Interests		(76)	(0)	(340)	(0)
			$21,382	16	$41,423	25
8700	Total comprehensive income attributable to :					
8710	Shareholders of the parent		$21,458	16	$41,763	25
8720	Non-controlling Interests		(76)	(0)	(340)	(0)
			$21,382	16	$41,423	25
	Earnings per share (NT$)	(Note 4)/(Note 6).23				
9750	Basic EPS		$0.69		$1.34	
9850	Diluted EPS		$0.61		$1.33	

(Refer to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS)

Chairman: Ming-Yang Wu Executive officers: Hung-Chieh Huang Accounting Supervisor: Yi-Sheng Chen

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to March 31, 2026 and 2025

(In Thousands of New Taiwan Dollars)

Code	Item	Equity Attributable to Shareholders of the Parent: Capital stock	Capital surplus	Retained Earnings: Legal Capital Reserve	Retained Earnings: Unappropriated Earnings	Total	Non-controlling Interests	Total equity
		3110	3200	3310	3350	31XX	36XX	3XXX
A1	Balance at January 1, 2025	$311,795	$261,215	$97,596	$190,836	$861,442	$8,336	$869,778
D1	Net income (loss) from January 1 to March 31, 2025	—	—	—	41,763	41,763	(340)	41,423
D3	Other comprehensive income (loss) From January 1 to March 31, 2025	—	—	—	—	—	—	—
D5	Total comprehensive income (loss)	—	—	—	41,763	41,763	(340)	41,423
Z1	Balance at March 31, 2025	$311,795	$261,215	$97,596	$232,599	$903,205	$7,996	$911,201
A1	Balance at January 1, 2026	$311,795	$280,156	$109,373	$181,538	$882,862	$9,312	$892,174
D1	Net income (loss) from January 1 to March 31, 2026	—	—	—	21,458	21,458	(76)	21,382
D3	Other comprehensive income (loss) From January 1 to March 31, 2026	—	—	—	—	—	—	—
D5	Total comprehensive income (loss)	—	—	—	21,458	21,458	(76)	21,382
Z1	Balance at March 31, 2026	$311,795	$280,156	$109,373	$202,996	$904,320	$9,236	$913,556

(Refer to Notes to Consolidated Financial Statements)

Chairman: Ming-Yang Wu Executive officers: Hung-Chieh Huang Accounting Supervisor: Yi-Sheng Chen

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to March 31, 2026 and 2025

(In Thousands of New Taiwan Dollars)

Code	Item	From January 1 to March 31, 2026 Amount	From January 1 to March 31, 2025 Amount
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$26,891	$50,949
A20000	Adjustments for:		
A20010	Revenue and expense items		
A20100	Depreciation expense	11,447	11,700
A20400	Net loss (gain) from financial assets and liabilities at FVTPL	4,123	(3,288)
A20900	Interest expense	2,240	2,100
A21200	Interest income	(607)	(394)
A22300	Share of losses of associates and joint ventures accounted for using the equity method	165	—
A22500	Loss on disposal or retirement of property, plant and equipment	109	13
A29900	Others	108	(27)
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivable, deductions	9,509	2,987
A31150	Accounts receivable, additions (deductions)	2,672	(59)
A31160	Accounts receivable - related parties, deductions (additions)	(21)	1,691
A31180	Other receivables, (deductions) additions	17,241	(6,265)
A31190	Other receivables - related parties, (additions) deductions	(21)	29
A31200	Inventories, Additions (deductions)	(1,055)	(997)
A31230	Prepayments, additions (deductions)	(3,487)	(7,596)
A31240	Deductions from other current assets	6	—
A31280	Contract Fulfillment Costs, additions	(123)	(261)
A32130	Accounts payable - non-related parties, (deductions) additions	(1,516)	152
A32150	Accounts payable, (deductions) additions	(1,266)	36
A32160	Accounts payable - related parties increase	777	—
A32180	Other payables, (deductions)	(18,434)	(18,115)
A32190	Increase in Other payables - related parties	921	2,118
A32230	Additions to other current liabilities	255	207
A33000	Inflows of cash generated from operations	49,934	34,980
A33100	Interest received	514	346
A33500	Income taxes paid	(47)	(80)
AAAA	Net cash generated by operating activities	50,401	35,246

Code	Item	From January 1 to March 31, 2026 Amount	From January 1 to March 31, 2025 Amount
BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisitions of financial assets at amortized cost	(100,000)	(48,000)
B01800	Acquisitions of investments accounted for using equity method	(1,000)	—
B02700	Acquisitions of property, plant and equipment	(9,705)	(11,071)
B02800	Disposal of property, plant and equipment	30	67
B06800	Deductions from other noncurrent assets	5,571	9,498
BBBB	Net cash used in investing activities	(105,104)	(49,506)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	10,000	85,000
C00200	Decrease in short-term loans	(10,000)	(5,000)
C01600	Proceeds from long-term bank loans	1,000	15,000
C01700	Repayment of long-term borrowings	(1,534)	(11,531)
C04020	Repayment of the principal portion of lease liabilities	(72)	(69)
C05600	Interest paid	(237)	(1,962)
CCCC	Net cash used in financing activities	(843)	81,438
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(55,546)	67,178
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	298,562	207,151
E00200	CASH AND CASH EQUIVALENTS, END OF PERIOD	$243,016	$274,329

(Refer to Notes to Consolidated Financial Statements)

Chairman: Ming-Yang Wu   Executive officers: Hung-Chieh Huang   Accounting Supervisor: Yi-Sheng Chen

Ping Ho Environmental Technology Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements

From January 1 to March 31, 2026, and

From January 1 to March 31, 2025

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

I. General

Ping Ho Environmental Technology Co., Ltd. (the "Company") was established in August 2006. The Company is primarily engaged in operating the Wastewater Treatment industry. The Company's place of registration and principal place of business is located at No. 6, Bengong Rd., Gangshan Dist., Kaohsiung City.

The Company's stock was listed and traded on the Taiwan Stock Exchange Corporation starting from May 17, 2024.

II. The Authorization of Financial Statements

The Company and subsidiaries (the “Group”) Consolidated Financial Statements from January 1 to March 31, 2026, and from January 1 to March 31, 2025, were authorized for issuance by the Board of Directors on May 12, 2026.

III. Application of New And Revised International Financial Reporting Standards

1. Accounting policy amendments arising from new issuances of International Financial Reporting Standards.

   The Group has adopted the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Financial Reporting Interpretations or Interpretations bulletins that have been endorsed by the Financial Supervisory Commission ("FSC") and are effective from 2026. The initial application of the new standards and amendments had no significant impact to the Group.

2. As of the date the financial statements were authorized for issuance, the Group has not adopted the following New Standards, Interpretations and Amendments issued by the IASB, but not yet endorsed by the FSC

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Items	New Standards/Interpretations/Amendments	Effective date by International Accounting Standards Board
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	Not decided yet
2	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
3	Disclosure Initiative: IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
4	Exchange into a Presentation Currency Under Hyperinflation (Amendments to IAS 21 and IAS 29)	January 1, 2027

(Note) On September 25, 2025, the Financial Supervisory Commission issued a press release about Taiwan's adoption of IFRS 18 in 2028; additionally, if Taiwanese companies need to early adopt, they can choose to do so upon approval by the Financial Supervisory Commission.

(1) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures

Addressing the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", concerning the loss of control when a subsidiary is used to invest in an associate or joint venture. IAS 28 provides that when non-monetary assets are contributed in exchange for equity in an associate or a joint venture, the share of profits or losses generated should be eliminated according to the upstream transaction. IFRS 10, however, provides that the full profit or loss should be recognized when control over a subsidiary is lost. The amendment limits the aforementioned provisions of IAS 28. When the sale or contribution of assets constitutes a business as defined in IFRS 3, any gain or loss should be recognized in full.

Amendment also modifies IFRS 10 so that when an investor sells or contributes assets that do not constitute a business as defined in IFRS 3 between it and its associate or joint venture, the gains or losses arising from it are recognized only to the Scope of Review which does not belong to the share enjoyed by the investor.

(2) IFRS 18 "Presentation and Disclosure in Financial Statements"

This standard will replace IAS 1 "Presentation of Financial Statements." The main changes are as follows:

(a) Enhancing the comparability of the statement of profit or loss
Income and expenses in the statement of profit or loss will be classified into five categories—operating, investing, financing, income tax, and discontinued operations. The first three are newly introduced classifications aimed at improving the structure of the statement. All entities will be required to present newly defined subtotals, including operating profit or loss. By enhancing the structure of the statement of profit or loss and introducing newly defined subtotals, investors will have a consistent starting point when analyzing the financial performance across entities, making it easier to compare companies.

(b) Enhancing the transparency of management performance measures:
Entities are required to disclose explanations of company-specific metrics related to the statement of profit or loss, referred to as management performance measures.

(c) Useful aggregation of financial statement information:
Guidance has been developed to determine whether financial information should be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. Entities are required to provide more transparent information on operating expenses to help investors identify and understand the information they use.

(3) Disclosure Initiative: IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

This new standard and its amendments provide simplified disclosures for subsidiaries without public accountability, allowing eligible subsidiaries to choose to apply this standard voluntarily.

(4) Exchange into a Presentation Currency Under Hyperinflation (Amendments to IAS 21 and IAS 29)

These amendments include:

(a) Clarify that when the functional currency of a reporting entity is not under hyperinflation and is exchanged into a presentation currency under hyperinflation, its operating results and financial position should be translated at the closing exchange rate on the date of the most recent statement of financial position.

(b) In the aforementioned circumstances, when the subsequent presentation currency is no longer under hyperinflation, the reporting entity should not restate prior period amounts.

(c) When both the functional currency and presentation currency are under hyperinflation, the reporting entity should perform the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The above standards or interpretations issued by the IASB but not yet endorsed by the FSC will take effect in accordance with the regulations of FSC. Other than the ongoing evaluation of the potential impact of the newly issued or amended standards or interpretations related to (2), the Group is temporarily unable to reasonably estimate the impact of the aforementioned standards or interpretations on the Group. The rest of the new standards, interpretations and amendments have no significant impact to the Group.

IV. Summary of Material Accounting Policy Information

1. Statement of Compliance

The Group's consolidated financial statements from January 1 to March 31, 2026, and from January 1 to March 31, 2025, 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 put into effect by the Financial Supervisory Commission.

2. Basis of Preparation

Except for financial instruments measured at fair value, the consolidated financial statements are prepared on a historical cost basis. Unless otherwise stated, the consolidated financial statements are in thousands of New Taiwan dollars.

3. Consolidation Overview

Basis of Consolidated Financial Statement Preparation

Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Especially, The Company only controls the investee when the following three control elements are present:

(1) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities)
(2) Returns and rights from changes in participation in investee, and
(3) The ability to use its power over the investee to affect the amount of the investee's returns.

When the Company directly or indirectly holds less than a majority of voting or similar rights of an investee, all relevant facts and circumstances are taken into account by the

Company in assessing whether it has power over the investee, including:

(1) Contract agreements with other voting rights holders of the investee
(2) Rights generated from other contract agreements
(3) Voting Rights and Potential Voting Rights

When facts and circumstances indicate that there has been a change in one or more of the three control elements, the Company reassesses whether it still has control over the investee.

Subsidiaries are included in the consolidated statements in their entirety from the date of acquisition or from the date the Company gains substantial control over them, until the date when control over the subsidiary is lost. The accounting period and policies of the subsidiary's financial statements are consistent with those of the parent. Intercompany account balances, transactions, unrealized intercompany profits and losses originated from intercompany transactions and dividends, are completely eliminated.
Changes in the shareholding of the subsidiary, if control over the subsidiary is not lost, the shareholding change is treated as an equity transaction.

The total comprehensive income of the subsidiary is attributed to the owners of The Company and non-controlling interests, even if non-controlling interests are thus resulted in a deficit.

If the Company loses control over subsidiary, then

(1) Derecognition of Subsidiary's Assets (including Goodwill) and Liabilities;
(2) Excluding the carrying amount of any non-controlling interests;
(3) Recognize the fair value of the acquisition consideration;
(4) Recognize the Fair Value of any retained Investments;
(5) Reclassification of the amount previously recognized in Other Comprehensive Income of the parent as current period profit or loss, or directly transferred to Retained Earnings in accordance with the provisions of other IFRS;
(6) The difference recognized is the current profit (loss).

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The entities preparing the consolidated financial statements are as follows:

Investor Company	Name of Investee	Main Businesses and Products	Proportion of Equity Ownership (%) 2026.3.31	2025.12.31	2025.3.31
The Company	Ping Ho Materials Technology Co., Ltd.	Wastewater Treatment	98.33% (Note)	98.33% (Note)	94.81% (Note)
The Company	Ching Jin Industrial Co., Ltd.	Waste Transportation	100.00%	100.00%	100.00%
The Company	Wan Jing Industrial Co., Ltd.	Waste Transportation	100.00%	100.00%	100.00%
The Company	Feng Jia Industrial Co., Ltd.	Manufacture and wholesale of chemica raw materials	100.00%	100.00%	100.00%

(Note): Ping Ho Materials Technology Co., Ltd. resolved to increase its capital and issue new shares amounting to NT$50,000 thousand in July, 2024, all of which were subscribed by the company. Additionally, in August, 2024, the Company resolved to acquire an additional 0.42% of voting shares in Ping Ho Materials Technology Co., Ltd., increasing its ownership percentage to 94.81%. Additionally, in May, 2025, Ping Ho Materials Technology Co., Ltd. resolved to increase its capital and issue new shares amounting to NT$420,000 thousand, all of which were subscribed by the Company, resulting in an ownership percentage of 98.33%.

4. Classification of current and non-current items

In one of the following situations, it is classified as current assets, and if it is not current assets, it is classified as non-current assets.

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle
(2) Assets held mainly for trading purposes.
(3) Assets that are expected to be realized within twelve months after the reporting period.
(4) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting period.

In any of the following situations, it is classified as current liabilities, and if it is not current liabilities, it is classified as non-current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle.
(2) Liabilities arising mainly from trading activities.
(3) Liabilities that are to be settled within twelve months from the reporting period.
(4) At the end of the reporting period, there is no right to defer the settlement of the liability for at least twelve months after the reporting period.

5. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Financial Instruments

Financial Assets and Financial Liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

Financial assets and financial liabilities within the scope of application of IFRS No.9 "Financial Instruments" are measured at fair value at the time of initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for Financial Assets and Liabilities at FVTPL) are added to or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and Measurement of Financial Assets

The recognition and derecognition of all routine transaction financial assets of the Group accounted for based on the transaction date.

The Group classifies financial assets into subsequent measurement at amortized cost, at fair value through other comprehensive income, or fair value through profit or loss based on the following two criteria:

A. Business Model of Managing Financial Assets
B. The Contractual Cash Flow characteristics of Financial Assets

<u>Financial assets at amortized costs</u>

Financial assets that meet both of the following conditions are measured at amortized cost, and are presented as items such as Notes receivable, Accounts receivable, Financial assets at amortized cost and Other receivables in the balance sheet:

A. Business model for managing Financial Assets: Holding Financial Assets to receive Contractual cash flow.
B. Contractual cash flow characteristics of Financial Assets: The cash flow is solely for the payment of principal and interest on the outstanding principal amount.

These financial assets (excluding those involved in hedging relationships) are subsequently measured at amortized cost [the amount measured at initial recognition, less any repayments of principal, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount (using the effective interest method) and adjusted for any provision for bad debts]. The gain or loss is recognized in profit or loss when it is derecognized, or through the amortization process, or when impairment gain or loss is recognized.
Interest calculated using the effective interest method (multiplied by the total carrying amount of financial assets) or under the following circumstances is recognized in profit or loss:

A. For purchased or originated credit-impaired financial asset, use the credit-impaired effective interest rate multiplied by the amortized cost of the financial asset.
B. For financial assets that do not meet the aforementioned criteria but subsequently becomes credit- impaired, the effective interest rate multiplied by the amortized cost of the financial assets.

<u>Financial assets at FVTOCI</u>

Financial Assets that meet both of the following conditions are measured at fair value through other comprehensive income, and are reported on the balance sheet as Financial Assets at Fair Value through Other Comprehensive Income:

A. Business model for managing financial assets: collecting contractual cash flow and selling financial assets
B. Contractual cash flow characteristics of Financial Assets: The cash flow is solely for the payment of principal and interest on the outstanding principal amount.

The recognition of related gains and losses on such Financial Assets is explained as follows:

A. Before derecognizing or reclassifying, the gains or losses, except for impairment gains or losses and foreign exchange gains and losses recognized in profit or loss, are recognized in Other Comprehensive Income.

B. When derecognizing, the accumulated profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as reclassification adjustments.

C. Interest calculated using the effective interest method (multiplied by the total carrying amount of financial assets) or under the following circumstances is recognized in profit or loss:

(a) For purchased or originated credit-impaired financial asset, use the credit-impaired effective interest rate multiplied by the amortized cost of the financial asset.

(b) If not the former, however, when continued to be impaired for credit, it is calculated by the effective interest rate times the Financial Assets at amortized cost.

In addition, regarding the equity instruments falling within the scope of IFRS 9, and that the equity instrument is neither held for trading nor the contingent consideration recognized by the acquirer in the business combination in accordance with International IFRS No.3, at the time of initial recognition, it is chosen (irrevocable) to include the subsequent changes in fair value in Other comprehensive income. Amounts reported in other comprehensive income cannot subsequently be transferred to profit or loss (upon derecognizing of such equity instruments, the accumulated amount reported in other equity items and directly transferred to retained earnings), and are reported in the balance sheet as financial assets at fair value through other comprehensive income. Dividends from investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

<u>Financial assets at FVTPL</u>

Aside from financial assets that meet specific conditions and are measured at amortized cost or through other comprehensive income at fair value, financial assets are measured at fair value through profit or loss, and are reported in the balance sheet as Financial Assets at FVTPL.

These financial assets are measured at fair value, and any gains or losses arising from revaluation are recognized as profit or loss, including any dividends or interest received from the financial assets.

(2) Impairment loss on financial assets

The Group recognizes and measures the provision for bad debts for Investments in debt instruments designated at fair value through other comprehensive income and Financial assets at amortized cost based on the expected credit loss. Investments in debt instruments designated at fair value through other comprehensive income are recognized in Other Comprehensive Income without provision for bad debts of such investments, and do not reduce the carrying amount of the investment.

The Group measures expected credit loss in the following ways:

A. The amount determined by assessing all possible outcomes in an unbiased manner and weighted by probability.
B. Time value of money
C. Reasonable and verifiable information related to past events, current conditions, and forecasts of future economic conditions (which can be obtained at the balance sheet date without excessive cost or input)

The method for measuring the provision for bad debts is explained as follows:

A. Measured by the amount of expected credit losses for 12 months: including financial assets that have not significantly increased in credit risk since its initial recognition, or are determined to have low credit risk on the balance sheet date. In addition, it also includes provision for bad debts measured at the amount of expected credit losses over the life of the instrument in the previous reporting period, but which no longer meet the condition of significant increase in credit risk since initial recognition as at the reporting date of the current period balance sheet.
B. Measurement of the amount of expected credit losses during the term: includes financial assets which credit risk has increased significantly after the original recognition, or is part of purchased or originated credit-impaired financial assets.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures provision for bad debts at an amount equal to the expected credit losses over the lifetime.
D. For lease receivables arising from the transactions within the Scope of Review of IFRS 16, the Group adopts the expected credit losses during the period to measure the provision for bad debts over the lease term.

The Group evaluates whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with that on the date of initial recognition at each balance sheet date. Refer to Note (12) for credit risk-related information.

(3) Derecognition of Financial Assets

The Group derecognizes its financial assets when any of the following conditions are met:

A. The contractual right to cash flow from Financial Assets terminates.
B. Financial assets have been transferred and almost all risks and rewards of ownership of the assets have been transferred to others.
C. Has neither transferred nor retained substantially all risks and rewards of ownership of the assets, but has lost control over the assets.

When a financial asset is derecognized, the difference between its carrying amount and the total sum of the consideration received (or receivable) plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial Liabilities and Equity Instruments

Classification of Liabilities or Equity

The Group classifies the instruments of liabilities and equity issued in accordance with the substance of the contract agreement and the definitions of financial liabilities and equity instruments as financial liabilities or equity.

Equity instruments

Equity instruments are any contracts that acknowledge the Group's remaining equity after deducting all liabilities from assets. Equity instruments issued by the Group are recognized at the amount of the consideration received less the direct issue costs.

Compound instruments

The Group recognizes the financial liabilities and EQUITY components of issued convertible bonds in accordance with their contractual terms. For the issued convertible bonds, the economic characteristics and risks of the embedded call and put options are evaluated to determine whether they are closely related to the principal debt Commodity before separating the EQUITY element.

For the liability portion not involving Derivative financial instruments, its Fair Value is assessed using the market rate of similar non-convertible bonds. Before conversion or redemption and repayment, this portion is classified as Financial liabilities at amortized cost. As for other embedded Derivative financial instruments that are not closely related to the principal contract's economic characteristics and risks (such as embedded call and put options where the execution price is confirmed to not be almost equal to the amortized cost of the debt Commodity on each execution date), these are classified as liability components, except for the EQUITY elements, and are subsequently measured at Fair Value through profit or loss. The Amount of the EQUITY element is determined by subtracting the liability component from the Fair Value of the convertible bond, and its Carrying Amount is not re-measured in subsequent accounting periods. If the issued convertible bonds do not contain an EQUITY element, they are accounted for under the Amendments to IFRS 9 as hybrid instruments.

Transaction costs are allocated to the liabilities and EQUITY components of the convertible bonds based on the original recognition proportion allocated to the liabilities and EQUITY components.

When the holders of the convertible bonds request to exercise the conversion right before the maturity of the convertible bonds, the Carrying Amount (In Thousands) of the liability component is first adjusted to the Carrying Amount (In Thousands) it should be at the time of conversion, serving as the basis for the recognition of Ordinary Shares issued.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are recognized as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.
When one of the following conditions is met, it is classified as held for trading:

A. Main purpose of acquisition is to sell in the short term;
B. At initial recognition, it is part of a group of identifiable financial instruments managed by the Group and there is evidence of a recent pattern that the group is for short-term profit-taking; or
C. Belonging to derivatives (excluding derivatives of financial guarantee contracts or designated and effective hedging instruments).

For contracts that include one or more embedded derivatives, the entire mixed (combined) contract can be designated as Financial liabilities at fair value through profit or loss. When one of the following factors is met and can provide more relevant information, it is designated as at fair value through profit or loss at the time of initial recognition:

A. The designation can eliminate or significantly decrease measurement or recognition inconsistency; or
B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and performance evaluated on a fair value basis, following written risk management or investment strategies. The information on the investment portfolio supplied to management within the Group is also on a fair value basis.

The gains or losses generated by the re-measurement of such financial liabilities are recognized in profit or loss, including any interest paid on the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include payables and borrowings, etc., which are subsequently measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest method, the related gains or losses and amortization amount are recognized in the profit or loss.

The calculation of amortized cost takes into account the discount or premium at the time of acquisition and transaction costs.

Derecognition of Financial Liabilities

When the obligation of financial liabilities is discharged, canceled, or expired, the financial liabilities are derecognized.

When the Group exchanges debt instruments with a creditor and those debt instruments contain substantially different terms or it makes significant modifications to the terms of existing financial liabilities (whether or not due to financial difficulties), the Group derecognizes the original liabilities and recognizes new liabilities. The difference between the carrying amount of the derecognized financial liabilities and the total consideration paid or to be paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Financial Assets and Liabilities Offsetting

Financial Assets and Financial Liabilities are only offset and presented net in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

7. Fair Value Measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities occurs in one of the following markets:

(1) The major regional markets for the assets or liabilities, or
(2) If there is no major market, the most advantageous market for the asset or liability

The primary or most advantageous market must be one that the Group can access for transactions.

Assets or Liabilities Fair Value measurement uses assumptions that market participants would use when pricing assets or liabilities, assuming that such market participants act in their best economic interests.

The fair value measurement of non-financial assets takes into account the ability of market participants to generate economic benefits either by using the asset at its highest and best use or by selling it to another market participant who would use the asset at its highest and best use.

The Group adopts suitable Valuation Techniques under relevant circumstances with sufficient data available to measure Fair Value, maximizing the use of relevant observable Inputs and minimizing the use of unobservable Inputs.

8. Inventories

Inventory is measured at the lower of cost and net realizable value on an item-by-item basis.

The cost refers to the cost incurred to make the inventory available for sale or production, and for the cost incurred to bring the real estate to a saleable state and location:

Raw materials using the weighted average method for its actual purchase cost.

Finished goods, commodities, and semi-finished products - include direct raw materials, labor and fixed manufacturing costs allocated based on normal capacity, but not include borrowing costs.

Net realizable value refers to the estimated selling price in the ordinary course of business, less the costs still to be incurred to complete and selling expenses.

Treatment for provision of labor services related to IFRS 15, and does not fall within the Scope of Review for Inventory.

9. Investments accounted for using equity method

Apart from being classified as Assets held for sale, the Group's investment in associates is adopted equity method. An associate refers to an entity over which the Group has significant influence. Joint ventures refer to an entity over whose net assets the Group has rights under joint arrangements (joint control).
Under the equity method, the accounting for investments in associates or joint ventures in the balance sheet is the purchase cost plus the amount recognized by the Group for changes in the net assets of such associate or joint ventures, calculated on the proportionate shares. After the carrying amount and other related long-term equity interests in associate or joint venture have been reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of statutory obligations, implicit obligations, or payments made on behalf of associates. Unrealized gains or losses generated from transactions between the Group and associate or joint venture are eliminated in proportion to its equity interests in the associate or joint venture.

When changes in equity of associate or joint venture are not due to profit or loss and other comprehensive income items and do not affect the Group's percentage of ownership, the Group recognizes changes in ownership equity in proportion to its shareholding. Therefore, the recognized Capital surplus is reclassified into profit or loss based on the disposal proportion when disposing of associate or joint venture.

When an associate or joint venture issues new shares, the Group does not subscribe according to the holding ratio, causing changes in the investment ratio. As a result, the Group adjusts the increase or decrease with "Capital surplus" and "Investments adopted equity method" for any changes in the net assets share of the associate or joint venture owned by the Group. When the proportion of investments decreases, the related items previously recognized in Other Comprehensive Income are reclassified to profit or loss or other appropriate accounts according on the reduction ratio. The aforementioned Capital surplus is transferred to profit or loss proportionately when the associate or joint venture is subsequently disposed of.

The financial statements of associate or joint venture are prepared for the same reporting period as the Group and are adjusted to conform to the accounting policies of the Group.

The Group determines whether there is objective evidence of impairment for its investments in associate or joint venture according to IAS 28 'Investments in Associates and Joint Ventures' at the end of each reporting period. If there is any objective evidence of impairment, the Group will calculate the impairment amount by the difference between the recoverable amount and the carrying amount of the associate or joint venture according to IAS 36 'Impairment of Assets', and recognize the amount in the income or loss from the associate or joint venture. The aforementioned recoverable amount, if using value-in-use of the investment, the Group determines the relevant value-in-use based on the following estimates:

(1) The Group's share of the present value of the estimated future cash flows generated by associate or joint venture, including cash flows from operations of associate or joint venture and the proceeds from the final disposal of such investments; or
(2) The Group expects to receive dividends from the investment and the present value of the expected future cash flows generated by the eventual disposal of the investment.

Since the Goodwill that forms part of the Carrying Amount of Investments in an associate or joint venture is not separately recognized, it is not necessary to apply the provisions of Impairment of Assets under the IAS 36 for the impairment testing of Goodwill.

When the Group loses significant influence over an associate or joint control over a joint venture, the retained investment is measured at fair value and recognized. When significant influence or joint control is lost, the difference between the carrying amount of the investment in associate or joint venture and the fair value of any retained investment plus the proceeds from disposal is recognized as a gain or loss. In addition, when the investment in an associate becomes an investment in a joint venture, or when an investment in a joint venture becomes an investment in an associate, our group continues to apply the equity method without re-measuring the retained equity.

10. Property, Plant And Equipment

Property, plant and equipment are recognized at acquisition cost, less accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the site of the property, plant and equipment, and the necessary interest expense generated by the under construction. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. When significant components of property, plant and equipment need to be periodically replaced, the Group regards these components as individual assets and recognizes them separately with specific useful life and depreciation methods. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS16 "Property, plant and equipment". Significant overhaul costs meet recognition criteria are considered replacement costs and are recognized as part of the carrying amount of property, plant, and equipment. Other repair and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line method over the estimated useful lives of the following assets:

Buildings and structures	3 - 50 years
Machinery and equipment	3 - 20 years
Transportation equipment	1 - 12 years
Office equipment	3 - 8 years
Other equipment	3 - 48 years

Items or any significant component of the property, plant and equipment are derecognized and recognized as profit or loss if they are disposed of or if it is expected that no future economic benefits will flow to the entity from their use or disposal after initial recognition.

The residual value, useful life, and depreciation method of property, plant, and equipment are evaluated at the end of each financial year. If the expected value is different from the previous estimate, the change is considered as accounting estimates.

11. Leases Modifications

The Group evaluates whether the contract as a lease on the contract establishment date. A lease is a contract transfer control of the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers control of the identified assets for a period of time, the Group evaluates whether it has the following two throughout the usage:

(1) Acquired the right to almost all economic benefits from recognized assets; and
(2) The lead has identified the rights to use the recognized assets.

For contracts that are (or contain) leases, the Group treats each lease component in the contract as a separate lease and deals with the non-lease components in the contract separately. For contracts that include a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative standalone price and the aggregate standalone price of the non-lease components. The relative standalone price of lease and non-lease components is determined based on the price charged by the lessor (or similar supplier) for each component (or similar component). If observable individual prices are not always available, the Group maximizes the use of observable information to estimate such individual prices.

The Group as lessee

Except for leases that qualify and are selected as short-term leases or leases of low-value assets, when the Group as a lessee in a lease agreement, right-of-use assets and lease liabilities are recognized for all leases.

The Group measures the lease liabilities at the present value of the lease payments that are not paid at commencement date. If the implicit interest rate of the lease is easy to determine, the lease payments are discounted by that rate. If the interest rate is not easily determinable, use the lessee's incremental borrowing rate. The lease payments included in the lease liabilities consist of the following payments that have not yet been paid on commencement day and are related to the right to use the underlying assets during the lease period:

(1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) Lease payments determined by some index or rate change (measured at the original index or rate on the commencement date);
(3) The amount expected to be paid by the lessee under the residual value guarantee;
(4) The exercise price of the buy options, if the Group can reasonably determine that the option will be exercised; and
(5) The penalty for terminating the lease, if the lease term reflects the lessee's intention to exercise the option to terminate the lease.

After the commencement date, the Group measures lease liabilities at amortized cost basis, increases the carrying amount of lease liabilities using the effective interest rate method to reflect the interest of lease liabilities; payments of lease payments decrease the carrying amount of lease liabilities.

The Group measures Right-of-use assets on a cost basis at the commencement date. The cost of the Right-of-use assets includes:

(1) The original measurement amount of lease liabilities;
(2) Any lease payments made on or before the commencement date, less any lease incentives received;
(3) Any initial direct costs incurred by the lessee; and
(4) The lessee estimates cost of dismantling, removing and restoring to its original

location, or to the condition required by the terms and conditions of the lease.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, i.e., the cost model is used to measure right-of-use assets.

If the ownership of the underlying assets is transferred to the Group at the end of the lease term, or if the cost of right-of-use assets reflects the Group's intention to exercise the purchase option, depreciation is provided for the right-of-use assets from the commencement date to the end of the useful life of the underlying assets. Otherwise, the Group provides depreciation for the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether right-of-use assets have been impaired and to address any identified impairment loss.

Except for short-term leases or leases of low-value target assets, the Group reports right-of-use assets and lease liabilities on the Balance Sheet and reports related depreciation and interest expenses in the Statements of Comprehensive Income.

The Group elected to recognize lease payments related to short-term leases and leases of low-value assets on a straight-line basis or another systematic basis as an expense over the lease term.

<u>The Group as lessor.</u>

The Group classifies each lease as an operating lease or a finance lease on the contract establishment date. A lease transfers substantially all the risks and rewards incidental to ownership of an asset, it is classified as a finance lease; if not transferred, it is classified as an operating lease. The Group recognizes the assets held under finance lease in the balance sheet, and record as finance lease receivable based on the net amount of lease at the commencement date.

For contracts that contain both lease and non-lease components, the Group applies the provision of IFRS 15 to allocate the transaction price in the contract.

The Group recognizes lease payments from operating leases as rental income on a straight-line method or another systematic mode. The rental payments from operating leases that are not dependent on changes in an index or rate are recognized as rental income when they occur.

12. Intangible Assets

Intangible assets acquired separately are initially measured at cost upon original recognition. The cost of intangible assets acquired through business combinations is the fair value on the acquisition date. Intangible assets, after initial recognition, are measured at their cost less accumulated amortizations and accumulated impairment losses as the carrying amount. Intangible assets internally generated that do not meet the capitalization criteria are recognized in profit or loss.

The useful life of intangible assets are classified into limited and unlimited useful life.

Intangible assets with limited useful life are amortized over their useful life and conduct impairment test whenever there are indications of impairment. The amortization period and methods for intangible assets with limited useful life are reviewed at least at each financial year. If the estimated useful life of an asset is different from the previous estimate or the expected pattern of consumption of future economic benefits has changed, the method of amortization or the period of amortization will be adjusted and treated as a change in accounting estimate.

Intangible assets with unlimited useful life are not amortized, but impairment tests are carried out at the individual asset or cash-generating unit level each financial year. Intangible assets with unlimited useful life are reviewed each period to determine whether events and circumstances continue to support an unlimited useful life for that asset. If the useful life changes from unlimited to limited, the application is deferred.

The gains or losses generated from the derecognition of intangible assets are recognized in profit or loss.

Summary of the accounting policy for intangible assets of the group is as follows:

	Computer software
Service Life	Limited (5 years)
Method of Amortizations used	Amortization is estimated through the straight-line method over the useful life.
Internally generated or externally acquired	External acquisition

13. Impairment of Non-financial Assets

The Group evaluates whether there are any indications of impairment for all assets applicable to IAS 36 "Impairment of Assets" at the end of each reporting period. If there are indications of impairment or if an asset needs to be tested for impairment annually, the Group will test individually for each asset or the cash-generating unit to which the asset belongs. Impairment losses are recognized if the carrying amount of an asset or the asset's cash-generating unit exceeds its recoverable amount as a result of impairment testing. The recoverable amount is the higher of the net fair value or the value-in-use.

The Group assesses whether there is any indication that an impairment loss previously recognized for an asset other than goodwill may no longer exist or may have decreased at the end of each reporting period. If such indications exist, the Group estimates the recoverable amount of the asset or the cash-generating unit. If the recoverable amount increases due to changes in the estimated potential of servicing assets, then the impairment is reversed. However, the carrying amount after reversal shall not exceed the carrying amount of the assets, net of depreciations or amortizations, that would have been determined had no impairment loss been recognized.

Impairment loss and reversal amount of the continuing operations unit are recognized in profit or loss.

14. Revenue Recognition

(1) Customer Contract Revenue

The main revenue of the Group from contracts with customers includes sales of goods and rendering of services, the accounting treatments of which are described as follows:

Sales of Goods

The Group manufactures and sells goods, recognizing revenue when the committed goods are delivered to the customer and the customer gains control (i.e., the customer dominates the use and obtains the ability of almost all remaining benefits of the goods), mainly chemicals being sold, with revenue recognized based on the price stated in the contract.

The credit period for the Group's sales transactions is typically between 30 - 90 days. Most contracts recognize accounts receivable when the control of goods is transferred and the right to receive consideration unconditionally is obtained. These accounts receivable are typically short-term and do not have significant financial composition. The provision for bad debts is measured based on the expected credit loss over the life of the asset under IFRS 9.

Rendering of services

The Group's service revenue is primarily derived from providing wastewater treatment services and transportation. According to the contract, the Group charges a processing fee on a monthly basis. The revenue is recognized when the performance obligation is fulfilled, and the wastewater is discharged in compliance with the standards.

(2) Contract Costs Related Assets

Contract Fulfillment Costs

Costs incurred to fulfill a customer contract, if not within the scope of other standards (such as IAS 2 "Inventories," IAS 16 "Property, Plant, and Equipment," or IAS 38 "Intangible Assets"), are recognized as assets by the Group only when the costs are directly related to the contract or identifiable expected contracts, generate or enhance resources that will be used to fulfill (or continue to fulfill) performance obligations, and are expected to be recoverable.

General and administrative costs, costs of wasted materials, labor, or other resources used to fulfill the contract but not reflected in the contract price, costs related to performance obligations that have been (or partially been) satisfied, and costs that cannot be distinguished as related to unsatisfied performance obligations or those that have been (or partially been) satisfied, are recognized as expenses when incurred.

15. Borrowing costs

The borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of those assets. All other borrowing costs are recognized as expenses during the period in which its occur. Borrowing costs include interest and other costs associated with raising finance.

16. Post-employment benefits plans

The Company and domestic subsidiaries' pension schemes apply to all formally hired employees. The entire amount of employee pension funds is deposited in accounts managed by the Supervisory Committee of Business Entities’ Labor Retirement Reserve. As the pension funds is completely separated from the Company and domestic subsidiaries. Therefore, it is not included in the aforementioned consolidated financial statements.

For post-employment benefit plans that are defined contribution plans, the Company and its domestic subsidiaries are required to make pension contributions at a rate not less than 6% of the employees' monthly salaries, and the amounts contributed are recognized as expenses.

17. Share-based payment arrangements

The costs of share-based payment transactions with employees, where the settlement is in equity instruments, are measured at the fair value of the equity instruments on the grant date. Fair value is measured using an appropriate pricing model.

The cost of share-based payment transactions settled in equity is recognized over the period in which the service and performance conditions are met, with a corresponding increase in equity. The cumulative expense recognized for equity-settled transactions at each reporting period-end reflects the progress of the vesting period and the group's best estimate of the number of equity instruments that will ultimately vest. The change in cumulative costs recognized for share-based payment transactions at the beginning and end of each reporting period is recognized in profit or loss for that period.
If the share-based payment reward ultimately does not meet the vesting conditions, no expense is recognized. If the vesting conditions for equity-settled transactions are related to market conditions or non-vesting conditions, the related expenses will still be recognized if all service or performance conditions have been met, regardless of whether the market or non-vesting conditions are satisfied.

When modifying the terms of an equity-settled transaction, at least the original grant-date cost before the modification will be recognized. If the modification of the terms of a share-based payment transaction increases the total fair value of the transaction or is beneficial to the employee, additional equity-settled transaction costs will be recognized.

If an equity-settled share-based payment reward plan is canceled, it is considered fully vested on the cancellation date, and any unrecognized remaining share-based payment expenses will be immediately recognized. This includes awards where non-vesting conditions, which are controllable by the company or employee, have not been met. If a previously canceled reward is replaced by a new reward plan and is confirmed on the grant date to replace the canceled reward plan, the cancellation and the new reward plan will be treated as a modification of the original reward plan.

18. Income Tax

Income tax expense (benefit) refers to the aggregate amount related to the current tax and deferred tax included in determining the current profit (loss).

Current tax

The current tax liabilities (assets) related to the current and previous periods are measured at the enacted or substantively enacted tax rates and tax laws at the end of the reporting period. Current income tax related to items recognized in Other Comprehensive Income or directly in Equity is respectively recognized in Other Comprehensive Income or Equity rather than profit or loss.

The portion of additional corporate income tax is recorded as income tax expense on the day the shareholders' meeting resolves to distribute the earnings.

Deferred income tax

Deferred income tax is calculated as the temporary difference between the tax base of assets and liabilities and their carrying amount in the balance sheet at the end of the reporting period.

Except for the following two, all taxable temporary differences are recognized as deferred tax liabilities:

(1) The initial recognition of Goodwill; or assets or liabilities generated from transactions other than business combinations do not affect accounting profit or taxable income (loss) at the time of the transaction, nor generate equal taxable and deductible temporary differences at the time of the transaction.
(2) The taxable temporary differences arising from Investments in subsidiaries, associates and joint ventures, for which reversal can be controlled and it is probable that the reversal will not occur in the foreseeable future.

Except for the following two, deferred tax assets arising from deductible temporary differences, unused tax losses and unused tax credits are recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized:

(1) Regarding the deductible temporary difference arising from the initial recognition of assets or liabilities from transactions that are not a business combination, it neither affects accounting profit nor taxable income (loss) at the time of transaction, and there are no equal taxable and deductible temporary differences generated at the time of the transaction.
(2) In relation to the deductible temporary differences arising from Investments in subsidiaries, associates and joint ventures, these are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the assets are realized or the liabilities are settled, with such rates based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that result from the manner in which the carrying amount of assets is expected to be recovered or liabilities settled at the end of the reporting period. Deferred income tax related to items not recognized in profit or loss is not recognized in profit or loss, but is recognized in Other comprehensive income or directly in Equity according to the related transactions. Deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities are only legally enforceable to offset current tax assets and current tax liabilities, and can be offset when deferred tax is related to income taxes levied by the same tax authority on the same taxpayer.

In accordance with the temporary exception stipulated in "International Tax Reform - Pillar Two Model Rules" (Amendments to IAS 12), the deferred tax assets and liabilities for Pillar Two income tax cannot be recognized, nor can their related information be disclosed.

The income tax expense for the interim period is accrued and disclosed at the rate applicable to the expected total earnings for the year, which means applying the estimated annual average effective tax rate to the pre-tax profit for the interim period. The estimation of the annual average effective tax rate includes only the Current tax expense, while the Deferred income tax is recognized and measured in accordance with IAS 12 "Income Taxes," consistent with the annual financial reporting. When there is a tax rate change during the period, the effect of the change on deferred income tax is recognized once in profit or loss, Other comprehensive income, or directly in Equity.

V. Material Accounting Judgments and Key Sources of Estimation and Uncertainty

When preparing the consolidated financial statements, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the reported amount of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities. However, the uncertainties related to these significant assumptions and estimates could result in the need for significant adjustments to the carrying amount of assets or liabilities in future periods.

Estimates and assumptions

There is a significant risk that the carrying amount of assets and liabilities could require material adjustment in the next financial year, due to the primary sources of uncertainty about estimates and assumptions made at the end of the reporting period related to the future. The remark is as follows:

(1) Fair value of financial instruments

When the fair value of financial assets and liabilities recognized on the balance sheet cannot be obtained from active markets, the fair value will be determined using valuation techniques, including income approach (such as cash flow discounting model) or market approach. Changes in the assumptions used in these models will affect the reported fair value of financial instruments. Refer to Note (12).

(2) Income Tax

The uncertainty of income tax lies in the interpretation of complex tax laws and regulations, and the amount and timing of future taxable income. Due to the breadth of international business relationships and the long-term and complexity of contracts, differences arising between actual results and assumptions, or changes to these assumptions in the future, may require adjustments to the recognized income tax benefits and expenses in the future. The provision for income tax is based on reasonable estimates made according to the possible audit results of the tax authorities in the countries where the Company operates. The amount provisioned is based on various factors, such as past tax audit experiences and differences in the interpretation of tax regulations between taxpayers and the tax authorities. The differences in the explanation may generate various issues due to the circumstances of the individual locations of the company's businesses.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available in the future, or that there are taxable temporary differences within the scope of origination and reversal of temporary differences. The determination of the Amount to recognize for Deferred tax assets is based on the estimated timing and level of future taxable income and taxable temporary differences.

(3) Accounts Receivable - estimation of provision for bad debts

The Group estimates provision for bad debts for accounts receivables using the expected credit loss over the lifetime, which is measured as the present value of the difference between the contractual cash flows receivable under the contract (carrying amount) and the cash flows expected to be received (with the evaluation of forward-looking information). However, the discounting effect of short-term receivables is not significant, and the credit loss is measured by the undiscounted difference. If actual cash flows in the future are less than expected, significant provision for bad debts may arise. Refer to Note (6).

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

VI. Details of Significant Accounts

1. Cash and cash equivalents

	2026.3.31	2025.12.31	2025.3.31
Cash on hand	$220	$220	$220
Demand deposits	242,796	298,342	274,109
Total	$243,016	$298,562	$274,329

2. Financial assets at FVTPL

	2026.3.31	2025.12.31	2025.3.31
Mandatory fair value through profit or loss - current:			
TWSE/TPEx-listed Stock	$34,905	$38,643	$45,759

The Group's financial assets measured at fair value through profit or loss do not have any collateral provided.

3. Current financial assets at amortized cost

	2026.3.31	2025.12.31	2025.3.31
Time deposits	$108,000	$8,000	$73,000

The Group classifies some of the Financial Assets as Financial assets at amortized cost. For the provision of guarantees, please refer to Note (8). For information related to Credit risk, Refer to Note (12).

4. Notes receivable

	2026.3.31	2025.12.31	2025.3.31
Notes receivable - due to operations	$16,995	$26,504	$25,297
Less: Loss allowance	(-)	(-)	(-)
Total	$16,995	$26,504	$25,297

The Group's notes receivable were not provided as collaterals.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The Group evaluates impairments in accordance with IFRS 9, and for related information on provision for bad debts, Refer to Note (6).18. For information related to Credit risk, Refer to Note (12).

5. Accounts receivable and Accounts receivable - related parties

	2026.3.31	2025.12.31	2025.3.31
Accounts receivable	$76,036	$78,708	$95,423
Less: Loss allowance	(745)	(745)	(745)
Subtotal	75,291	77,963	94,678
Accounts receivable - related parties	308	287	1,622
Less: Loss allowance	(-)	(-)	(-)
Subtotal	308	287	1,622
Total	$75,599	$78,250	$96,300

The Group's accounts receivable were not provided as collateral.

The credit period for the Group's customers is usually 30 to 90 days. The total amount of accounts receivable as at March 31, 2026, December 31, 2025, and March 31, 2025, was NT$76,344 thousand, NT$78,995 thousand, and NT$97,045 thousand, respectively. For information related to the provision for bad debts from January 1 to March 31, 2026, and from January 1 to March 31, 2025, refer to Note (6).18. For credit risk related information, refer to Note (12).

6. Inventories

	2026.3.31	2025.12.31	2025.3.31
Raw materials	$4,001	$3,018	$3,554
Semi-finished goods	42	25	29
Finished goods	52	153	29
Commodity	380	332	539
Total	$4,475	$3,528	4,151

The operating costs recognized as expenses by the Group from January 1 to March 31, 2026, and from January 1 to March 31, 2025, were NT$69,921 thousand and NT$80,079 thousand, respectively, including the recognition of loss for market price decline and slow-moving inventories of NT$108 thousand and NT$(27) thousand, respectively. Due to the impact of market price fluctuations on raw material prices, there was an inventory valuation loss (reversal of write-down of inventories).

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The aforementioned inventory were not pledged as collateral.

7. Investments accounted for using equity method

The details of the Group's investments accounted for using the equity method are as follows:

	2026.3.31		2025.12.31		2025.3.31	
Investee Company	Amount	Ownership Percentage	Amount	Ownership Percentage	Amount	Ownership Percentage
Investment in Associates:						
Greenstone Applied Materials Co., Ltd.	$2,918	20.00%	$2,083	20.00%	$-	-

The investment of the Group in Greenstone Applied Materials Co., Ltd. is not significant to the Group. The total carrying amounts of the Group's investment in Greenstone Applied Materials Co., Ltd. as at March 31, 2026, December 31, 2025, and March 31, 2025, were NT$2,918 thousand, NT$2,083 thousand, and NT$0 thousand, respectively. The aggregated financial information is presented below based on the share of interest:

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Net profit (loss) for the period of continuing operations	($165)	$-
Other comprehensive income, net of income tax	-	-
Total comprehensive income (loss)	($165)	$-

The aforementioned investments in Associates as of March 31, 2026, December 31, 2025, and March 31, 2025 had no contingent liabilities or capital commitments, nor were there any pledges.

8. Property, Plant and Equipment

	2026.3.31	2025.12.31	2025.3.31
Property, plant and equipment for own use	$830,363	$826,894	$845,419

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Costs:							
2026.1.1	$398,057	$281,107	$325,995	$81,222	$5,887	$61,593	$1,153,861
Additions	-	-	2,674	161	-	6,870	9,705
Disposal	-	-	(462)	-	-	-	(462)
Other changes	-	-	2,427	-	-	2,850	5,277
2026.3.31	$398,057	$281,107	$330,634	$81,383	$5,887	$71,313	$1,168,381
2025.1.1	$398,057	$283,323	$320,796	$77,848	$5,911	$58,122	$1,144,057
Additions	-	-	-	10,000	320	751	11,071
Disposal	-	(1,796)	(3,740)	(575)	-	(1,224)	(7,335)
Other changes	-	-	-	400	-	187	587
2025.3.31	$398,057	$281,527	$317,056	$87,673	$6,231	$57,836	$1,148,380

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Depreciation and impairment:							
2026.1.1	$-	$62,110	$172,374	$60,222	$3,517	$28,744	$326,967
Depreciation	-	2,038	5,948	1,483	246	1,659	11,374
Disposal	-	-	(323)	-	-	-	(323)
2026.3.31	$-	$64,148	$177,999	$61,705	$3,763	$30,403	$338,018
2025.1.1	$-	$56,028	$153,522	$60,991	$3,593	$24,455	$298,589
Depreciation	-	2,100	6,010	1,783	220	1,514	11,627
Disposal	-	(1,796)	(3,740)	(495)	-	(1,224)	(7,255)
2025.3.31	$-	$56,332	$155,792	$62,279	$3,813	$24,745	$302,961
Net Carrying Amount:							
2026.3.31	$398,057	$216,959	$152,635	$19,678	$2,124	$40,910	$830,363
2025.12.31	$398,057	$218,997	$153,621	$21,000	$2,370	$32,849	$826,894
2025.3.31	$398,057	$225,195	$161,264	$25,394	$2,418	$33,091	$845,419

Refer to Note (8) for property, plant and equipment provided as collateral.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

9. Other noncurrent assets

	2026.3.31	2025.12.31	2025.3.31
Prepayments for equipment	$9,987	$12,292	$11,751
Refundable deposits	12,212	20,755	12,822
Total	$22,199	$33,047	$24,573

10. Short-term loans

	2026.3.31	2025.12.31	2025.3.31
Unsecured Bank Loans	$10,000	$10,000	$168,000

The short-term borrowing rates of the Group as of March 31, 2026, December 31, 2025, and March 31, 2025, were 2.336%, 2.336%, and 2.208% to 2.430%, respectively.

As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group had unused short-term borrowings amounting to NT$170,000 thousand, NT$210,000 thousand, and NT$107,000 thousand, respectively.

11. Financial liabilities at FVTPL

	2026.3.31	2025.12.31	2025.3.31
Held for trading - current:			
Derivatives not designated as Nature of Relationships			
Conversion options	$2,800	$2,415	$-

12. Bonds payable

	2026.3.31	2025.12.31	2025.3.31
Bonds payable – Domestic secured convertible bonds.	$332,803	$330,797	$-
Less: due within one year portion	-	-	-
Net amount	$332,803	$330,797	$-

Bonds payable – Domestic secured convertible bonds.

	2026.3.31	2025.12.31	2025.3.31
Liability elements:			
Face value of bonds payable – Domestic secured convertible bonds.	$350,000	$350,000	$-
Discount on bonds payable – Domestic secured convertible bonds.	(17,197)	(19,203)	-
Subtotal	332,803	330,797	-
Less: due within one year portion	-	-	-
Net amount	$332,803	$330,797	$-
Embedded derivative financial instruments	$2,800	$2,415	$-
Equity element	$18,941	$18,941	$-

On May 8, 2025, the Company issued domestic secured convertible bonds with a coupon rate of 0%. Upon analysis of the contractual terms, the convertible bonds consist of the following components: the principal debt, embedded derivative financial instruments (issuer call option and holder put option), and an EQUITY element (holder's option to convert into the issuer's ordinary shares). The main issuance terms are as follows:

Total Amount: NT$350,000 (In Thousands of New Taiwan Dollars)

Issuance Period: May 8, 2025 to May 8, 2028

Important redemption terms:

A. From the day following three months after the issuance date (August 9, 2025) and up to forty days before the end of the Issuance Period (March 29, 2028), if the closing price of the Company's Ordinary Shares exceeds the conversion price of the convertible bonds by 30% or more for thirty consecutive trading days, the Company may, within the following thirty trading days, notify to redeem in cash the outstanding convertible bonds at face value.
B. From the day following the completion of three months after the issuance date (August 9, 2025) and up to forty days before the Maturity Date (March 29, 2028), if the outstanding amount of the Company bonds falls below 10% of the original Total Amount, the Company may redeem all the Company bonds at the early redemption price.
C. Bondholders may request the Company to redeem all or part of the corporate bonds at 101.0025% of the face value on May 8, 2027.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Conversion method:

A. Conversion target: The Company's Ordinary Shares.
B. Conversion period: Bondholders may request to convert into the Company's Ordinary Shares in lieu of cash payment from August 9, 2025, to May 8, 2028.
C. Conversion Price and Adjustments: The conversion price was set at NT$55.00 per share at the time of issuance. If events triggering an adjustment to the conversion price as specified in the issuance terms occur with respect to the Company's Ordinary Shares, the conversion price will be adjusted according to the formula stipulated in the issuance terms. The conversion prices on March 31, 2026, and December 31, 2025, are NT$51.66 per share, respectively. On March 31, 2025, there is no conversion price because no convertible bonds were issued.
D. Redemption at Maturity: If the corporate bonds are not yet settled at maturity, they will be redeemed at face value.

Furthermore, the Corporate bonds had not been converted as of March 31, 2026, December 31, 2025, and March 31, 2025.

13. Long-term borrowings

The details of long-term borrowings as of March 31, 2026, December 31, 2025, and March 31, 2025 are as follows:

Creditor	2026.3.31	Repayment Period and Method
Chang Hwa Bank - Luchu Branch	$27,633	From July 8, 2025 to January 27, 2031, repayment is made on a monthly basis, with interest paid monthly.
Subtotal	27,633	
Less: due within one year portion	(6,200)	
Net amount	$21,433	

Creditor	2025.12.31	Repayment Period and Method
Chang Hwa Bank - Luchu Branch	$28,167	From July 8, 2025 to September 17, 2030, repayment is made on a monthly basis, with interest paid monthly.
Subtotal	28,167	
Less: due within one year	(6,000)	
Net amount	$22,167	

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Creditor	2025.3.31	Repayment Period and Method
Chang Hwa Bank - Luchu Branch	$245,823	From April 23, 2020 to April 23, 2035, repayment is made on a monthly basis, with interest paid monthly.
Taiwan Cooperative Bank - North Kaohsiung Branch	12,523	From June 30, 2014 to June 30, 2026, repayment is made on a monthly basis, with interest paid monthly.
Subtotal	258,346	
Less: due within one year portion	(48,265)	
Net amount	$210,081	

The long-term borrowing rates of the Group as of March 31, 2026, December 31, 2025, and March 31, 2025, were 2.22%, 2.22%, and 2.20% to 2.30%, respectively.

Refer to Note (8) for details of the guarantees of secured bank loans.

14. Post-employment benefits plans

Defined contribution plans

The Company and its domestic subsidiaries have established employee retirement schemes under the "Labor Pension Act," which are defined contribution plans. In accordance with the regulations, the monthly contribution rate for labor pension expense borne by the Company and its domestic subsidiaries shall not be less than 6% of the employees' monthly salary. The Company and its domestic subsidiaries have established an employee retirement plan according to the Act, under which 6% of the monthly salary is contributed to individual retirement accounts at the Bureau of Labor Insurance.

The expenses recognized by the Group under the Defined Contribution plans from January 1 to March 31, 2026, and from January 1 to March 31, 2025, were NT$857 thousand and NT$875 thousand, respectively.

15. Equity

(1) Ordinary Share

As of March 31, 2026, December 31, 2025, and March 31, 2025, the authorized share capital of the Company was NT$700,000 thousand, with a paid-up share capital of NT$311,795 thousand. These amounts represent 31,180 thousand shares, each with a face value of NT$10. Each share carries one voting right and the right to receive dividends.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(2) Capital surplus

	2026.3.31	2025.12.31	2025.3.31
Additional paid-up capital	$257,997	$257,997	$257,997
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,289	2,289	2,289
Expired Employee Stock Options	929	929	929
Convertible bond warrants	18,941	18,941	-
Total	$280,156	$280,156	$261,215

As stipulated by the law, Capital surplus shall not be used except to offset the company's deficits. When the company has no deficits, the surplus from issuing shares exceeding the face value and the capital surplus generated from accepting donations can be allocated to increase the capital. The above-mentioned Capital surplus can also be distributed in cash according to the proportion of the original shares held by shareholders.

(3) Earnings Distribution

In accordance with the Company's Articles of Incorporation, if there are profits in the annual financial statement, they are distributed in the following order:

A. Withdraw taxes.
B. Offset accumulated deficits.
C. Appropriate 10% as Legal reserve.
D. Others are appropriated or reversed special reserve as required by laws and regulations or as ordered by the competent authority.
E. The remaining, along with previous years' undistributed earnings, should be proposed by the Board of Directors for profit distribution. When it is to be done through the issuance of new shares, it should be distributed after being resolved by the shareholders' meeting. If it is done in the form of cash disbursement, it is authorized by the Board of Directors with the attendance of more than two-thirds of the directors and the agreement of more than half of the attending directors, and reported to the shareholders' meeting.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The Company, considering its operating environment, growth stage, responding to future capital needs, financial structure, and earnings situation, and aiming for a balanced and stable dividend policy, plans to distribute not less than 10% of distributable earnings as shareholder dividends each year, based on its capital requirement and the dilution effect on earnings per share. The dividends can be distributed either in the form of stock or cash dividends, with cash dividends accounting for no less than 10% of the total dividends distributed.

In accordance with the Company Law, the Legal reserve should be appropriated until its total amount has reached the total capital. Legal reserve can be used to offset deficits. When the company is not in deficit, it can distribute new shares or cash in proportion to the original shares of shareholders with the part of the legal reserve exceeding 25% of the paid-up capital.

The Company proposed and resolved the appropriation and distribution of retained earnings and per share dividend for 2025 and 2024 at the Board of Directors and shareholders' regular meeting on March 6, 2026 and June 25, 2025, respectively, as follows:

	Appropriation of Earnings Proposal		Dividend per share (NT$)	
	2025	2024	2025	2024
Legal Capital Reserve	$11,161	$11,777	$-	$-
Cash dividends on ordinary shares (Note)	$99,774	$109,128	$3.2	$3.5

Refer to the 'Market Observation Post System' of the Taiwan Stock Exchange for information on earnings distribution resolved by the Board of Directors and shareholders' meeting.

Refer to Note (6).20 for information related to the basis of employees and directors' remuneration estimates and the recognition of their amounts.

Note: The Company's Board of Directors, authorized by the Articles of Association and passed a special resolution on March 6, 2026, approving the cash dividends proposal for the year ended December 2025 of ordinary shares.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(4) Non-controlling Interests

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Balance, beginning of period	$9,312	$8,336
Net profit (loss) for the period attributable to non-controlling interests	(76)	(340)
Balance, end of period	$9,236	$7,996

17. Net revenue

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Sales Revenue of Goods	$11,355	$13,765
Rendering of Services	120,131	150,036
Total	$131,486	$163,801

The information related to revenue from contracts with customers for the Group from January 1 to March 31, 2026, and from January 1 to March 31, 2025 is as follows:

(1) Breakdown of Revenue

	2026.1.1～2026.3.31				
	Manufacturing and sales of wastewater Treatment Chemicals and Consumables	Wastewater Treatment	Waste Transportation	Others	Total
Sales of goods	$11,355	$-	$-	$-	$11,355
Rendering of services	-	95,482	6,504	18,145	120,131
	$11,355	$95,482	$6,504	$18,145	$131,486
Revenue Recognition: at a certain point in time	$11,355	$95,482	$6,504	$18,145	$131,486

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

	2025.1.1～2025.3.31				
	Manufacturing and sales of wastewater Treatment Chemicals and Consumables	Wastewater Treatment	Waste Transportation	Others	Total
Sales of goods	$13,765	$-	$-	$-	$13,765
Rendering of services	-	115,689	13,939	20,408	150,036
	$13,765	$115,689	$13,939	$20,408	$163,801
Revenue Recognition: at a certain point in time	$13,765	$115,689	$13,939	$20,408	$163,801

(2) Assets recognized from the costs of obtaining or fulfilling customer contracts

	2026.3.31	2025.12.31	2025.3.31
Contract Fulfillment Costs-Current	$1,348	$1,225	$1,687

18. Expected Credit Loss (benefit)

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Operating Expense - Expected Credit Loss		
Accounts receivable	$-	$-

Refer to Note (12) for credit risk related information.

The receivables of the Group (including notes receivable and accounts receivable) are all measured by the expected credit loss during the period. The evaluation of the provision for bad debts as of March 31, 2026, December 31, 2025, and March 31, 2025 are as follows:

The historical experience of credit losses on the Group's receivables indicates no significant difference in the loss patterns of different customer groups. Therefore, the provision for bad debts is measured using a provision matrix without distinguishing the customer groups. The information is as follows:

2026.3.31

		Days past due					
	Not past due (Note)	Within 30 days	31 - 60 days	61 - 90 days	91 - 120 days	More than 121 days	Total
Total Amount	$93,339	$-	$-	$-	$-	$-	$93,339
Loss rate	0.80%～1.00%	-	-	-	-	-	
Expected Credit Loss lifetime	(745)	-	-	-	-	-	(745)
Carrying Amount (In Thousands)	$92,594	$-	$-	$-	$-	$-	$92,594

2025.12.31

		Days past due					
	Not past due (Note)	Within 30 days	31 - 60 days	61 - 90 days	91 - 120 days	More than 121 days	Total
Total Amount	$105,499	$-	$-	$-	$-	$-	$105,499
Loss rate	0.71%～1.00%	-	-	-	-	-	
Expected Credit Loss lifetime	(745)	-	-	-	-	-	(745)
Carrying Amount (In Thousands)	$104,754	$-	$-	$-	$-	$-	$104,754

2025.3.31

		Days past due					
	Not past due (Note)	Within 30 days	31 - 60 days	61 - 90 days	91 - 120 days	More than 121 days	Total
Total Amount	$122,342	$-	$-	$-	$-	$-	$122,342
Loss rate	0.61%～1.00%	-	-	-	-	-	
Expected Credit Loss lifetime	(745)	-	-	-	-	-	(745)
Carrying Amount (In Thousands)	$121,597	$-	$-	$-	$-	$-	$121,597

Note: All notes receivable of the Group are not past due.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The changes in provision for bad debts on notes receivable and accounts receivable of the Group from January 1 to March 31, 2026, and from January 1 to March 31, 2025 are as follows:

	Notes receivable	Accounts receivable
2026.1.1	$-	$745
The additional (reversal) amount for the period	-	-
Written off bad debts	-	-
2026.3.31	$-	$745
2025.1.1	$-	$745
The additional (reversal) amount for the period	-	-
Written off bad debts	-	-
2025.3.31	$-	$745

19. Leases Modifications

The Group as lessee

The Group leases transportation equipment with a lease term of 5 years.

The impact of leases on the Group's financial position, financial performance, and Financing Cash Flow is as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

Carrying amounts of right-of-use assets

	2026.3.31	2025.12.31	2025.3.31
Transportation equipment	$1,096	$1,169	$1,388

The Group added NT$0 thousand and NT$1,461 thousand to right-of-use assets from January 1 to March 31, 2026, and from January 1 to March 31, 2025, respectively.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(b) Lease liabilities

	2026.3.31	2025.12.31	2025.3.31
Lease liabilities	$1,109	$1,181	$1,392
current	$286	$285	$281
noncurrent	$823	$896	$1,111

For the interest expense on lease liabilities of the Group from January 1 to March 31, 2026, and from January 1 to March 31, 2025, please refer to Note (6).21(4) Finance costs; for maturity analysis of lease liabilities as of March 31, 2026, December 31, 2025, and March 31, 2025, please refer to Note (12).5 Liquidity risk management.

B. Amount recognized in the consolidated statements of comprehensive income

Depreciation of right-of-use assets

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Transportation equipment	$73	$73

C. Revenues and expenses related to the lessee's leasing activities

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Short-term leases Expenses	$14	$53
Expenses related to the leasing of low-value assets (excluding short-term leasing of low-value assets)	$52	$49

D. Cash outflows related to the lessee's leasing activities

The total cash outflow for leases principal of the Group from January 1 to March 31, 2026, and from January 1 to March 31, 2025, were NT$144 thousand and NT$179 thousand, respectively.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

E. Other information related to leasing activities

Options to extend leases and to terminate leases

Some of the Group's property lease agreements include extend leases and terminate leases options. In determining the lease term, it includes the non-cancelable period for which the Group has the right to use the underlying asset, the period covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and the period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The use of these options can greatly maximize the operational flexibility of management contracts. The majority of options to extend leases and to terminate leases can only be exercised by the Group. When a significant event occurs or a significant change in circumstance (within the lessee's control and affects whether the Group can reasonably determine to exercise an option not previously included when determining the lease term, or not exercise an option previously included when determining the lease term) after the commencement date, the Group reevaluate the lease term.

20. Employee benefits, depreciation, and amortization expenses by functions are summarized as follows:

By function / By nature	2026.1.1～2026.3.31			2025.1.1～2025.3.31		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expenses						
Salaries expenses	$5,898	$14,212	$20,110	$5,506	$16,451	$21,957
Labor health insurance premiums	$808	$1,177	$1,985	$771	$1,256	$2,027
Pension expenses	$284	$573	$857	$268	$607	$875
Directors' remuneration	$-	$604	$604	$-	$846	$846
Other employee benefits expense	$224	$378	$602	$219	$421	$640
Depreciation expense	$6,550	$4,897	$11,447	$6,871	$4,829	$11,700
Amortization expense	$-	$-	$-	$-	$-	$-

At the shareholders' regular meeting on June 25, 2025, The Company approved an amendment to the Articles of Incorporation. As per the amended Articles, if the Company earns a profit for the year, it should allocate not less than 1% as profit sharing bonus to employees and not more than 3% as compensation to directors. An amount not less than one-third of the sum of the aforementioned profit sharing bonus to employees should be allocated as compensation for frontline employees. However, if there are accumulated losses, the amount of the indemnity should be reserved in advance. The aforementioned employee compensation can be executed in the form of stock or cash. It should be approved by the Board of Directors through a resolution with the attendance of over two-thirds of the directors and the agreement of over half of the attending directors. Also, it should be reported at the shareholders meeting. Refer to the "Market Observation Post System" on the Taiwan Stock Exchange for information on the employee compensations and directors' remuneration approved by the Board of Directors.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

From January 1 to March 31, 2026, based on the profit situation, The Company estimated employees' compensation and directors' remuneration at 7% and 1%, respectively, and recognized the amounts of NT$2,047 thousand and NT$292 thousand, which were recorded under Salaries expenses. From January 1 to March 31, 2025, based on the profit situation, employees' compensation and directors' remuneration were also estimated at 7% and 1%, and the amounts of NT$3,782 thousand and NT$540 thousand were recognized, recorded under Salaries expenses.

The Company resolved at the Board of Directors on March 6, 2026, to distribute cash as employees' remuneration and Directors' Remuneration for the year ended December 2025 in the amounts of NT$10,575 thousand and NT$1,511 thousand, respectively, which didn't significantly differ from the amounts recognized as expenses in the financial statements for the year ended December 2025.

The actual distribution amounts for employees' remuneration and directors' remuneration by the Company for the year ended December 2025 did not significantly differ from the amounts recognized as expenses in the financial statements for the year ended December 2024.

21. Non-operating revenues and expenses

(1) Interest income

	2026.1.1～ 2026.3.31	2025.1.1～ 2025.3.31
Financial assets at amortized costs	$607	$394

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(2) Other income

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Rental income	$522	$162
Other income	117	2
Total	$639	$164

(3) Other gains and losses

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Loss on disposal of property, plant and equipment	($109)	($13)
Net loss from FINANCIAL ASSETS AND LIABILITIES AT FVTPL (Note 1)	(3,738)	3,288
Net gain from Financial liabilities at FVTPL (Note 2)	(385)	-
Total	($4,232)	$3,275

Note 1: Financial assets mandatorily measured at FVTPL valuation adjustment.
Note 2: Valuation adjustments arising from financial liabilities held for trading.

(4) Finance Costs

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Interest on bank loans	$228	$2,092
Interest on bonds payable	2,006	-
Interest on lease liabilities	6	8
Total	$2,240	$2,100

22. Income Tax

The main components of the Income tax expense for the periods from January 1 to March 31, 2026, and from January 1 to March 31, 2025 are as follows:

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

(1) Income tax expense recognized in profit or loss

	2026.1.1～ 2026.3.31	2025.1.1～ 2025.3.31
Current tax expenses:		
Current Income taxes payable	$6,784	$11,164
Deferred tax expense (income):		
Deferred tax expense related to the original temporary differences and its reversal	-	1
Deferred income tax with the initial generation and tax loss offsetting of income tax and related to its reversal	(1,275)	(1,639)
Income Tax Expense	$5,509	$9,526

(2) Income Tax Return Verification Status

As of March 31, 2026, the status of the Group's Income Tax Return Verification was as follows:

	Income Tax Return Verification Status
Ping Ho Environmental Technology Co., Ltd.	Approved up to the 2024
Ping Ho Materials Technology Co., Ltd.	Approved up to the 2024
Ching Jin Industrial Co., Ltd.	Approved up to the 2024
Wan Jing Industrial Co., Ltd.	Approved up to the 2024
Feng Jia Industrial Co., Ltd.	Approved up to the 2024

23. Earnings Per Share

The calculation of basic earnings per share amount is based on the net profit attributable to ordinary shareholders of the parent company for the current period divided by the weighted average number of outstanding ordinary shares for the current period.

The calculation of the Diluted earnings per share is based on the net profit attributable to ordinary shareholders of the Parent company for the current period (after adjusting the interest of convertible bonds) divided by the sum of the weighted average number of ordinary shares outstanding during the current period plus the weighted average number of ordinary shares to be issued when all potential ordinary shares with dilution effect are converted into ordinary shares.

		2026.1.1～2026.3.31	2025.1.1～2025.3.31
(1)	Basic EPS		
	Net profit attributable to ordinary shareholders of the parent (thousands NT$)	$21,458	$41,763
	Basic earnings per share of the weighted average number of ordinary shares (thousand shares)	31,180	31,180
	Basic earnings per share (NT$)	$0.69	$1.34
(2)	Diluted EPS		
	Net profit attributable to ordinary shareholders of the parent (thousands NT$)	$21,458	$41,763
	Convertible bonds (thousands NT$)	1,913	-
	Net profit attributable to ordinary shareholders of the parent (thousands NT$) after adjustment for dilution effects	$23,371	$41,763
	Basic earnings per share of the weighted average number of ordinary shares (thousand shares)	31,180	31,180
	Dilution effect:		
	Employee Compensation - Shares (thousands NT$)	222	210
	Convertible bonds (In Thousands)	6,775	-
	Weighted average number of ordinary shares (thousands of shares) adjusted for the effects of dilution	38,177	31,390
	Diluted earnings per share (NT$)	$0.61	$1.33

There were no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares outstanding after the end of the reporting period up to the approval of the financial statements for issue.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

24. Changes in ownership interests in subsidiaries

Failure to subscribe for new shares issued by the subsidiary in proportion to shareholding

Ping Ho Materials Technology Co., Ltd. resolved to carry out a capital increase and issued new shares on May 29, 2025, all of which were subscribed to by the Company. As a result, the Company's ownership increased to 98.33%. The additional equity in Ping Ho Materials Technology Co., Ltd. includes the following changes in non-controlling interest:

	2025.1.1～ 2025.12.31
Cash received by the Group from the capital increase	$-
Increase in non-controlling interests	1,737
Difference recognized in retained earnings under equity	$1,737

VII. Related Party Transactions

The related parties with transactions with the Group during the financial reporting period are as follows:

Related parties and their relationship

Related Party Name	Relationship with the Group
Yung Herng Engineering Co., Ltd.	Substantial related party
He Chin Precision Machinery Co., Ltd.	Substantial related party (Note)
Greenstone Applied Materials Co., Ltd.	Associate
Chairman and other 3 people	Key management of the Company

Note: He Chin Precision Machinery Co., Ltd. has not been a substantial related party to the Group since June 5, 2025, so only transactions with the company from January 1, 2025, to June 5, 2025, are presented.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Significant transactions between related parties

1. Sales

Related Party Name	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Yung Herng Engineering Co., Ltd.	$295	$129
He Chin Precision Machinery Co., Ltd.	-	2,336
Total	$295	$2,465

The sales prices to related parties and the prices for providing Wastewater Treatment services to related parties are negotiated by both parties with reference to market conditions and conducted under general payment terms. The transaction prices and collection terms are equivalent to those for general customers or market conditions.

2. Purchases

Related Party Name	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Yung Herng Engineering Co., Ltd.	$740	$-

The purchase prices from related parties are negotiated by both parties with reference to market conditions and conducted under general payment terms; the transaction prices and payment terms are equivalent to those of general suppliers or market conditions.

3. Cost of services

Related Party Name	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Yung Herng Engineering Co., Ltd.	$809	$1,038

The Group entrusts related parties to carry out repair and refurbishment projects for Wastewater Treatment equipment, with prices and payment terms negotiated by both parties. The payment period is conducted according to contract stipulations, with no significant difference from general suppliers.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

4. Accounts Receivables (Payables) from/to related parties

Related Party Name	2026.3.31	2025.12.31	2025.3.31
<u>Accounts receivable</u>			
Yung Herng Engineering Co., Ltd.	$308	$287	$128
He Chin Precision Machinery Co., Ltd.	-	- -	1,494
Total	$308	$287	$1,622

Related Party Name	2026.3.31	2025.12.31	2025.3.31
<u>Other receivables</u>			
Yung Herng Engineering Co., Ltd.	$84	$84	$84
He Chin Precision Machinery Co., Ltd.	-	-	232
Greenstone Applied Materials Co., Ltd.	21	-	-
Total	$105	$84	$316

Related Party Name	2026.3.31	2025.12.31	2025.3.31
<u>Accounts payable</u>			
Yung Herng Engineering Co., Ltd.	$777	$-	$-

Related Party Name	2026.3.31	2025.12.31	2025.3.31
<u>Other payables</u>			
Yung Herng Engineering Co., Ltd.	$2,644	$1,723	$4,169

5. Guarantee deposits

Related Party Name	2026.3.31	2025.12.31	2025.3.31
Greenstone Applied Materials Co., Ltd.	$240	$240	$-

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

6. Rental income

The details of rental income from leasing office and factory premises to related enterprises of the Group are as follows:

Related Party Name	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Yung Herng Engineering Co., Ltd.	$120	$120
Greenstone Applied Materials Co., Ltd.	360	-
Total	$480	$120

7. Other income

Related Party Name	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Greenstone Applied Materials Co., Ltd.	$60	$-

8. Property Transaction Details

Purchase:

2026.1.1～2026.3.31

Counterparty	Name of asset	Amount	Basis of transaction price
Yung Herng Engineering Co., Ltd.	Machinery and equipment	$1,480	Negotiated Price
Yung Herng Engineering Co., Ltd.	Other equipment	9,500	Negotiated Price
Total		$10,980	

2025.1.1～2025.3.31

Counterparty	Name of asset	Amount	Basis of transaction price
Yung Herng Engineering Co., Ltd.	Other equipment	$85	Negotiated Price

Disposal:

2026.1.1～2026.3.31: No such matter.

2025.1.1～2025.3.31: No such matter.

7. Remuneration of key management personnel of the Group.

	2026.1.1～2026.3.31	2025.1.1～2025.3.31
Short-term employee benefits	$5,555	$5,379
Post-employment benefits	54	54
Total	$5,609	$5,433

8. Others

(1) As of March 31,2026 and March 31, 2025, part of the key management personnel have acted as joint guarantors for the borrowings from financial institutions by the Group.

(2) The Company has signed a contract with Yung Herng Engineering Co., Ltd. for the establishment and repair of wastewater treatment equipment and related works. The total contract price is NT$22,186 thousand (including tax). As of March 31, 2026, the work has been completed and NT$11,630 thousand has been transferred to Property, plant and equipment - Machinery and equipment, other equipment, and other prepaid expenses. In addition, the incomplete work is valued at NT$9,975 thousand (including tax), with the contract price yet to be billed standing at NT$6,650 thousand.

(3) The payments to Yung Herng Engineering Co., Ltd. for maintenance and other expenses from January 1 to March 31, 2026, and from January 1 to March 31, 2025, were NT$34 thousand and NT$142 thousand, respectively, which were recorded under operating expenses.

VIII. Pledged Assets

The Group has the following assets as collaterals:

	Carrying Amount (In Thousands)			
	2026.3.31	2025.12.31	2025.3.31	Guaranteed debt content
Current financial assets at amortized cost	$8,000	$8,000	$-	Bonds payable
Property, Plant and Equipment	152,430	152,793	509,192	Long-term borrowings and bonds payable
Total	$160,430	$160,793	$509,192	

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

IX. Significant Contingent Liabilities and Unrecognized Commitments

As of March 31, 2026, due to the issuance of convertible bonds, performance guarantees amounting to a total of NT$357,035 thousand provided by the bank were not included in the aforementioned financial statements.

X. Significant Loss from Natural Disaster

None for the item.

XI. Significant Subsequent Events

None for the item.

XII. Others

1. Categories of financial instruments

Financial assets

	2026.3.31	2025.12.31	2025.3.31
Financial assets at fair value through profit or loss:			
Mandatorily measured at FVTPL	$34,905	$38,643	$45,759
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	242,796	298,342	274,109
Current financial assets at amortized cost	108,000	8,000	73,000
Accounts receivables	97,273	126,560	134,336
Refundable deposits	12,212	20,755	12,822
Total	$495,186	$492,300	$540,026

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Financial liabilities

	2026.3.31	2025.12.31	2025.3.31
Financial liabilities at amortized cost:			
Short-term loans	$10,000	$10,000	$168,000
Accounts payable	85,382	104,903	98,127
Bonds payable	332,803	330,797	-
Long-term borrowings (including those due within one year)	27,633	28,167	258,346
Lease liabilities	1,109	1,181	1,392
Guarantee deposits	240	240	-
Subtotal	457,167	475,288	525,865
Financial liabilities at FVTPL:			
Held for trading	2,800	2,415	-
Total	$459,967	$477,703	$525,865

2. Financial Risk Management Objectives and Policies

The primary goal of the Group's financial risk management is to manage market risk, credit risk, and liquidity risk related to operational activities. Based on the company's policies and risk appetite, the Group identifies, measures, and manages these risks.

The Group has established appropriate policies, procedures, and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Significant financial activities must be reviewed by the Board of Directors in compliance with relevant regulations and internal control systems. During the execution of financial management activities, the Group must strictly comply with the established regulations of financial risk management.

3. Market risk

The market risk of the Group refers to the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices. The market risk mainly includes interest rate risk and other price risks.
In practice, it is rare for a single risk variable to change independently, and the changes in each risk variables are typically correlated. However, the sensitivity analysis of the following risks does not consider the interactive effects of related risk variables.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates lead to fluctuations in the fair value or future cash flows of financial instruments. The main sources of interest rate risk for the group are fixed-rate borrowings and floating-rate borrowings.

The Group maintains an appropriate mix of fixed and floating interest rates, and uses interest rate swap contracts to manage interest rate risk.

The sensitivity analysis of interest rate risk mainly targets interest rate exposure items as of the financial reporting period-end, including floating rate investments and floating rate borrowings. It assumes holding for one accounting year. If the interest rate increases/decreases by 10%, the impact on the group's profit or loss for the periods from January 1 to March 31, 2026, and from January 1 to March 31, 2025 will be a decrease/decrease of NT$313 thousand and NT$79 thousand, respectively.

Equity price risk

The Group holds equity securities of publicly listed companies, and their fair value may be affected by the uncertainty of the future value of these investment targets. The equity securities held by the Group are classified as financial instruments measured at fair value through profit or loss. The Group manages equity price risk through diversification of investments and by setting limits for both individual and overall equity investments. The portfolio information of equity securities must be regularly provided to the senior management of the Group, and all decisions on equity securities investments must be reviewed and approved by the Board of Directors.

For equity securities of publicly listed companies measured at fair value through profit or loss, if the price of these securities increases/decreases by 1%, the impact on the group's profit or loss for the periods from January 1 to March 31, 2026, and from January 1 to March 31, 2025, will be an increase/decrease of NT$495 thousand and NT$495 thousand, respectively.

4. Credit risk management

Credit risk refers to the risk of financial loss due to the counterparty's failure to fulfill the obligations stipulated in the contract. The credit risk of the Group is due to operation activities (mainly accounts receivable and notes) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Group follows the policies, procedures, and controls to manage credit risk. The credit risk assessment of all counterparties comprehensively considers counterparty's financial condition, credit rating by credit rating agencies, past trading experience, current economic environment, and the internal rating standards of the Group. The Group also uses certain credit enhancement tools (such as advance sales receipts and insurance, etc.) at appropriate times to reduce the credit risk of specific transaction counterparts.

As of March 31, 2026, December 31, 2025, and March 31, 2025, receivables from the Group's top ten customers accounted for 61.78%, 63.21%, and 61.49% of the total receivables of the Group, respectively, with no credit concentration risk related to accounts receivable.

The finance unit of the Group manages the credit risk of cash in banks and other financial instruments in accordance with the company's policy. As the counterparties of the Group are determined by internal control processes and are organizations with good credit, there is no significant credit risk.

The Group adopts IFRS 9 to assess expected credit losses. Except for receivables, which are measured for provision for bad debts based on expected credit losses over the lifetime, the rest of the debt instrument investments not measured at fair value through profit or loss are primarily purchased with the premise of low credit risk. On each statement of financial position date, it assesses whether the credit risk has significantly increased since the initial recognition to determine the method and loss rate of measuring the expected credit loss.

The Group written off financial assets when it determines that it is unlikely to be recoverable (for example, significant financial difficulties of the issuer or debtor, or bankruptcy).

5. Liquidity risk management

The Group maintains financial flexibility through contracts such as cash and cash equivalents and bank loans. The table below summarizes the maturity of the contractually obligated payments of the Group's financial liabilities, prepared on the basis of the earliest possible date on which repayment may be required and their undiscounted cash flows, including agreed-upon interest amounts. The cash flow of interest paid at a floating rate, the undiscounted amount of interest is derived based on the yield curve at the end of the reporting period.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Non-derivative financial liabilities

	Less than one year	Two to three years	Four to five years	More than five years	Total
2026.3.31					
Borrowings	$16,870	$13,088	$9,188	$-	$39,146
Accounts payable	$85,382	$-	$-	$-	$85,382
Convertible bonds	$-	$353,509	$-	$-	$353,509
Lease liabilities	$309	$617	$231	$-	$1,157
Guarantee deposits	$-	$-	$240	$-	$240
2025.12.31					
Borrowings	$16,740	$12,729	$10,368	$-	$39,837
Accounts payable	$104,903	$-	$-	$-	$104,903
Convertible bonds	$-	$353,509	$-	$-	$353,509
Lease liabilities	$309	$617	$309	$-	$1,235
Guarantee deposits	$-	$-	$240	$-	$240
2025.3.31					
Borrowings	$223,385	$77,552	$55,875	$94,398	$451,210
Accounts payable	$98,127	$-	$-	$-	$98,127
Lease liabilities	$309	$617	$540	$-	$1,466

6. The reconciliation of liabilities from financing activities

The reconciliation information of liabilities from January 1 to March 31, 2026:

	Short-term loans	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
2026.1.1	$10,000	$28,167	$330,797	$1,181	$370,145
Financing Cash Flow	-	(534)	-	(78)	(612)
Non-cash Changes					
Interest expense	-	-	2,006	6	2,012
2026.3.31	$10,000	$27,633	$332,803	$1,109	$371,545

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

The reconciliation information of liabilities from January 1 to March 31, 2025:

	Short-term loans	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
2025.1.1	$88,000	$254,877	$-	$342,877
Financing Cash Flow	80,000	3,469	(77)	83,392
Non-cash Changes				
Leases Modifications	-	-	1,461	1,461
Interest expense	-	-	8	8
2025.3.31	$168,000	$258,346	$1,392	$427,738

7. Fair value of financial instruments

(1) The Valuation Technique and assumptions adopted for measuring the Fair Value.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, accounts receivables, accounts payables, and other current liabilities are reasonable approximations of their fair values, mainly due to the short maturity of these instruments.

B. The fair value of financial assets and financial liabilities that are traded in an active market and have standard terms and conditions is determined by referring to market quotes (for example, listed stocks, beneficiary certificates, bonds, and futures etc.).

C. The fair value of investments in debt-class instruments with no active market, bank loans, bonds payable, and other non-current liabilities is determined based on quotes from counterparties or valuation techniques. The valuation techniques are mainly based on discounted cash flow analysis, and assumptions such as interest rates and discount rates mainly refer to relevant information of similar instruments (like curve of reference yield rates from Over The Counter (OTC) market, average quoted rates of commercial paper from Reuters, and credit risk information).

(2) Fair Value of Financial Instruments Measured at Amortized Cost

Except for the carrying amounts of cash and cash equivalents, accounts receivables, accounts payables, and other current liabilities, which are reasonable approximations of fair value, the fair value of other financial assets and financial liabilities measured at amortized cost is presented as follows:

	Carrying Amount (In Thousands)		
	2026.3.31	2025.12.31	2025.3.31
Financial liabilities:			
Bonds payable	$332,803	$330,797	$-

	Fair Value		
	2026.3.31	2025.12.31	2025.3.31
Financial liabilities:			
Bonds payable	$337,890	$336,420	$-

(3) Information Related to the Fair Value Level of Financial Instruments

Refer to Note (12).9 for the fair value hierarchy information of the Group's financial instruments.

8. Derivative financial instruments

The Group has identified embedded derivatives from issuing convertible corporate bonds, which have been separated from the host contract and processed as financial assets at fair value through profit or loss. For details on this contract transaction, please refer to Note (6).

9. Fair Value Hierarchy

(1) Definition of Fair Value Level

All assets and liabilities measured or disclosed at fair value are classified within the fair value hierarchy based on the lowest level of inputs that are significant to the entire measurement of their fair value. Inputs for each level are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in an active market available on the measurement date.
Level 2: Assets or liabilities for which there are directly or indirectly observable inputs, excluding those included in Level 1.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

Level 3: Unobservable inputs for assets or liabilities.

For assets and liabilities recognized in the financial statements on a recurring basis, their classification is reevaluated to determine whether there has been a transfer among the levels of the fair value hierarchy at the end of each reporting period.

(2) Level information of fair value measurement

The Group does not have non-recurring assets measured at fair value. The fair value hierarchy information for recurring assets and liabilities is presented as follows:
March 31, 2026

	Level 1	Level 2	Level 3	Total
Assets measured through fair value:				
Financial assets at FVTPL				
TWSE/TPEx-listed Stock	$34,905	$-	$-	$34,905
Liabilities measured through fair value:				
Financial liabilities at FVTPL				
Held for trading	$-	$2,800	$-	$2,800

2025.12.31:

	Level 1	Level 2	Level 3	Total
Assets measured through fair value:				
Financial assets at FVTPL				
TWSE/TPEx-listed Stock	$38,643	$-	$-	$38,643
Liabilities measured through fair value:				
Financial liabilities at FVTPL				
Held for trading	$-	$2,415	$-	$2,415

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

March 31, 2025:

	Level 1	Level 2	Level 3	Total
Assets measured through fair value:				
Financial assets at FVTPL				
TWSE/TPEx-listed Stock	$45,759	$-	$-	45,759

Transfer between fair value hierarchy Level 1 and Level 2

From January 1 to March 31, 2026, and from January 1 to March 31, 2025, the Group did not have any transfers between fair value hierarchy Level 1 and Level 2 for recurring assets and liabilities measured at fair value.

10. Capital management

The primary objective of the Group's capital management is to ensure a sound credit rating and a good capital ratio to support business operations and maximize shareholder equity. The Group may adjust its capital structure and manage economic conditions through adjusting dividends paid, returning capital, or issuing new shares to maintain and adjust the capital structure.

XIII. Additional Disclosures

1. Following are the additional disclosures required by the Securities and Futures Bureau for TSMC:

The Related Information of Significant Transactions and Information on Investees from January 1 to March 31, 2026, and

(1) Financing provided for others: None.
(2) Endorsement or guarantee provided to others: Refer to TABLE 1.
(3) Significant marketable securities held at the end of the period: Refer to TABLE 2.
(4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-up capital: None.
(5) Accounts receivables from related parties amounting to at least NT$ 100 million or 20% of the paid-up capital: None.
(6) For those who have significant influence, control, or joint ventures over the investee companies outside of Mainland China: Refer to TABLE 3.
(7) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Refer to TABLE 4.

2. Disclosure Of Information On Investment In Mainland China: Not applicable.

XIV. Segment Information

Segment Information is provided to the key operating decision-makers to allocate resources and evaluate segment performance. The primary operational decision maker of the Group considers the Group as a whole as a single operating segment and allocates resources and evaluates performance based on the overall information of the Group, thus there is no need to disclose the profit or loss, assets and liabilities information of the operating segment.

(All amounts are in thousands of New Taiwan dollars, unless otherwise stated)

TABLE 1

Endorsement or guarantee provided to others:

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement Guarantee at End of period (Note 5)	Actual Amount Used (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company (Note 7)	Guarantee Provided by A Subsidiary (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)
		Name	Nature of Relationships (Note 2)										
0	Ping Ho Environmental Technology Co., Ltd.	Ping Ho Materials Technology Co., Ltd.	2	$452,160	$30,000	$-	$-	$-	-	$452,160	Yes	No	No

Note 1: The number is to be filled in the following manner in the column:
1. Issuer fills in "0".
2. The invested companies are numbered in order starting from "1."

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; the category can be marked directly:
1. Companies having a business relationship.
2. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
3. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
4. The Company can provide endorsements and guarantees among companies where it directly and indirectly holds more than ninety percent of the voting shares, but the amount should not exceed ten percent of the Company 's net value. However, endorsements and guarantees among companies where the Company directly and indirectly holds one hundred percent of the voting shares are not subject to the restriction.
5. Based on the companies mutually guaranteed by the industry according to the contract regulations for the construction project needs.
6. Due to the joint investment relationship, each shareholder endorses/guarantees the company according to their shareholding ratio.

Note 3: The Company, in the normal course of business, provides endorsements/guarantees, the amount of which corresponds to the higher of the total purchases or sales between the Company and the guaranteed party during the most recent year or the year-to-date period up to the time of providing the endorsement/guarantee. The total amount of external endorsement and guarantee should not exceed 50% of the net value of the Company, and the amount of endorsement and guarantees for a single enterprise

The Amount shall not exceed 50% of the net value of The Company. For endorsements and guarantees between companies in which the Company and its subsidiaries directly and indirectly hold over 90% of the voting shares, the Amount shall not exceed 10% of the net value of the Company. However, guarantees between companies in which the Company directly or indirectly holds 100% of the voting shares are not subject to this limitation.

However, guarantees between companies in which the Company directly or indirectly holds 100% of the voting shares are not subject to this limitation. The total amount of endorsement and guarantee that The Company and subsidiaries can provide shall not exceed 50% of the net value of The Company, and the amount of endorsement and guarantee that The Company and subsidiaries can provide for a single enterprise shall not exceed 50% of the net value of The Company.

The net value is based on the most recent financial statements audited or reviewed by the auditor.

Note 4: The maximum balance endorsed/guaranteed for others in the year.

Note 5: By the end of the year, whenever the company signs endorsement or guarantee contracts or notes with the bank, it assumes the endorsement or guarantee responsibility. Besides, any other endorsements or guarantees should be included in the balance of endorsements and guarantees.

Note 6: The endorsee company should input the Actual Amount Used within the Scope of Review for the use of endorsement guarantee balance.

Note 7: Fill in “Y” for listed parent companies guaranteeing subsidiaries guaranteeing listed parent companies, and guarantors in Mainland China.

TABLE 2

Holding of significant marketable securities (Excluding Investments in Subsidiaries, Associates, and Joint Ventures):

Held Company Name	Type of Marketable Security (Note 1)	Name of Marketable Security (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	End of period				Note
					Shares (In Thousands)	Carrying amount (Note 3)	Ownership Percentage	Fair Value	
The Company	TWSE/TPEx-listed Stock	He Chin Precision Machinery Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,534	$34,506	1.44%	$34,506	
The Company	TWSE/TPEx-listed Stock	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	2	$399	Under 0.01%	$399	

Note 1: The term "marketable securities" in this table refers to stocks, bonds, beneficiary certificates, and derivatives of the aforementioned items that fall within the scope of IFRS 9 “Financial Instruments.”

Note 2: For securities measured at fair value, the carrying amount should reflect the fair value after adjustments and net of accumulated impairment.

Note 3: For those measured at fair value, the carrying amount should be the balance adjusted for fair value evaluations and net of accumulated impairment; for those not measured at fair value, the carrying amount should be based on acquisition cost or amortized cost, net of accumulated impairment.

Note 4: If any of the listed securities are pledged as collateral, used for secured loans, or are otherwise restricted by contractual terms, a note should be made in the remarks column indicating the number of shares pledged or loaned, the related amounts, and the nature of the restriction.

TABLE 3

Name, Location...etc. of invested companies (excluding those in the Mainland China):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Held at Period-End			Net Profit or Loss of the Investee (Note 2)	The Company's Investment Income (Loss) (Note 2 (3))	Note
				End of Current Period	End of Previous Year	Number of shares	%	Carrying Amount (In Thousands)			
Ping Ho Environmental Technology Co., Ltd.	Ping Ho Materials Technology Co., Ltd.	Taiwan, Republic of China	Wastewater Treatment	$680,630	$680,630	60,962,425	98.33%	$539,650	($4,524)	($4,374)	Subsidiary (Note 3)
Ping Ho Environmental Technology Co., Ltd.	Ching Jin Industrial Co., Ltd.	Taiwan, Republic of China	Waste Transportation Industry	$20,307	$20,307	2,470,000	100.00%	$34,338	$167	$167	Subsidiary (Note 4)
Ping Ho Environmental Technology Co., Ltd.	Wan Jing Industrial Co., Ltd.	Taiwan, Republic of China	Waste Transportation Industry	$4,449	$4,449	900,000	100.00%	$12,879	$688	$688	Subsidiary (Note 4)
Ping Ho Environmental Technology Co., Ltd.	Feng Jia Industrial Co., Ltd.	Taiwan, Republic of China	Manufacture and wholesale of chemical raw materials	$47,544	$47,544	6,351,000	100.00%	$92,293	$6,066	$6,066	Subsidiary (Note 4)
Ping Ho Environmental Technology Co., Ltd.	Greenstone Applied Materials Co., Ltd.	Taiwan, Republic of China	Manufacture of chemical raw materials	$3,200	$2,200	320,000	20.00%	$2,918	($827)	($165)	Associate

Note 1: If a publicly issued company has a foreign holding company and the consolidated financial statements are the main financial statements according to local regulations, the disclosure of the information of the foreign investee can be limited to the information related to that holding company.

Note 2: For those not falling under (Note 1, fill in according to the following provisions:

(1) The columns such as "Name of the Invested Company", "Location", "Main Businesses and Products", "Original Investment Amount", and "Shareholding Status at the End of the Period" should be completed in sequence according to the investment situation of our (publicly issued) company and the reinvestment situation of each invested company directly or indirectly controlled. The relationship between each invested company and our (publicly issued) company (such as subsidiaries or grandchild companies) should be indicated in the "Remarks" column.

(2) The column 'Net Profit or Loss of the Investee' should be filled with the current profit (loss) amount of each investee.

(3) The column "Investment Income (Loss)" only needs to be filled out with the loss and profit amounts of each subsidiary that the company (publicly listed) directly invests in and each investee company valued by the equity method, and the rest can be exempted.
When filling out the "Amount of Current Profit or Loss of each Subsidiary Directly Reinvested", it should be confirmed that the amount of current profit or loss of each subsidiary has included the investment profit or loss that should be recognized according to the regulations on its reinvestment.

Note 3: Including unrealized profit (loss) among affiliated companies.

Note 4: All intra-group transactions, are eliminated upon consolidation.

TABLE 4

Intercompany Relationships and Significant Intercompany Transactions:

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 5)	Terms	Ratio to Consolidated Revenue or Total Assets (Note 3)
0	Ping Ho Environmental Technology Co., Ltd.	Feng Jia Industrial Co., Ltd.	1	Cost of revenue	$24,312	Equivalent to general payment terms	18.49%
0	Ping Ho Environmental Technology Co., Ltd.	Feng Jia Industrial Co., Ltd.	1	Accounts payable	$15,739	Equivalent to general payment terms	1.12%

Note 1: The business transaction information between the group should be indicated in the number column, and the number is to be filled in the following manner:

1. Parent company fills in “0”.
2. The subsidiaries are numbered in order starting from "1".

Note 2: There are two types of relationships with traders, only the types are indicated:

1. Parent to subsidiary.
2. Subsidiary to subsidiary.

Note 3: The calculation of the Ratio to Consolidated Revenue or Total Assets for the transaction amount, if it belongs to the Financial Statement Account of Assets and Liabilities, is calculated by the method of Balance at end of period/Ratio to Consolidated Revenue or Total Assets; if it belongs to the income and expenditure Financial Statement Account, it is calculated by the method of the cumulative Amount/Ratio to Consolidated Revenue during the period.

Note 4: The significant Transaction Details in the table can be determined by the company whether to fill according to the principle of materiality.

Note 5: All intra-group transactions, are eliminated upon consolidation.