

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report

Q3, 2024 and 2023

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Table of Contents

Item	Page No.
I.Cover	1
II.Table of Contents	2
III.Independent Auditors' Review Report	3
IV.Consolidated Balance Sheet	4
V.Consolidated Statements of Comprehensive Income	5
VI.Consolidated Statement of Changes in Equity	6
VII.Consolidated Statement of Cash Flows	7
VIII.Notes to Consolidated Financial Statements	
(I) Organization and Operations	8
(II) The Authorization of Financial Statements	8
(III) Application of New and Revised International Financial Reporting Standards	8~10
(IV) Summary of Significant Accounting Policies	10~11
(V) Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	11
(VI) Summary of Significant Accounting Items	11~32
(VII) Related Party Transactions	32~34
(VIII) Assets Pledged	34
(IX) Significant Contingent Liabilities and Unrecognized Commitments	34~35
(X) Major Disaster Loss	35
(XI) Material Events After the Balance Sheet Date	35
(XII) Others	36
(XIII) Additional Disclosures	
1. Information on significant transactions	37~38
2. Information on investees	39
3. Information on investments in mainland China	39
4. Information on major shareholders	39
(XIV) Information on Operating Segments	40

Independent Auditors' Review Report

To Better Life Group Co., Ltd.,

Introduction

The consolidated balance sheet of Better Life Group Co., LTD. and the subsidiaries as of September 30 in 2024 and 2023, and the consolidated statement of comprehensive income for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, as well as the consolidated statement of changes in equity and consolidated statement of cash flows for the period from January 1 to September 30, 2024 and 2023, along with the notes to the consolidated financial statements (including an aggregation of significant accounting policies), have been audited by our CPAs. Management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Financial Statement". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2024 and 2023, and its consolidated financial performance from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, and its consolidated cash flows from January 1 to September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

KPMG Taiwan

PAN JIUN MING

CPA:

CHEN TZUNG JE

Competent Security Authority Approval Document No. : Jin-Guan-Zheng-Shen-Zi #1110333933

Jin-Guan-Zheng-Shen-Zi #1000011652

November 11, 2024

Notes to Readers

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

The independent auditor's review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Balance Sheets Originally Issued in Chinese)

Better Life Group Co., LTD. and the Subsidiaries

Consolidated Balance Sheet

September 30, 2024, December 31 and September 30, 2023

Unit: In Thousand New Taiwan Dollars

	2024.9.30		2023.12.31		2023.9.30		
	Amount	%	Amount	%	Amount	%	
Assets							
Current assets:							
1100	Cash and cash equivalents (Note 6(1))	\$ 430,523	20	175,674	11	155,248	11
1150	Notes receivable, net (Notes 6(4) and (18))	450	-	452	-	-	-
1170	Accounts receivable, net (Notes 6(4) and (18))	-	-	38	-	85	-
1320	Inventories (for construction industry) (Notes 6(5), 7, 8, and 9)	899,253	42	607,350	39	535,640	38
1410	Prepayments (Notes 6(6), 7, and 9)	141,055	7	31,348	2	74,195	5
1424	Excess business tax paid	4,318	-	20,767	1	20,179	1
1476	Other financial assets - current (Note 8)	168,302	9	129,171	8	77,702	5
1478	Construction deposits paid (Notes 7 and 9)	204,088	10	219,082	15	217,810	16
1480	Incremental cost of obtaining contracts - current (Note 7)	41,212	2	41,212	3	41,212	3
1482	Costs to fulfill contracts, current	8,500	-	8,500	1	8,500	1
		<u>1,897,701</u>	<u>90</u>	<u>1,233,594</u>	<u>80</u>	<u>1,130,571</u>	<u>80</u>
Non-current assets:							
1510	Financial assets measured at fair value through profit or loss – non-current (Notes 6 (2) and (21) and 8)	696	-	73,343	5	74,883	5
1517	Financial assets measured at fair value through other comprehensive income – non-current (Notes 6 (3) and (21))	20,836	1	19,718	1	19,718	1
1600	Property, plant and equipment (Notes 6(7))	8,963	-	10,357	1	11,238	1
1755	Right-of-use assets (Note 6(9))	5,519	-	21,621	1	23,560	2
1760	Investment properties (Notes 6 (8) and 8)	198,962	9	177,140	12	161,638	11
1780	Intangible assets	-	-	21	-	31	-
1980	Other financial assets - non-current (Note 7)	1,138	-	1,938	-	2,245	-
		<u>236,114</u>	<u>10</u>	<u>304,138</u>	<u>20</u>	<u>293,313</u>	<u>20</u>
Total assets		<u>\$ 2,133,815</u>	<u>100</u>	<u>1,537,732</u>	<u>100</u>	<u>1,423,884</u>	<u>100</u>

(English Translation of Consolidated Balance Sheets Originally Issued in Chinese)

Better Life Group Co., LTD. and the Subsidiaries

Consolidated balance sheet (continued)

September 30, 2024, December 31 and September 30, 2023

Unit: In Thousand New Taiwan Dollars

Liabilities and equity		2024.9.30		2023.12.31		2023.9.30	
		Amount	%	Amount	%	Amount	%
Current liabilities:							
2100	Short-term borrowings (Notes 6(10) and 8)	\$ 330,980	16	90,000	6	322,292	23
2110	Short-term notes payable (Note 6(11) and 8)	256,150	12	-	-	-	-
2130	Contract liabilities - current (Notes 6(18) and 9)	315,792	15	233,922	15	157,879	11
2150	Notes payable (Note 7)	2,447	-	9,507	1	9,182	1
2170	Accounts payable (Note 7)	14,549	1	19,091	1	10,256	1
2200	Other payables (Note 6(13))	215,962	10	8,947	1	10,724	1
2280	Lease liabilities - current (Notes 6 (14) and 7)	2,720	-	6,038	-	6,511	-
2305	Other financial liabilities - current	153	-	613	-	650	-
2321	Corporate bonds subject to redemption or exercise of sell-back rights within one year or one business cycle (Note 6(13) and 8)	-	-	293,819	20	291,534	21
2322	Long-term borrowings due within one year or one operating cycle (Notes 6(12) and 8)	-	-	2,000	-	2,000	-
2399	Other current liabilities - other	9,963	-	12,246	1	17,056	1
		<u>1,148,716</u>	<u>54</u>	<u>676,183</u>	<u>45</u>	<u>828,084</u>	<u>59</u>
Non-current liabilities:							
2540	Long-term borrowings (Notes 6(12) and 8)	-	-	43,000	3	43,000	3
2570	Deferred income tax liabilities	27,104	1	27,104	2	25,591	2
2580	Lease liabilities - non-current (Notes 6 (14) and 7)	2,986	-	17,411	1	19,308	1
		<u>30,090</u>	<u>1</u>	<u>87,515</u>	<u>6</u>	<u>87,899</u>	<u>6</u>
	Total liabilities	<u>1,178,806</u>	<u>55</u>	<u>763,698</u>	<u>51</u>	<u>915,983</u>	<u>65</u>
Equity attributable to owners of the parent (Note 6 (16))							
3100	Capital	1,049,705	49	1,001,858	65	701,858	49
3200	Capital surplus	104,250	5	52,097	3	22,097	2
3310	Legal reserve	4,320	-	4,320	-	4,320	-
3350	Accumulated deficit	(193,651)	(9)	(273,304)	(18)	(209,589)	(15)
3400	Other equity interests	(9,615)	-	(10,937)	(1)	(10,785)	(1)
	Total equity	<u>955,009</u>	<u>45</u>	<u>774,034</u>	<u>49</u>	<u>507,901</u>	<u>35</u>
	Total liabilities and equity	<u>\$ 2,133,815</u>	<u>100</u>	<u>1,537,732</u>	<u>100</u>	<u>1,423,884</u>	<u>100</u>

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan

Manager: Huang, Wen-Cheng

Accounting Manager: Huang, Wen-Cheng

(English Translation of Consolidated Statements of Comprehensive Income Originally Issued in Chinese)

Better Life Group Co., LTD. and the Subsidiaries

Consolidated Statements of Comprehensive Income

July 1 to September 30, 2024 and 2023, and January 1 to September 30, 2024 and 2023

Unit: In Thousand New Taiwan Dollars

	July–September 2024		July–September 2023		January–September 2024		January–September 2023			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating income (Note 6(18))		\$ 1,318	100	63,347	100	4,707	100	144,028	100
5000	Operating costs (Notes 6 (5) and 7)		1,545	117	62,320	98	5,104	108	143,042	99
	Gross operating loss		(227)	(17)	1,027	2	(397)	(8)	986	1
6000	Operating expenses (Notes 6 (14) and 7):									
6100	Selling expenses		239	18	1,545	2	1,326	28	5,736	4
6200	General and administrative expenses		11,198	851	11,379	18	33,139	704	33,242	23
			11,437	869	12,924	20	34,465	732	38,978	27
6900	Operating losses		(11,664)	(886)	(11,897)	(18)	(34,862)	(740)	(37,992)	(26)
	Non-operating income and expenses (Notes 6(14), (20), and 7):									
7100	Interest income		1,371	104	1,278	2	4,484	95	4,025	2
7010	Other income		1,615	123	15,485	24	4,219	90	19,561	14
7020	Other gains and losses		35,476	2,692	214	-	122,471	2,602	(12,876)	(9)
7050	Financial costs		(4,487)	(340)	(4,991)	(8)	(11,974)	(254)	(14,666)	(10)
	Total non-operating income and expenses		33,975	2,579	11,986	18	119,200	2,533	(3,956)	(3)
7900	Net profit (loss) before income tax		22,311	1,693	89	-	84,338	1,793	(41,948)	(29)
7950	Less: Income tax expenses (Note 6(15))		4,685	356	1,614	3	4,685	100	4,453	3
8200	Net income(loss) for the period		17,626	1,337	(1,525)	(3)	79,653	1,693	(46,401)	(32)
8300	Other comprehensive income (Note 6(16)):									
8310	Items that will not be reclassified subsequently to profit or loss									
8316	Unrealized gains or losses on equity instrument investments at fair value through other comprehensive income		-	-	-	-	1,118	24	-	-
8349	Less: Income tax related to items not reclassified		-	-	-	-	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss		-	-	-	-	1,118	24	-	-
8360	Items that may subsequently be reclassified to profit or loss									
8361	Exchange difference on translation of financial statements of foreign operations		87	7	269	-	204	4	33	-
8399	Less: Income tax related to items that may be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Total items that may subsequently be reclassified to profit or loss		87	7	269	-	204	4	33	-
8300	Other comprehensive income for the current period		87	7	269	-	1,322	28	33	-
	Total comprehensive income for the current period		\$ 17,713	1,344	(1,256)	(3)	80,975	1,721	(46,368)	(32)
	Net income (loss) attributable to:									
8610	Owners of the parent		\$ 17,626	1,337	(1,525)	(3)	79,653	1,693	(46,401)	(32)
	Other comprehensive income attributable to:									
8710	Owners of the parent		\$ 17,713	1,344	(1,256)	(3)	80,975	1,721	(46,368)	(32)
	Earnings (losses) per share (Note 6(17))									
9750	Basic earnings (losses) per share (NTD)		\$ 0.17		(0.02)		0.79		(0.66)	
9850	Diluted earnings (losses) per share (NTD)		\$ 0.16		(0.02)		0.74		(0.66)	

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan

Manager: Huang, Wen-Cheng

Accounting Manager: Huang, Wen-Cheng

(English Translation of Consolidated Statement of Changes in Equity Originally Issued in Chinese)

Better Life Group Co., LTD. and the Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to September 30, 2024 and 2023

Unit: In Thousand New Taiwan Dollars

	Equity attributable to owners of the parent								Total equity
	Equity attributable to owners of the parent					Other equity items			
	Share capital		Retained earnings			Exchange difference on translation of financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Equity attributable to owners of the parent	
Common stock	Advance share capital	Capital surplus	Legal reserve	Undistributed earnings					
Balance on January 1, 2023	\$ 1,002,654	-	22,097	4,320	(463,984)	131	(10,949)	554,269	554,269
Net loss for the period	-	-	-	-	(46,401)	-	-	(46,401)	(46,401)
Other comprehensive income for the current period	-	-	-	-	-	33	-	33	33
Total comprehensive income for the current period	-	-	-	-	(46,401)	33	-	(46,368)	(46,368)
Reduction in capital to offset losses	(300,796)	-	-	-	300,796	-	-	-	-
Balance as of September 30, 2023	\$ 701,858	-	22,097	4,320	(209,589)	164	(10,949)	507,901	507,901
Balance on January 1, 2024	\$ 1,001,858	-	52,097	4,320	(273,304)	12	(10,949)	774,034	774,034
Net income for the period	-	-	-	-	79,653	-	-	79,653	79,653
Other comprehensive income for the current period	-	-	-	-	-	204	1,118	1,322	1,322
Total comprehensive income for the current period	-	-	-	-	79,653	204	1,118	80,975	80,975
Convertible corporate bond conversion	-	47,847	52,153	-	-	-	-	100,000	100,000
Balance on September 30, 2024	\$ 1,001,858	47,847	104,250	4,320	(193,651)	216	(9,831)	955,009	955,009

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan

Manager: Huang, Wen-Cheng

Accounting Manager: Huang, Wen-Cheng

(English Translation of Consolidated Statement of Cash Flows Originally Issued in Chinese)

Better Life Group Co., LTD. and the Subsidiaries

Consolidated Statement of Cash Flows

January 1 to September 30, 2024 and 2023

Unit: In Thousand New Taiwan Dollars

	January–September 2024	January–September 2023
Cash flow from operating activities:		
Net income (loss) before tax for the current period	\$ 84,338	(41,948)
Adjustments:		
Income and expenses		
Depreciation expense	6,656	7,284
Amortization expense	21	76
Net (gain) loss on financial assets and liabilities measured at fair value through profit or loss	(120,692)	12,897
Interest expense	11,974	14,666
Interest income	(4,484)	(4,025)
Dividend income	(245)	(1,294)
Gain on lease modifications	(1,928)	-
Total income and expenses	<u>(108,698)</u>	<u>29,604</u>
Changes in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Financial assets at fair value through profit or loss	193,339	-
Notes receivable	2	6,038
Accounts receivable	39	571
Inventories	(290,076)	66,996
Prepayments	(93,258)	(5,788)
Other financial assets	(39,114)	(17,996)
Construction deposits paid	14,994	5,495
Incremental cost of obtaining contracts	-	(7,362)
Costs to fulfill contracts	-	287
Total net change in assets related to operating activities	<u>(214,074)</u>	<u>48,241</u>
Net change in liabilities related to operating activities:		
Contract liabilities	81,870	60,589
Notes payable	(7,060)	2,621
Accounts payable	(4,584)	(25,178)
Other payables	7,006	512
Non-current liabilities	(2,286)	1,605
Other financial liabilities	(474)	(62)
Total net change in liabilities related to operating activities	<u>74,472</u>	<u>40,087</u>
Total net change in assets and liabilities related to operating activities	<u>(139,602)</u>	<u>88,328</u>
Total adjustments	<u>(248,300)</u>	<u>117,932</u>
Cash generated from (used in) operating activities	(163,962)	75,984
Interest received	4,484	4,025
Dividend received	245	1,294
Interest paid	(7,441)	(11,065)
Income tax paid	(4,685)	(4,453)
Net cash flows generated from (used in) operating activities	<u>(171,359)</u>	<u>65,785</u>

(English Translation of Consolidated Statement of Cash Flows Originally Issued in Chinese)
Better Life Group Co., LTD. and the Subsidiaries
Consolidated statement of cash flows (continued)
January 1 to September 30, 2024 and 2023

Unit: NTD thousands

	January–September 2024	January–September 2023
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(519)	-
Acquisition of investment property	(21,822)	(1,798)
Other financial assets	797	(2,908)
Net cash outflow from investment activities	(21,544)	(4,706)
Cash flow from financing activities:		
Increase in short-term borrowings	240,980	6,510
Increase in short-term notes payable	255,929	-
Repayment of long-term borrowings	(45,000)	(2,000)
Lease principal repaid	(4,191)	(5,071)
Net cash inflows (outflows) from financing activities	447,718	(561)
Effect of exchange rate changes on cash and cash equivalents	34	25
Increase in cash and cash equivalents in the current period	254,849	60,543
Balance of cash and cash equivalents at the beginning of the period	175,674	94,705
Balance of cash and cash equivalents at the end of the period	\$ 430,523	155,248

(Please refer to the notes to the consolidated financial statements.)

Chairman: Lin, Jui-Shan

Manager: Huang, Wen-Cheng

Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Notes to Consolidated Financial Statements
Q3, 2024 and 2023
(NTD thousands unless otherwise specified)

I. Organization and Operations

Better Life Group Co., Ltd. (the “Company”) was established on June 30, 1978 after approved by the Ministry of Economic Affairs. Its registered address is 4F, No. 303, Xinhua 1st Road, Neihu District, Taipei City. In October 1989, its stock was approved for being listed on the Taiwan Stock Exchange for trading. The Company's original name was Kaiju Co., Ltd. and it was renamed Better Life Group Co., Ltd. as approved by the shareholders' meeting on June 26, 2009, referenced Letter Shou-Shang No. 09801153160 from the Ministry of Economic Affairs on July 24.

The primary business of the consolidated company is the commissioned construction of public housing and sales/leasing of commercial buildings.

II. The Authorization of Financial Statements

This consolidated financial statements were approved and published by the Board of Directors on November 11, 2024.

III. Application of New and Revised International Financial Reporting Standards

(I) Impact of adoption of new and revised standards and interpretations endorsed by the FSC

The adoption of the following amended International Financial Reporting Standards by the consolidated company starting on January 1, 2024 does not have a material influence on the consolidated financial statements.

- Amendments to IAS 1 “Classification of liabilities as current or non-current”
- Amendments to IAS 1 “Liabilities with covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16, “Lease Liability of After-sale and Leaseback”

(II) Impact of not adopting the IFRSs endorsed by the FSC

The consolidated company has ascertained that the consolidated financial reports will not be significantly impacted by the subsequent revisions of International Financial Reporting Standards beginning on January 1, 2025.

- Amendment to IAS 21 “Lack of Exchangeability”

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(III) New and revised standards and interpretations not yet endorsed by the FSC

The standards and interpretations published and amended by the International Accounting Standards Board (IASB) but yet to be recognized by the Financial Supervisory Commission that may be relevant to the consolidated company are as follows:

<u>New and revised standards</u>	<u>Major revisions</u>	<u>Effective date announced by IASB</u>
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three types of income and expense, two income statement subtotals, and a single note on management's performance measurement. These three amendments and enhanced guidance on how information are divided into financial statements have laid the foundation for better and more consistent information provided to users, and will affect all companies.</p> <ul style="list-style-type: none"> • More structured income statement: Under existing standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a newly defined subtotal of "operating income," and stipulates that all income, expenses and losses are classified into three new different categories based on the company's main operating activities. • Management Performance Measurement (MPM): The new standard introduces the definition of MPM, and requires companies to explain in a single note why the information of each measurement indicator can be provided, its calculation method and how the indicators were adjusted with the amounts recognized in accordance with the IFRSs. • Detailed information: The new standard includes guidance on how to strengthen the grouping of information in the financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in notes. 	January 1, 2027

The consolidated company is continuing to assess the impact of the above standards and interpretations on its financial status and operating results and will disclose relevant influence once the assessment has been completed.

The consolidated company expects no material influence on the consolidated financial statements due to other newly published and amended standards yet to be recognized as below.

- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"
- IFRS 17, "Insurance Contracts" and Amendments to IFRS 17
- IFRS 19 "Subsidiaries not with Public Accountability: Disclosures"

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

- Amendments to IFRS 9 and IFRS 7 “Amendment to the Classification and Measurement of Financial Instruments”
- Annual improvement of IFRS accounting

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and IAS 34, “Interim Financial Reporting” endorsed by the FSC. The consolidated financial statements do not include all of the information required by International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following descriptions, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in these consolidated financial statements:

Investor	Name of the subsidiary	Nature of business	%		
			2024.9.30	2023.12.31	2023.9.30
The Company	Better Life Green Energy Technology Co., Ltd.	Solar energy applications	100%	100%	100%
The Company	Bao Lai Real Estate Co., Ltd.	Marketing agency for the sale of real estate	100%	100%	100%
The Company	Better Life Jinxia (Xiamen) Tourism Management Service Co., Ltd.	Tourism management service and real estate leasing	100%	100%	100%
The Company	Better Life Group Travel Service Co., Ltd.	Travel agency	100%	100%	100%

2. Subsidiaries not included in consolidated financial statements: none

(III) Criteria for classification of current and non-current assets and liabilities

The consolidated company's assets that meet one of the following conditions are listed as current assets, and all other assets that are not current assets are listed as non-current assets:

1. Assets expected to be realized in the ordinary course of business (usually longer than one year for the construction industry), or intended to be sold or consumed;
2. Assets held primarily for the purpose of trading;
3. Assets are realized within 12 months after the balance sheet date; or
4. The assets are cash or cash equivalents (as defined by IAS 7), unless the exchange of the assets or their use to settle liabilities at least twelve months after the reporting period are restricted.

The consolidated company's liabilities that meet one of the following conditions are classified as current liabilities, and all liabilities other than current liabilities are classified as non-current liabilities:

1. Liabilities are expected to be settled within the normal operating cycle;
2. Liabilities held primarily for the purpose of trading;

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

3. Liabilities expected to be settled within 12 months after the balance sheet date; or
4. At the end of the reporting period, the Company does not have the right to defer the settlement of the liabilities for at least 12 months after the reporting period.

(IV) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34 “Interim Reporting” by the consolidated company.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by management, and they are all recognized as current Income tax expense

Income tax expense recognized directly in equity or other comprehensive income is measured as the temporary difference between the carrying amount of the related assets and liabilities for financial reporting purposes and their tax basis by using the tax rates that are expected to apply when those taxes are realized or paid.

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

When preparing these consolidated financial statements according to the Regulations Governing the Preparation of Financial Reports and IAS 34, “Interim Financial Reporting”, endorsed and issued into effect by the Financial Supervisory Commission, management must make judgments, estimates and assumptions. Such judgments, estimates and assumptions have influence on the adoption of accounting policies and the reported numbers of assets, liabilities, Income and expenses. Actual results may differ from estimates.

Regarding the preparation of the consolidated financial statements, significant judgments made by the management when adopting the accounting policies of the consolidated company and the main sources of estimated uncertainty are consistent with Note 5 of the consolidated financial statements of 2023.

VI. Summary of Significant Accounting Items

Except the following descriptions, there is no material discrepancy between the explanation of the significant accounting items in the consolidated financial statements and those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(I) Cash and cash equivalents

	2024.9.30	2023.12.31	2023.9.30
Cash on hand	\$ 155	192	192
Demand deposit	380,353	175,467	155,040
Checking deposit	15	15	16
Cash equivalents	50,000	-	-
	\$ 430,523	175,674	155,248

1. Cash equivalents refer to bond investments that are readily convertible into cash within three months from the date of acquisition, with an insignificant risk of changes in value, and are highly liquid.
2. Please refer to Note 6 (21) for interest rate risks and the sensitivity analysis of the consolidated company’s financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	2024.9.30	2023.12.31	2023.9.30
Financial assets at fair value through profit or loss:			
TWSE/TPEX listed stocks	\$ 696	73,343	74,883

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

Note 8 contains information pertaining to the pledging of financial assets assessed at fair value through profit or loss by the consolidated company as of September 30, 2024, December 31, and September 30, 2023, respectively.

(III) Financial assets at fair value through other comprehensive income (FVTOCI)

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Equity instrument at fair value through other comprehensive income:			
Domestic unlisted stock - Eastern Electronics Co., Ltd.	\$ 3,796	5,715	5,715
Domestic unlisted stock - Shin Kong Real Estate Management Co., Ltd.	3,735	1,890	1,890
Foreign unlisted stock - World Join International Ltd.	13,305	12,113	12,113
Total	<u>\$ 20,836</u>	<u>19,718</u>	<u>19,718</u>

1. The consolidated company holds the equity instruments as a long-term strategic investment, not for trading purposes. Hence, these instruments have been designated at fair value through other comprehensive income.
2. Please refer to Note 6 (21) for market risk information.
3. None of the consolidated company's financial assets abovementioned has been pledged as collateral.

(IV) Notes and accounts receivable

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Notes receivable - from operations	\$ 450	452	-
Accounts receivable at amortized cost	-	38	8,365
Less: Allowance for losses	-	-	(8,280)
	<u>\$ 450</u>	<u>490</u>	<u>85</u>

The consolidated company adopts the simplified approach for the estimates of expected credit losses for all notes receivable and accounts receivables. This approach measures lifetime expected losses. To achieve the measurement purposes, notes receivable and accounts receivable are categorized on the basis of shared credit risk characteristics in terms of customers' ability to pay all due amounts according to contract terms and conditions. Forward-looking information is incorporated. The expected credit loss analysis on the consolidated company's notes receivable and accounts receivable is as follows:

	<u>2024.9.30</u>		
	<u>Carrying amounts of notes and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Allowance for lifetime expected credit losses</u>
Not past due	<u>\$ 450</u>	-	<u>-</u>
	<u>2023.12.31</u>		
	<u>Carrying amounts of notes and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Allowance for lifetime expected credit losses</u>
Not past due	<u>\$ 490</u>	-	<u>-</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

	2023.9.30		
	Carrying amounts of notes and accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	\$ 85	-	-
Overdue for more than 360 days	8,280	100%	8,280
	\$ 8,365		8,280

Change in loss allowance for the consolidated company's notes receivable and accounts receivable is as follows:

	January– September 2024	January– September 2023
Opening balance (ending balance)	\$ -	8,280

None of the consolidated company's notes receivable and accounts receivables was pledged for collateral as of September 30, 2024, December 31 and September 30, 2023.

(V) Inventories

	2024.9.30	2023.12.31	2023.9.30
Construction business:			
Buildings and land held for sale	\$ 173,392	173,392	173,392
Construction in progress	448,362	383,810	362,248
Land held for construction site	277,499	50,148	-
	\$ 899,253	607,350	535,640
Inventory expected to be recovered after more than 12 months	\$ 277,499	207,848	153,404

Cost of goods sold is detailed below:

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Buildings and land held for sale reclassified after sold	-	65,298	-	142,543
Gain from price recovery of inventory	-	(4,908)	-	(4,908)
Lease-related costs	1,545	1,930	5,104	5,407
	\$ 1,545	62,320	5,104	143,042

1. Please refer to Note 6 (20) for the interest capitalization of the consolidated company.

2. For the consolidated company's inventory pledged for collateral as of September 30, 2024, December 31 and September 30, 2023, please refer to Note 8.

(VI) Prepayments

	2024.9.30	2023.12.31	2023.9.30
Construction business - Pre-construction development costs	\$ 116,775	28,011	68,222
Others	24,280	3,337	5,973
	\$ 141,055	31,348	74,195

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(VII) Property, plant and equipment

Details of the changes in property, plant and equipment of the consolidated company are as follows:

	<u>Land</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2024	\$ 5,382	18,232	205	23,819
Addition	-	-	519	519
Effects of changes in foreign exchange rates	-	604	-	604
Balance on September 30, 2024	\$ 5,382	18,836	724	24,942
Balance on January 1, 2023	\$ 5,382	18,483	243	24,108
Scrapped	-	-	(38)	(38)
Effects of changes in foreign exchange rates	-	22	-	22
Balance on September 30, 2023	\$ 5,382	18,505	205	24,092
Depreciation and impairment losses:				
Balance on January 1, 2024	\$ 5,382	7,935	145	13,462
Depreciation during the year	-	2,146	69	2,215
Effects of changes in foreign exchange rates	-	302	-	302
Balance on September 30, 2024	\$ 5,382	10,383	214	15,979
Balance on January 1, 2023	\$ 5,382	5,194	115	10,691
Depreciation during the year	-	2,142	51	2,193
Scrapped	-	-	(38)	(38)
Effects of changes in foreign exchange rates	-	8	-	8
Balance on September 30, 2023	\$ 5,382	7,344	128	12,854
Book value:				
January 1, 2024	\$ -	10,297	60	10,357
September 30, 2024	\$ -	8,453	510	8,963
January 1, 2023	\$ -	13,289	128	13,417
September 30, 2023	\$ -	11,161	77	11,238

None of the consolidating company's PP&E was pledged for collateral as of September 30, 2024, December 31 and September 30, 2023.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(VIII) Investment property

Investment properties include the land the consolidated company rents out to the lessee via an operating lease. The initial period of the leased investment property is 24 years. At the end of a lease term, the Company will negotiate subsequent lease terms with a lessee.

The change in the consolidated company's investment properties is as follows:

	Land and improvements
Book value:	
Balance on January 1, 2024	\$ 177,140
Addition	21,822
Balance on September 30, 2024	\$ 198,962
Balance on January 1, 2023	\$ 159,840
Addition	1,798
Balance on September 30, 2023	\$ 161,638

Level 3 inputs are used in the valuation technique of subsequent measurement of the fair value of the investment properties of the consolidated company. For the adjustment between the opening and ending carrying amounts in Level 3, please see the schedule of changes shown above. There are circumstances of transfer in or out of the Level 3 fair value hierarchy in the period.

The subsequent measurement of the investment properties of the consolidated company is evaluated by the discounted cash flow analysis method under the income approach, and the relevant important contract terms and valuation information are as follows:

1. Land in Toufen City, Miaoli County

Property	Important contract terms
Important contract terms	1. Rent: Construction period: NT\$500 thousand/year Operation period (1 to 10 years): 2% of the total electricity sales revenue Operation period (11 to 20 years): 6% of the total electricity sales revenue 2. Lease period: 24 years
Current status	Development in progress
Discount rate	September 30, 2024: 3.720% December 31, 2023: 3.720% September 30, 2023: 3.595%
External or in-house appraisal	External appraisal
Appraisal company	DTZ Cushman & Wakefield Real Estate Appraiser Office
Name of appraiser	Chun-Chun Hu, Chang-Da Yang
Date of appraisal	December 31, 2023 and January 1, 2023
Fair value of external appraisal	September 30, 2024: \$198,962 December 31, 2023: \$177,140 September 30, 2023: \$159,840

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

The valuation of the fair value of the investment properties and the changes and decisions of cash inflows and cash outflows in each period in the future are based on the principles of the contract related to the signing of the lease above, and the relevant information is as follows:

(1) Actual rent and the annual growth rent of rent

During the construction period, the income is based on the rent specified in the contract. During the operation period, we apply to Taiwan Power Corporation for the installed capacity of 10MW on the appraised property, based on the average annual power generation of 1,191 kWh from power generation equipment in Miaoli County in 2022, and the 2023 average bulk purchase rate at NT\$3.935/kWh for ground-mounted solar equipment announced by the Bureau of Energy of the Ministry of Economic Affairs, added 15% for the subsidies in regions north of Miaoli to calculate the total electricity sales revenue.

With respect to the increase in revenue from electricity sales, the bulk purchase rate of the appraised property adopts the ceiling rate for the establishment permit of the power generation operators based on the "2023 Renewable Energy Electricity Bulk Purchase Rate and the Calculation Formula", and the rate is for the bulk purchase for 20 years, so there is no increase in electricity price.

(2) Estimation of discount rate

The discount rate is determined by the risk premium method, which takes into account factors such as banks' time deposit interest rates, the government's bond interest rates, risks of real estate investments, currency changes and trends of price changes in real properties to select the investment rate of return for general financial instruments, adjusted by the differences in the investment instruments and individual characteristics of the properties. The discount rate is based on Chunghwa Post's two-year postal time deposit variable rate plus excess-3 interest rate on September 30, 2024, December 31 and September 30, 2023, of 2.345%, 2.345% and 2.220%, respectively, and takes into account the property's income, liquidity, risk, value appreciation and the degree of difficulty in terms of management. The risk premium was added to determine the discount rates of 3.720%, 3.720% and 3.595%, respectively.

(3) Estimation of ending disposal value

The proceeds of real property disposal at the end of the period on September 30, 2024, December 31 and September 30, 2023 were NT\$8,101 thousand per year, NT\$8,101 thousand per year, and NT\$5,390 thousand per year, respectively, and the calculated ending real property disposal prices were NT\$337,624 thousand, NT\$337,624 thousand and NT\$276,394 thousand, respectively.

(4) The abovementioned fair value valuation techniques and significant unobservable inputs are explained in the following table:

<u>Fair value valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship between significant unobservable input and fair value evaluation</u>
The discounted cash flow analysis (DCF) using the income approach is adopted to evaluate the contractual rent provided by the consolidated company. Discounted cash flow analysis using the income approach: Refers to the method of estimating the price of the appraised property by summing up the net income of each period and ending value of future discounted cash flow after discounting at an appropriate discount rate. The method is applicable to valuation of real properties for investment purpose.	<ul style="list-style-type: none"> • Risk-adjusted discount rate on 2024.9.30: 3.720% 2023.12.31: 3.720% 2023.9.30: 3.595% 	The estimated fair value would increase (or decrease) if: <ul style="list-style-type: none"> • The risk-adjusted discount rate decreases (increases).

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

2. There is no significant difference between the fair value of the investment properties of the consolidated company on September 30, 2024 and 2023, and that on December 31 and January 1, 2023.
3. Please refer to Note 8 for the pledged on the consolidated company's investment properties as collateral.
4. Ownership transfer and acquisition of certain agricultural land is only possible after the change of land use according to law. Hence, some land was registered under personal names. An authorization agreement and a trust contract have been signed with the nominee account holder for the land registration. The land will be transferred to the consolidated company at the right time.

(IX) Right-of-use assets

The costs and depreciation of the consolidated company's rented land, houses and buildings, machinery and transportation equipment are detailed as follows:

	<u>Housing and Construction</u>	<u>Transportati on equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance on January 1, 2024	\$ 41,526	-	-	41,526
Addition	-	366	-	366
Less	(28,926)	(366)	-	(29,292)
Effects of changes in foreign exchange rates	642	-	-	642
Balance on September 30, 2024	<u>\$ 13,242</u>	<u>-</u>	<u>-</u>	<u>13,242</u>
Balance on January 1, 2023	\$ 42,056	1,360	225	43,641
Less	-	(253)	-	(253)
Effects of changes in foreign exchange rates	46	-	-	46
Balance on September 30, 2023	<u>\$ 42,102</u>	<u>1,107</u>	<u>225</u>	<u>43,434</u>
Depreciation and impairment losses of right-of-use assets:				
Balance on January 1, 2024	\$ 19,905	-	-	19,905
Depreciation	4,395	46	-	4,441
Less	(16,898)	(46)	-	(16,944)
Effects of changes in foreign exchange rates	321	-	-	321
Balance on September 30, 2024	<u>\$ 7,723</u>	<u>-</u>	<u>-</u>	<u>7,723</u>
Balance on January 1, 2023	\$ 13,923	913	180	15,016
Depreciation	4,687	370	34	5,091
Less	-	(253)	-	(253)
Effects of changes in foreign exchange rates	20	-	-	20
Balance on September 30, 2023	<u>\$ 18,630</u>	<u>1,030</u>	<u>214</u>	<u>19,874</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

	<u>Housing and Construction</u>	<u>Transportati on equipment</u>	<u>Office equipment</u>	<u>Total</u>
Book value:				
January 1, 2024	\$ 21,621	-	-	21,621
September 30, 2024	\$ 5,519	-	-	5,519
January 1, 2023	\$ 28,133	447	45	28,625
September 30, 2023	\$ 23,472	77	11	23,560

(X) Short-term borrowings

The consolidated company's short-term loans are as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Secured bank borrowings	\$ 258,200	90,000	322,292
Unsecured bank borrowings	72,780	-	-
Total	\$ 330,980	90,000	322,292
Facilities not yet drawn	\$ 196,428	273,414	273,414
Interest rate range	<u>2.76%~3.24%</u>	<u>2.63%</u>	<u>2.63%~3.08%</u>

Please refer to Note 8 for the pledged on the consolidated company's assets as collateral for bank loans.

(XI) Short-term notes payable

The consolidated company's short-term notes and bills payable are as follows:

	<u>2024.9.30</u>
Commercial papers payable	\$ 258,000
Less: Credit cost	(1,850)
Total	\$ 256,150

1. The new amount from January 1 to September 30, 2024, was NT\$255,929 thousand, with an interest rate of 2.94% to 3.13%. Please refer to Note 6(20) for further explanation of the interest expenses.

2. Please refer to Note 8 for the pledged on the consolidated company's assets as collateral for short-term notes and bills.

(XII) Long -term borrowings

The consolidated company's long-term loans are as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Secured bank loan: Due in August 2025	\$ -	45,000	45,000
Less: Current portion	-	(2,000)	(2,000)
Total	\$ -	43,000	43,000
Facilities not yet drawn	\$ -	-	-
Interest rate range	<u>-</u>	<u>2.41%</u>	<u>2.19%~2.41%</u>

Please refer to Attachment 8 for the pledged on the consolidated company's assets as collateral for bank loans.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(XIII) Corporate bonds payable

The information on the consolidated company's corporate bonds payable is as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Amount of convertible corporate bonds	\$ 300,000	300,000	300,000
Unamortized balance of discounted corporate bonds payable	-	(6,181)	(8,466)
Cumulative amount of redemption	(200,000)	-	-
Cumulative amount of conversion	(100,000)	-	-
Less: Portion due within one year or one operating cycle	-	(293,819)	(291,534)
Balance of corporate bonds payable at the end of the period	<u>\$ -</u>	<u>-</u>	<u>-</u>

Equity components - conversion right (recognized in capital surplus- stock options): Please refer to Note 6(16) for details.

Interest expenses: Please refer to Note 6(20) for details.

The primary rights and obligations of the company's secured convertible bonds outstanding are as follows:

Item	The first issue of secured convertible corporate bonds in 2021
Total issue amount	NT\$300,000,000
Issue date	2021.9.24
Issue period	2021.9.24~2024.9.24
Coupon rate	0%
Trustee	Land Bank of Taiwan Co., Ltd.
Repayment method	Unless the bondholders apply for conversion into the Company's ordinary shares as per the Company's conversion method, or the Company redeems them in advance as per the conversion method, or securities firms buy back and cancel them, the Company will redeem the bonds in cash in a lump sum upon maturity.
Redemption method	From the day following the full three months after the issue of the convertible corporate bonds (December 25, 2021) to 40 days before the end of the issue period (August 15, 2024), if the closing price of the Company's ordinary shares exceeds the current conversion price by 30% or higher for 30 consecutive business days, or when the balance of the outstanding convertible corporate bonds is lower than 10% of the initial total issue amount, the Company may redeem the bonds in advance.
Conversion method	Conversion period From the day following the full three months after the issue date of the convertible corporate bonds (December 25, 2021) to the maturity date (September 24, 2024), the bondholders shall convert the bonds into the Company's ordinary shares as per the conversion method.
Conversion price	NT\$20.9

- The convertible bonds issued by the consolidated company in 2021, the first batch of guaranteed convertible bonds, matured and ceased trading on September 24, 2024. As of the maturity date, NT\$100,000 thousand was converted. For conversion details, please refer to Note 6(16). As of September 30, 2024, the remaining NT\$200,000 thousand of the unconverted bonds was redeemed in accordance with the regulations and was recorded under other payables. Payment was made on October 7, 2024.
- Note 8 contains information regarding the collateralization of assets by the consolidated company in order to secure corporate bonds.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(XIV) Lease liabilities

The consolidated company's lease liabilities are as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Current	\$ 2,720	6,038	6,511
Non-current	\$ 2,986	17,411	19,308

Please refer to Note 6 (21) Financial Instruments for maturity analysis.

The amounts recognized in profit or loss are as follows:

	<u>July– September 2024</u>	<u>July– September 2023</u>	<u>January– September 2024</u>	<u>January– September 2023</u>
Interest expense on lease liabilities	\$ 147	267	590	824
Gains from sublease of right-of-use assets	\$ 1,188	1,718	4,319	4,650
Expense on short-term leases	\$ 82	76	308	349

Amounts recognized in the statements of cash flows are as follows:

	<u>January– September 2024</u>	<u>January– September 2023</u>
Total cash outflow from leases	\$ 5,089	6,244

The consolidated company rents houses and buildings for office spaces and business premises. The leases for office spaces are between one and five years. The leases for business premises are right years. Meanwhile, the consolidated company's leases for car parking spaces and transportation equipment are between one and three years.

Part of the aforesaid lease agreements are accompanied with the option of lease extensions. Such rights are only exercisable by the consolidated company, not by lessors. When it is not reasonably certain that an option to extend the lease term will be exercised, payments related to the period covered by the option are not included in the lease liabilities.

(XV) Income tax

1. The consolidated company's Income tax expenses are detailed as follows:

	<u>July– September 2024</u>	<u>July– September 2023</u>	<u>January– September 2024</u>	<u>January– September 2023</u>
Current income tax expense				
Occurred in the current period	\$ 4,685	1,614	4,685	4,453
Income tax expense	\$ 4,685	1,614	4,685	4,453

2. Income tax assessments

(1) The Company's business income taxes were assessed by the tax authority up to the year 2021.

(2) The business income tax filings from the Company's subsidiaries in Taiwan were assessed by the tax authority for the following years:

<u>Assessment years</u>	<u>Company name</u>
2022	Better Life Green Energy Technology Co., Ltd.
2022	Better Life Real Estate Co., Ltd.
2022	Better Life Group Travel Service Co., Ltd.

(3) The subsidiaries in China have filed income taxes to the local tax authorities for the years up to 2023.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(XVI) Capital and other interests

Except as described below, there were no material changes in the consolidating company's capital and other equity from January 1 to September 30, 2024 and 2023. Please refer to Note 6 (15) of the 2023 consolidated financial statements for the relevant information.

1. Issue of ordinary shares

The following are the fluctuations in the number of outstanding shares of the Company between January 1 and September 30, 2024 and 2023:

(in thousand)	Common stock	
	January– September 2024	January– September 2023
Number of outstanding shares issued as of January 1	100,186	100,265
Less: Reduction in capital to offset losses	-	(30,079)
Number of outstanding shares issued as of September 30	<u>100,186</u>	<u>70,186</u>

The Company issued 4,785 thousand new shares with a par value, amounting to NT\$47,847 thousand, due to the exercise of conversion rights by convertible bondholders from January 1 to September 30, 2024. As of September 30, 2024, 4,785 thousand shares are still pending the completion of the required legal registration procedures, and therefore, are recorded as advance share capital.

On May 3, 2024, the shareholders' meeting resolved to conduct a private cash issue for working capital and future development. The Board of Directors is authorized to share within one year from the date of the resolution within 50,000 thousand shares Conduct cash capital increase of common shares through one or two private placements. Furthermore, the shareholders' meeting dated June 21, 2023 resolved that the amount of capital increase in cash through a private placement which has not yet been executed would not be executed any longer.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	2024.9.30	2023.12.31	2023.9.30
Common stock premium	\$ 30,000	30,000	-
Gain on disposal of assets	110	110	110
Stock options - issue of convertible corporate bonds	-	21,828	21,828
Convertible corporate bond conversion premium	59,429	-	-
Others	159	159	159
Expiration of stock options	14,552	-	-
	<u>\$ 104,250</u>	<u>52,097</u>	<u>22,097</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

Pursuant to the Company Act, the Company shall issue new shares or pay out cash in proportion to the existing shareholders' shares from the realized capital surplus after the capital surplus is used to compensate the deficit first. The realized capital surplus referred to in the preceding paragraph includes the premium from the shares issued at par and the income from gifts. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus to be used as capital shall not exceed 10% of the paid-in capital.

3. Retained earnings

Under the earnings distribution policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with operational needs and the laws and regulations, and then any remaining profit, together with any undistributed retained earnings at the beginning of the period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution.

(1) Legal reserve

When the Company suffers no losses, it may, upon a resolution by the shareholders' meeting, issue new shares or pay out cash from the legal reserve, but only to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

The Company chose the fair value model for the subsequent measurement of the investment property booked in the book. According to the regulations of the Financial Supervisory Commission, for the net increase in fair value measured by the fair value model for the first time, the same amount of special reserve was provided. However, on the conversion date, in order to make up for the deficit, the special reserve may be exempted according to the regulations. Subsequently, the Company may be exempted from the provision of this part of the special reserve. When the Company distributes the distributable earnings each year, the special reserve shall be appropriated in the following order:

- ① For the net increase in fair value due to the continuous adoption of the fair value model for the subsequent accounting of investment property in the current year, the net increase in the current period net profit after tax plus the item other than the undistributed earnings should be set aside as special reserves in the same amount. If it is a net increase accumulated in the fair value in the previous period, the special reserve shall be set aside in the same amount from the undistributed earnings of the previous period and shall not be distributed. When the cumulative net increase listed in investment property decreases or is disposed of, a reversal of earnings distribution may be made for the decreased portion or according to the disposal situation.
- ② For the difference between the net amount debited to the other shareholders' equity in the current year and the balance of the special reserve provided in the preceding paragraph, the items other than the net profit after tax of the current period plus the unappropriated earnings of the current period and the prior undistributed surplus make up the provision of the special reserve. For the deduction amount of other shareholders' equity in the previous period, special reserves shall be set aside from undistributed earnings in the previous period and shall not be distributed. If the amount debited to other shareholders' equity is reversed afterwards, the reversed amount may be distributed as earnings.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(3) Earnings distribution

The shareholders' meeting of the Company reached resolution on the 2023 and 2022 proposal for compensation of losses on May 3, 2024 and June 21, 2023, respectively.

4. Other interests (net of tax)

	Exchange difference on translation of financial statements of foreign operations	Unrealized valuation profit or loss from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2024	\$ 12	(10,949)	(10,937)
Exchange differences in translation of net assets of foreign operations	204	-	204
Unrealized profit or loss from financial assets measured at fair value through other comprehensive income	-	1,118	1,118
Balance on September 30, 2024	<u>\$ 216</u>	<u>(9,831)</u>	<u>(9,615)</u>
Balance on January 1, 2023	\$ 131	(10,949)	(10,818)
Exchange differences in translation of net assets of foreign operations	33	-	33
Balance on September 30, 2023	<u>\$ 164</u>	<u>(10,949)</u>	<u>(10,785)</u>

(17) Earnings (losses) per share

1. Basic earnings (losses) per share

The Company's basic earning (loss) per share from January 1 to September 30, 2024 and 2023 were calculated based on the net profit (loss) attributable to the equity holders of the Company's ordinary shares and the weighted average number of outstanding ordinary shares. The relevant numbers are as follows:

(1) Net profit (loss) attributable to equity holders of the Company's ordinary shares

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Net profit (loss) for the period attributable to equity holders of the Company's ordinary shares	<u>\$ 17,626</u>	<u>(1,525)</u>	<u>79,653</u>	<u>(46,401)</u>

(2) Weighted average number of outstanding ordinary shares

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Common shares issued as of January 1	100,186	70,186	100,186	70,186
Effect of conversion of convertible corporate bonds	1,129	-	376	-
Weighted average number of outstanding ordinary shares (thousand shares) on September 30	<u>101,315</u>	<u>70,186</u>	<u>100,562</u>	<u>70,186</u>
Basic earnings (losses) per share (NTD)	<u>\$ 0.17</u>	<u>(0.02)</u>	<u>0.79</u>	<u>(0.66)</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

2. Diluted earnings (losses) per share

From January 1 to September 30, 2024 and 2023, the Company's diluted earnings (losses) were calculated based on the net income (loss) attributable to the Company's common stock shareholders. The calculation is based on the weighted average number of outstanding common shares after the potential dilution effects of common shares, and is calculated as follows:

(1) Net profit (loss) (diluted) attributable to equity holders of the Company's ordinary shares

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Net profit (loss) (basic) attributable to equity holders of the Company's ordinary shares	\$ 17,626	(1,525)	79,653	(46,401)
Interest expense on convertible corporate bonds	1,246	(Note)	4,945	(Note)
Net profit (loss) (diluted) attributable to equity holders of the Company's ordinary shares	<u>\$ 18,872</u>	<u>(1,525)</u>	<u>84,598</u>	<u>(46,401)</u>

(2) Weighted average number of outstanding ordinary shares (diluted)

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Weighted average number of outstanding ordinary shares (basic) (thousand shares)	101,315	70,186	100,562	70,186
Effect of conversion of convertible corporate bonds	13,225	(Note)	13,978	(Note)
Weighted average number of outstanding ordinary shares (diluted) (thousand shares)	<u>114,540</u>	<u>70,186</u>	<u>114,540</u>	<u>70,186</u>
Diluted earnings (losses) per share (NTD)	<u>\$ 0.16</u>	<u>(0.02)</u>	<u>0.74</u>	<u>(0.66)</u>

Note: It is not included in the calculation of diluted earnings per share due to its anti-dilution effect.

(XVIII) Revenue from customer contracts

1. Details of revenue

The consolidated company's income breakdown is as follows:

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Revenue from customer contracts recognized	\$ -	61,500	-	138,990
Rental Income (Note)	1,318	1,847	4,707	5,038
Total	<u>\$ 1,318</u>	<u>63,347</u>	<u>4,707</u>	<u>144,028</u>

Note: International Financial Reporting Standards No. 16 is applicable to the consolidated company's rental income from January 1 to September 30, 2024 and 2023.

2. Details of revenue

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Main region/market:				
Taiwan	\$ -	61,500	-	138,990
Main product/service line:				
Housing and land sales	\$ -	61,500	-	138,990

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Contract type:				
Fixed-price contract	\$ -	61,500	-	138,990
Time point of revenue recognition:				
Transfer of goods or services at a certain time point	\$ -	61,500	-	138,990

3. Contract balance

	2024.9.30	2023.12.31	2023.9.30
Notes receivable	\$ 450	452	-
Accounts receivable	-	38	8,365
Less: Allowance for losses	-	-	(8,280)
	<u>\$ 450</u>	<u>490</u>	<u>85</u>
Contract liability – housing and land sales	\$ 308,792	226,922	150,879
Contract liability – prepaid Income	7,000	7,000	7,000
Total	<u>\$ 315,792</u>	<u>233,922</u>	<u>157,879</u>

Please refer to Note 6(4) for the information on notes receivable, accounts receivable, and impairment thereof.

The opening balance of contract liabilities as of January 1, 2024 and 2023, were recognized as revenue from January 1 to September 30, 2024, and January 1 to September 30, 2023, as NT\$0 and NT\$13,920 thousand, respectively.

The change in contract liabilities is mainly due to the timing difference between the time of the consolidated company's transfer of goods or services to customers to fulfill its contractual obligations (i.e., recognizing contract liabilities as revenue) and the time of payment made by the customers.

(XIX) Remunerations to employees and directors

According to the Company's Articles of Incorporation, no less than 4% and no more than 4% of any profits for the year should be distributed as employees' remuneration and directors' remuneration, respectively. However, when the Company still has a cumulative deficit, it shall reserve an amount in advance to compensate it. The subjects for the issuance of remunerations may include employees of a holding or subordinate company satisfy certain criteria, and the board of directors is authorized to specify such criteria.

The Company has accumulated losses from January 1 to September 30, 2024 and 2023; therefore, there is no need to estimate remuneration to the employees and directors.

The Company reported accumulated losses in both 2023 and 2022, and hence there was no need to distribute remunerations to employees or directors. Relevant information is available at the Market Observation Post System.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(XX) Non-operating income and expenses

1. Interest income

The consolidated company's interest income is detailed as follows:

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Interest on bank deposits	\$ 8	1	679	409
Imputed interest on security deposits	1	4	6	11
Guarantee deposits paid	1,345	1,273	3,766	3,605
Other interest income	17	-	33	-
	\$ 1,371	1,278	4,484	4,025

2. Other income

The consolidated company's other Income are detailed below:

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Management fees income	\$ 1,251	928	3,753	2,786
Dividend income	245	294	245	1,294
Other income	119	14,263	221	15,481
	\$ 1,615	15,485	4,219	19,561

3. Other gains and losses

The consolidated company's other Income and losses are detailed as follows:

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Foreign currency exchange \$ gain	19	21	7	21
Gain on lease modifications	1,926	-	1,928	-
Net gains (losses) on financial assets measured at fair value through profit or loss	33,687	193	120,692	(12,897)
Other expenses	(156)	-	(156)	-
	\$ 35,476	214	122,471	(12,876)

4. Financial costs

The consolidated company's financial costs are detailed below:

	July– September 2024	July– September 2023	January– September 2024	January– September 2023
Interest on bank borrowings	\$ 1,920	2,618	3,731	7,489
Interest on lease liabilities	147	267	590	824
Financial costs	1,483	905	3,299	2,713
Discounted and amortized convertible corporate bonds	1,557	2,267	6,181	6,748
Less: Capitalized interest	(620)	(1,066)	(1,827)	(3,108)
	\$ 4,487	4,991	11,974	14,666
Capitalized interest rate	<u>2.76%</u>	<u>2.63%~3.08%</u>	<u>2.63%~2.76%</u>	<u>2.38%~3.08%</u>

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(XXI) Financial instruments

Except as described below, there is no significant change in the consolidated company's financial instruments and the exposure to credit risk, liquidity risk and market risk caused by financial instruments. Please refer to Note 6 (20) of the 2023 consolidated financial statements for related information.

1. Credit risk

(1) Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk.

(2) Credit concentration risk

No significant difference. Please refer to Note 6 (20) of the 2023 consolidated financial statements for relevant information.

(3) Credit risk of receivables and debt securities

Please refer to Note 6 (4) for credit risk exposure of notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables (other financial assets – current). All the aforesaid financial risks have low credit risks and hence the loss allowance is measured with the 12-month expected credit loss. (Please refer to Note 4 (7) of the 2023 consolidated financial statements for how the consolidated company determines low credit risks.)

2. Liquidity risk

The table below shows the maturity dates of contractual financial liabilities, including estimated interest but excluding the effect of netting arrangement.

	Carrying amount	Contractual cash flows	Within 6 months	6–12 months	1–2 years	2–5 years	More than 5 years
September 30, 2024							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 330,980	355,112	4,818	133,246	94,579	10,017	112,452
Fixed-rate instruments	256,150	265,234	4,018	261,216	-	-	-
Non-interest bearing liabilities	233,111	233,111	233,111	-	-	-	-
Lease liabilities	5,706	5,801	1,398	1,398	2,784	221	-
	<u>\$ 825,947</u>	<u>859,258</u>	<u>243,345</u>	<u>395,860</u>	<u>97,363</u>	<u>10,238</u>	<u>112,452</u>
December 31, 2023							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 135,000	138,273	2,715	91,920	43,638	-	-
Fixed-rate instruments	293,819	300,000	-	300,000	-	-	-
Non-interest bearing liabilities	38,158	38,158	38,158	-	-	-	-
Lease liabilities	23,449	25,240	3,239	3,609	7,219	11,173	-
	<u>\$ 490,426</u>	<u>501,671</u>	<u>44,112</u>	<u>395,529</u>	<u>50,857</u>	<u>11,173</u>	<u>-</u>
September 30, 2023							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 367,292	381,521	6,215	96,206	279,100	-	-
Fixed-rate instruments	291,534	300,000	-	300,000	-	-	-
Non-interest bearing liabilities	30,812	30,812	30,812	-	-	-	-
Lease liabilities	25,819	27,886	3,742	3,654	7,309	13,181	-
	<u>\$ 715,457</u>	<u>740,219</u>	<u>40,769</u>	<u>399,860</u>	<u>286,409</u>	<u>13,181</u>	<u>-</u>

The consolidated company does not expect the timing of cash flows to be significantly early or the amount to be significantly different from the maturity analysis.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

3. Interest rate risk

Interest rate exposure of the consolidated company's financial assets and financial liabilities is explained in this note on liquidity risk management.

The sensitivity analysis below is based on the exposure of derivative and non-derivative instruments to interest rate risk at the balance sheet date. For floating-rate liabilities, the analysis is based on an assumption that the amount of a liability outstanding at the balance sheet date is outstanding throughout the year. The consolidated company's internal reporting to management regarding interest rates is based on 1% increase or decrease. It also represents the management's assessment of the possible and reasonable range of changes in interest rates.

If the interest rate increases or decreases by 1%, while all other variables remain unchanged, the pre-tax net profit of the consolidated company for the period from January 1 to September 30, 2024 and 2023, will increase or decrease by NT\$1,452 thousand and decrease or increase by NT\$1,148 thousand, respectively. This is primarily due to the consolidated company's variable interest rate loans and deposits.

4. Information on fair value

(1) Types and fair values of financial instruments

The consolidated company measures recurring fair values of the financial assets at fair value through profit or loss and at fair value through other comprehensive income. The carrying amounts and the fair values of all types of financial assets and financial liabilities are listed below: (including fair value levels) (It is not necessary to disclose fair value information if the carrying amount of a financial instrument is not measured at fair value is a reasonable approximation of fair value and if it is a lease liability.)

	2024.9.30				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss	\$ 696	696	-	-	696
Financial assets at fair value through other comprehensive income					
Domestic and foreign unlisted stocks	\$ 20,836	-	-	20,836	20,836
	2023.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss	\$ 73,343	73,343	-	-	73,343
Financial assets at fair value through other comprehensive income					
Domestic and foreign unlisted stocks	\$ 19,718	-	-	19,718	19,718
	2023.9.30				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss	\$ 74,883	74,883	-	-	74,883

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

	2023.9.30			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income				
Domestic and foreign unlisted stocks	\$ 19,718	-	-	19,718
	19,718	-	-	19,718

(2) Fair value valuation techniques for financial instruments not at fair value

The methods and assumptions used by the consolidated company for the instruments not measured at fair value are as follows:

(2.1) Financial assets and liabilities at amortized cost

If there is information on quoted prices from transactions or market makers, the latest transaction price and quoted price should be adopted as the basis for valuating the fair value. If there is no information on market prices for reference, the valuation method is adopted for estimation. The estimates and assumptions used in the valuation method are the discounted value of cash flows to estimate the fair value.

(3) Fair value valuation techniques for financial instruments at fair value

(3.1) Non-derivative financial instruments

When a financial instrument is quoted in an active market, the quoted price in the active market is the fair value. Market prices of liquid securities on major exchanges and the prices published by the trading center of central government bonds are the basis for fair values of equity instruments listed on TWSE/TPEX and fixed income instruments with active markets and open quotes.

A financial instrument is deemed to be with quoted prices in the active markets if its quoted prices can be obtained from exchanges, brokers, underwriters, industry associations, pricing services institutions, or competent authorities in a timely and regular manner, and the prices represent the prices in actual fair market transactions that occur frequently. If the above criteria are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

If there is an active market for financial instruments held by the consolidated company, their fair values are determined with reference to the quoted prices in the market.

Except for the above financial instruments with active markets, the fair values of other financial instruments are obtained through valuation techniques or with reference to the quoted prices by counterparties. The fair value obtained through valuation techniques may be calculated and obtained with reference to the present fair value of other financial instruments with substantively similar criteria and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available at the balance sheet date.

If there is no active market for the financial instruments held by the consolidated company, the asset-based approach is used for the estimation of fair values of equity instruments without open quoted prices according to different categories and characteristics. The primary assumptions are based on the balance sheet of investees. The estimate has been adjusted for the effect of the discount on the control premium and liquidity of the equity securities.

(4) Transfer between Levels 1 and 2: None

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(5) Details of changes in Level 3

	At fair value through other comprehensive income
	Equity instruments without quoted prices
January 1, 2024	\$ 19,718
Recognized in other comprehensive income	1,118
September 30, 2024	\$ 20,836
January 1, 2023	\$ 19,718
September 30, 2023	\$ 19,718

(6) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The consolidated company's level 3 fair value measurements are primarily for financial assets measured at fair value through other comprehensive income – equity securities investment.

Most of the fair values classified as level 3 by the consolidated company only contain single, material and unobservable inputs. Only the equity instruments without an active market depend on multiple material and unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are independent of each other and therefore do not correlate.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Significant unobservable input and relations with fair value
Financial assets at FVTOCI – investments in equity instruments without active markets	Comparable Listed Company Act	<ul style="list-style-type: none"> ·Marketability Discount (30.00%, 30.00% and 32.30% for 2024.9.30, 2023.12.31, and 2023.9.30) ·Value of net assets (1.77, 1.61, and 1.91 respectively on 2024.9.30, 2023.12.31, and 2023.9.30) 	<ul style="list-style-type: none"> ·The higher the liquidity discount, the lower the fair value ·The higher the multiplier, the higher the fair value.
Financial assets at FVTOCI – investments in equity instruments without active markets	Asset method	<ul style="list-style-type: none"> ·Marketability Discount (30.00%, 30.00% and 32.30% for 2024.9.30, 2023.12.31, and 2023.9.30) ·Discounts for non-controlling interests (6.63%, 6.63%, and 6.45% for 2024.9.30, 2023.12.31, and 2023.9.30, respectively) 	<ul style="list-style-type: none"> ·The higher the liquidity discount, the lower the fair value ·The higher the non-controlling interest discount, the lower the fair value

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(7) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The consolidated company's fair value measurements of financial instruments are reasonable. However, the use of different valuation models or parameters may result in different valuation outcomes. For financial instruments classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

	Input	Up/down movements	Changes in fair value reflected in other comprehensive income	
			Favorable change	Unfavorable change
September 30, 2024				
Financial assets at fair value through other comprehensive income				
	Non-controlling interest discount	±10%	1,824	(1,824)
	Liquidity discount	±10%	3,147	(3,147)
	Book-to-market multiplier	±10%	486	(486)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
	Non-controlling interest discount	±10%	1,500	(1,500)
	Liquidity discount	±10%	2,817	(2,817)
	Book-to-market multiplier	±10%	572	(572)
September 30, 2023				
Financial assets at fair value through other comprehensive income				
	Non-controlling interest discount	±10%	2,108	(2,108)
	Liquidity discount	±10%	2,913	(2,913)

The favorable and unfavorable movements referred to by the consolidated company indicate the volatility of fair values. Fair values are calculated with valuation techniques with different levels of unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input without taking into account the correlation and variability between the inputs

(XXII) Financial risk management

There were no significant changes between the consolidated company's financial risk management objectives and policies and those disclosed in Note 6 (21) of the 2023 Consolidated Financial Statements.

(XXIII) Capital management

The consolidated company's capital management objectives, policies and procedures are consistent with those disclosed in the 2023 consolidated financial statements, and there are no significant changes between the aggregated quantitative information of the capital management items and those disclosed in the 2023 consolidated financial statements. Please refer to Note 6 (22) of the 2023 consolidated financial statements for relevant information.

(XXIV) Financing activities with non-cash transactions

The consolidated company's financing activities through non-cash transactions from January 1 to September 30, 2024 and 2023 are as follows:

1. Please refer to Note 6(9) for details of the right-of-use assets obtained through leases.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

2. The reconciliation of liabilities from financing activities is as follows:

	2024.1.1	Cash flows	Non-cash movement		2024.9.30
			Exchange rate change	Others	
Short-term borrowings	\$ 90,000	240,980	-	-	330,980
Short-term notes payable	-	255,929	-	(Note 1) 221	256,150
Long -term borrowings	45,000	(45,000)	-	-	-
Corporate bonds payable	293,819	-	-	(Note 2) (293,819)	-
Lease liabilities	23,449	(4,191)	358	(Note 3) (13,910)	5,706
Total amount of liabilities from financing activities	\$ 452,268	447,718	358	(307,508)	592,836

	2023.1.1	Cash flows	Non-cash movement		2023.9.30
			Exchange rate change	Others	
Short-term borrowings	\$ 315,782	6,510	-	-	322,292
Long -term borrowings	47,000	(2,000)	-	-	45,000
Corporate bonds payable	284,786	-	-	(Note 2) 6,748	291,534
Lease liabilities	30,860	(5,071)	30	-	25,819
Total amount of liabilities from financing activities	\$ 678,428	(561)	30	6,748	684,645

Note 1: It is the discounted amortized short-term notes payable.

Note 2: This refers to the amortization of the discount on convertible bonds, conversions, and the redemption amount payable for convertible bonds.

Note 3: The net amount of new and terminated lease liabilities.

VII. Related Party Transactions

(I) Name of related party and relations

The related parties who transacted with the consolidated company during the periods covered by these consolidated financial statements are as follows:

Name of related party	Relation with the consolidated company
Puyuan Development Co., Ltd.	A supervisor at the company is a member of the key management personnel of the Company
Puyuan Advertising Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Puqun Advertising Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Puyuan Construction Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Puxu Advertising Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Pushi Construction Co., Ltd.	A director at the company is a member of the key management personnel of the Company
Puquan Advertising Co., Ltd.	A director at the Company
Chang, Chun-Kuei	A director at the Company
Pucheng Construction Co., Ltd.	Substantive related party

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(II) Significant transactions with related parties

1. Purchase of goods from related parties

The consolidated company's purchases from other related parties are as follows:

	<u>July– September 2024</u>	<u>July– September 2023</u>	<u>January– September 2024</u>	<u>January– September 2023</u>
Pucheng Construction Co., Ltd.	\$ 15,181	24,200	51,901	66,074
Puyuan Development Co., Ltd.	158,690	-	226,690	-
Belongs to other related parties	787	786	2,358	2,357
	<u>\$ 174,658</u>	<u>24,986</u>	<u>280,949</u>	<u>68,431</u>

The consolidated company's purchase prices from related parties are based on price comparisons and negotiations from both parties and payments according to contract terms and conditions. The construction contracts that the consolidated company has executed with related parties as of September 30, 2024, December 31 and September 30, 2023, respectively, are detailed in Note 9.

2. Payables to related parties

<u>Account</u>	<u>Related party category</u>	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Notes payable	Pucheng Construction Co., Ltd.	\$ 2,447	9,507	9,182
Accounts payable	Pucheng Construction Co., Ltd.	1,374	1,223	761
Accounts payable	Puquan Advertising Co., Ltd.	-	3,291	3,134
Accounts payable	Puyuan Advertising Co., Ltd.	-	1,180	-
Accounts payable	Belongs to other related parties	825	1,657	-
Other payables	Belongs to other related parties	1,740	-	-
		<u>\$ 6,386</u>	<u>16,858</u>	<u>13,077</u>

3. Leases

The consolidated company rented from the related party, Puxu Advertising, in the headquarter office building in November 2021 by signing a five-year lease contract in reference to rentals for offices in the neighborhood area. Interest expenses recognized during the period from July 1 to September 30 and from January 1 to September 30 of 2024 and 2023 were NT\$27 thousand, NT\$40 thousand, NT\$90 thousand, and NT\$129 thousand, respectively. As of September 30, 2024, December 31 and September 30, 2023, the remaining balances of lease liabilities were NT\$5,425 thousand, NT\$7,322 thousand, and NT\$7,948 thousand, respectively. In addition, the guarantee deposits paid due to the above leases as of September 30, 2024, December 31 and September 30, 2023 were all NT\$463 thousand.

4. Others

- (1) As of September 30, 2024, December 31 and September 30, 2023, the consolidated company recognized an increase in the cost of contracts amounting to NT\$41,212 thousand due to the payment of sales service fees under the consignment sales agreements with Puquan Advertising Co., Ltd. and Puquan Advertising Co., Ltd.
- (2) The consolidated company obtained from Pucheng Construction Co., Ltd. a guarantee check of NT\$28,612 thousand for the deposit received as of September 30, 2024, December 31 and September 30, 2023 for construction and engineering works.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(3) The consolidated company, due to business needs such as the joint construction and sale of the Guishan Hwa Ya section, paid interest subsidies to the related party Chang Chun-Kuei amounting to NT\$14,376 thousand, NT\$9,272 thousand, and NT\$5,957 thousand (recognized as prepayments), and provided guarantee deposits of NT\$24,500 thousand as of September 30, 2024, December 31 and September 30, 2023, respectively. In addition, it engaged in a joint investment in this construction project with Puyuan Development Co., Ltd. and Pushi Construction Co., Ltd.

(4) The consolidated company and Puyuan Construction Co., Ltd. jointly invested in a construction project in the Mei-Ren section, Songshan District, and jointly integrated and developed an urban renewal project in the Shitan section, Neihu District. In addition, the Company cooperated with Puyuan Development Co., Ltd. to build the Zhongli Civil Sports Center Section in Zhongli District.

(III) Transactions with key management personnel

Key management personnel's remuneration includes:

	<u>July– September 2024</u>	<u>July– September 2023</u>	<u>January– September 2024</u>	<u>January– September 2023</u>
Short-term employee benefits	\$ <u>2,725</u>	<u>2,367</u>	<u>7,248</u>	<u>7,282</u>

VIII. Assets Pledged

The carrying amounts of the assets pledged by the consolidated company as collateral are detailed below:

<u>Name of asset</u>	<u>Asset pledged as collateral</u>	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Inventory – construction industry	Short-term borrowings and short-term notes payable	\$ 899,253	557,202	535,640
Other financial assets -current	Reserve account	3,924	3,913	5,314
Other financial assets -current	Trust account	140,324	112,459	53,817
Investment property	Corporate bonds and short-term notes payable	198,962	177,140	161,638
Financial assets at fair value through profit or loss - non-current	Long -term borrowings	-	73,343	74,883
		<u>\$ 1,242,463</u>	<u>924,057</u>	<u>831,292</u>

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Significant unrecognized commitments:

1. The contracts and commitments not recognized by the consolidated company are as follows:

<u>Signed contracts</u>	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Housing and land sales	\$ 805,290	805,290	805,290
Contracts on solar installations and change of land use and relevant development projects	17,500	17,500	17,500

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

Proceeds received	2024.9.30	2023.12.31	2023.9.30
Housing and land sales	308,792	226,922	150,879
Contracts on solar installations and change of land use and relevant development projects	13,625	13,250	13,250

2. The contracting by the consolidated company for engineering works of development projects is as follows:

Payables not yet priced as per contract	2024.9.30	2023.12.31	2023.9.30
Non-related party	\$ 22,400	38,251	20,250
Related party	85,843	136,601	156,115
	\$ 108,243	174,852	176,365

3. The joint development contracts and joint investment and construction contracts signed by the consolidated company and landowners are as follows:

Project name or land lot	Joint construction method	Joint construction deposits paid (construction deposits paid)		
		2024.9.30	2023.12.31	2023.9.30
Xinyi Section, Xinyi District	Joint investment in construction and joint construction and allocation of housing units	\$ 179,588	194,582	193,310
Hwa-Ya Section, Guishan District	Joint investment in construction and joint construction and separate sale	24,500	24,500	24,500
Zhongshan Section, Zhongshan District	Joint investment in construction and joint construction and allocation of housing units	-	-	-
Meiren Section, Songshan District	Joint investment and construction	-	-	-
Shitan Section, Neihu District	Joint investment in construction and joint construction and allocation of housing units	-	-	-
Zhongli Civil Sports Center Section	Joint investment and construction	-	-	-
		\$ 204,088	219,082	217,810

4. The consolidated company provided guarantee checks for NT\$24,500 thousand for the refundable deposits as of September 30, 2024, December 31 and September 30, 2023 for business requirements.

5. The consolidated company leased a parcel of land in Miaoli to a non-related party on November 25, 2021 to install a solar power system. As per the contract, the consolidated company will charge a special business commission fee of NT\$36,000,000 when the project is completed and will charge a monthly rent at the agreed rate.

6. The consolidated company, for ongoing development projects, has authorized a third party to handle the integration and disposal of related matters. The net amount paid was NT\$48,509 thousand, recorded under prepayments. In December 2023, the consolidated company subsequently evaluated the termination of the development and transferred the aforementioned investment of NT\$48,509 thousand into loss, under other gains and losses.

X. Major Disaster Loss: None.

XI. Material Events After the Balance Sheet Date

The Company, on October 8, 2024, resolved through the Board of Directors to conduct a cash capital increase of 30,000 thousand common shares, with a provisional issue price of NT\$16 per share. The relevant legal procedures are still in progress.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

XII. Others

(I) The statement of employee benefits, depreciation, depletion, and amortization expenses of the year by function is as follows:

By nature	By function	July–September 2024			July–September 2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses							
Salary and wages		-	5,719	5,719	-	6,231	6,231
Labor and health insurance		-	443	443	-	391	391
Pension		-	301	301	-	280	280
Directors' remuneration		-	900	900	-	900	900
Other employee benefit expenses		-	235	235	-	248	248
Depreciation expense		940	1,100	2,040	1,413	1,040	2,453
Amortization expense		-	-	-	-	11	11

By nature	By function	January–September 2024			January–September 2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses							
Salary and wages		-	18,029	18,029	-	18,179	18,179
Labor and health insurance		-	1,337	1,337	-	1,220	1,220
Pension		-	867	867	-	837	837
Directors' remuneration		-	2,700	2,700	-	2,880	2,880
Other employee benefit expenses		-	718	718	-	647	647
Depreciation expense		3,666	2,990	6,656	4,113	3,171	7,284
Amortization expense		-	21	21	-	76	76

(II) Seasonality of operation.

The consolidated company's operations are affected by the periodic factors of the timing of the completion and handover of construction projects.

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

XIII. Additional Disclosures

(I) Information on significant transactions

The material transactions to be disclosed by the consolidated company from January 1, 2024 to September 30, 2024 according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to others: None.
2. Endorsements/Guarantees provided to others:

Unit: In Thousand New Taiwan Dollars

No.	Endorsing/ Guarantor Company Name	Endorsed/Guaranteed party		Guarantee Limit for a Single Enterprise	Maximum Endorsed Guarantee Balance for the Period	Endorsed Guarantee Balance at the End of the Period	Amount drawn	Endorsement /Guarantee amount with assets pledged	Ratio of cumulative endorsement/guara ntee to net worth as in the latest financial statements	Maximum Endorsement/ Guarantee Limit	Endorsement /guarantee form parent to subsidiary	Endorsement /guarantee form subsidiary to parent	Endorsement /guarantee related to Mainland China
		Company name	Relations										
0	The Company	Yunpeng Construction Co., Ltd.	5	955,009	388,800	388,800	334,631	-	40.71%	1,910,018	N	N	N
0	The Company	Tianyi Construction Co., Ltd.	5	955,009	453,600	453,600	325,680	-	47.50%	1,910,018	N	N	N

Note 1: The Company is coded "0".

Note 2: There are 7 types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; just indicate the type:

- (1) Companies with business dealings.
- (2) A company in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) A company directly or indirectly holds more than 50% of the voting shares of the Company.
- (4) A company in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contractual provisions based on the needs for contracting construction projects.
- (6) A company that is endorsed and guaranteed by all shareholders of the Company based on their ownership percentage due to a joint investment relationship.
- (7) The companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the Consumer Protection Act.

Note 3: The maximum amount of all endorsements/guarantees shall not exceed 40% of the net worth as in the most recent financial statements; the maximum amount of the endorsement/guarantee to a single enterprise shall not exceed 10% of the net worth as in the most recent financial statements except for subsidiaries that directly hold more than 90% of the Company's ordinary shares, to which the maximum amount of the endorsement/guarantee shall not exceed 20% of the net worth of the net worth as in the most recent financial statements. The net worth in the most recent financial statements audited or reviewed by the CPAs shall prevail.

Note 4: For joint investment in construction or joint construction, the Company and co-builders should provide endorsements and guarantees to each other as per contracts; mutual endorsements and guarantees are required for contracting of construction projects as per contracts; however, for a joint-and-several guarantor engaging in the performance of a pre-sale housing project contract with a partner as per the Consumer Protection Act, when the total amount of endorsement/guarantee may not exceed 200% of the net worth in the current period and the total amount of endorsement/guarantee to a single enterprise may not exceed 100% of the net worth in the current period, the restrictions in the preceding paragraph does not apply.

3. Securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures):

Unit: In Thousand New Taiwan Dollars

Holding company	Type and name of securities	Relations with holding company	Account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding	Fair value	
The Company	Stock - Eastern Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	390,921	3,796	0.58 %	3,796	
The Company	Stock - Nexcell Battery Co., Ltd.	-	"	200,000	-	0.20 %	-	
The Company	Stock - YAMAY INTERNATIONAL DEVELOPMENT CORP.	-	"	15	-	- %	-	

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

Holding company	Type and name of securities	Relations with holding company	Account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding	Fair value	
The Company	Stock - World Join International Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	547,103	13,305	7.50 %	13,305	
The Company	Stock -Shin Kong Real Estate Management Co., Ltd.	-	“	550,000	3,735	1.67 %	3,735	
The Company	Stock - Falcon Machine Tools Co., Ltd.	-	Financial assets at fair value through profit or loss -non-current	12,720	696	0.01 %	696	

4. Securities acquired or sold amounting to at least NT\$300 million or 20% of the paid-in capital: None.

5. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital:

Unit: In Thousand New Taiwan Dollars

Companies acquiring of property	Name of property	Date of occurrence	Amount of transaction	Status of payment	Transaction counterparty	Relations	The transaction counterpart is a related party, and the previous transfer details are as follows				Basis for price determination	Purpose of acquisition and status of use	Other agreed matters
							Owner	Relationship with the issuer	Date of transfer	Amount			
The Company	Land	2024.3.14	226,690	226,690	Puyuan Development Co.,Ltd.	Related party	Taoyuan City Government	Non-related party	2023.7.26	222,884	Appraisal report	Land held for construction site	

6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.

7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: In Thousand New Taiwan Dollars

Companies of purchasing (selling)	Name of counterparty	Relations	Transaction status				The conditions of the transaction differ from standard transactions as follows, along with the reasons			Notes/Accounts receivable (payable)		Remarks
			Purchase (sales) of goods	Amount	Percentage in total purchase (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)		
The Company	Puyuan Development Co.,Ltd.	Related party	Purchases	226,690	60.44 %	-	-	-	-	-	-%	

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

9. Trading in derivative instruments: None.

10. Business dealings and important transactions between the parent company and subsidiaries:

No.	Name of the counterparty	Counterparty	Relationship with the Counterparty	Transactions in Q3 2024			
				Item	Amount	Transaction terms and conditions	As % of total revenues or total assets
0	The Company	Better Life Green Energy Technology Co., Ltd.	1	Accounts payable	6,400	Comparable to the industry level	0.30%
1	Better Life Green Energy Technology Co., Ltd.	The Company	2	Other receivables	6,400	Comparable to the industry level	0.30%

Note 1: indication by numbers

- 1.0: the parent company
- 2. Subsidiaries numbered from 1

Note 2: indication of the relations with counterparties

- 1. Parent company to a subsidiary
- 2. Subsidiary to the parent company
- 3. Subsidiary to a subsidiary

Note 3: offset for the preparation of consolidated financial statements

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

(II) Information on investees:

The consolidated company's investees (excluding the investees in China) from January 1 to September 30, 2024 were as follows:

Unit: In Thousand New Taiwan Dollars

Investor	Investee	Region	Principal business	Initial investment amount		Holdings at the end of period			Profit or loss on investee for the current period	Profit or loss recognized for the current period	Remarks
				End of the current period	Last year	Number of shares	Percentage	Carrying amount			
The Company	Better Life Green Energy Technology Co., Ltd.	Taiwan	Solar energy applications	91,000	91,000	9,100,000	100.00%	8,773	(356)	(356)	Subsidiaries
The Company	Bao Lai Real Estate Co., Ltd.	Taiwan	Marketing agency for the sale of real estate	80,000	80,000	8,000,000	100.00%	14,336	(171)	(171)	Subsidiaries
The Company	Better Life Group Travel Service Co., Ltd.	Taiwan	Travel agency	9,000	9,000	-	100.00%	1,700	(15)	(15)	Subsidiaries

Note: offset for the preparation of consolidated financial statements

(III) Information on investments in mainland China

1. The name of the investee in mainland China, principal business, and other relevant information:

Unit: NT\$ Thousand / Foreign Currency Thousand

Investee	Principal business	Paid-in capital	Investment method	Cumulative investment remitted from Taiwan at the beginning of period	Cumulative amount of investment remitted or recovered in current period		Cumulative outward remittance from Taiwan at the end of current period	Profit or loss on investee for the current period	Shareholding in direct or indirect investment	Profit or loss recognized for the current period	End of period book value of investments	Cumulative repatriation of investment income at the end of current period
					Outward remitted	Repatriated						
Better Life Jinxia (Xiamen) Tourism Management Service Co., Ltd.	Tourism management service and real estate leasing	36,398 (USD8,975)	(Note 1)	36,398 (Note 2) (USD8,975)	-	-	36,398 (Note 2) (USD8,975)	(1,552) (RMB(350))	100.00%	(1,552) (Note 3) (RMB(350))	3,786 (RMB837)	-

Note 1: The investment method used is direct investment in Mainland China.

Note 2: It is translated with the investment amount in subsidiary in the original currency multiplied by the exchange rate at the end of the period.

Note 3: The basis for recognition of investment income and losses is the financial statements reviewed by CPAs appointed by the parent company in Taiwan.

Note 4: offset for the preparation of consolidated financial statements

2. Maximum investment amount in mainland China:

Company name	Cumulative outward remittance for investment in mainland China at the end of current period	Investment amount authorized by Investment Commission, MOEA	Maximum investment amount stipulated by Investment Commission, MOEA
The Company	36,398 (USD8,975)	287,224 (USD9,075)	573,005 (Note 5)

Note 5: Calculation of limit: Net equity of the current period x 60% = NT\$955,009 thousand x 60% = NT\$573,005 thousand.

3. Significant transactions with investees in mainland China: None.

(IV) Information on major shareholders:

Unit: Shares

Name of major shareholder	Shares	Number of shares held	Shareholding
Puquan Advertising Co., Ltd.		21,407,872	20.39%
NOON GLORY MANAGEMENT & TRADING CO., LTD.		8,586,318	8.17%
Sant Law International Corporation		6,043,983	5.75%

Notes to the consolidated financial statements of Better Life Group Co., LTD. and the Subsidiaries
(continued)

XIV. Information on Operating Segments

The information and adjustment of the consolidated company's operating segments are as follows:

	July–September 2024				
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and Elimination	Total
Income					
Income from external customers	\$ 130	-	1,188	-	1,318
Inter-department Income	29	-	180	(209)	-
Total income	<u>\$ 159</u>	<u>-</u>	<u>1,368</u>	<u>(209)</u>	<u>1,318</u>
Earnings before tax of reporting segments	<u>\$ 22,311</u>	<u>(45)</u>	<u>(7)</u>	<u>52</u>	<u>22,311</u>

	July–September 2023				
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and Elimination	Total
Income					
Income from external customers	\$ 61,629	-	1,718	-	63,347
Inter-department Income	28	-	180	(208)	-
Total income	<u>\$ 61,657</u>	<u>-</u>	<u>1,898</u>	<u>(208)</u>	<u>63,347</u>
Earnings before tax of reporting segments	<u>\$ 89</u>	<u>19</u>	<u>(1,453)</u>	<u>1,434</u>	<u>89</u>

	January–September 2024				
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and Elimination	Total
Income					
Income from external customers	\$ 388	-	4,319	-	4,707
Inter-department Income	86	-	540	(626)	-
Total income	<u>\$ 474</u>	<u>-</u>	<u>4,859</u>	<u>(626)</u>	<u>4,707</u>
Earnings before tax of reporting segments	<u>\$ 84,338</u>	<u>(171)</u>	<u>(1,923)</u>	<u>2,094</u>	<u>84,338</u>

	January–September 2023				
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and Elimination	Total
Income					
Income from external customers	\$ 139,378	-	4,650	-	144,028
Inter-department Income	85	4	540	(629)	-
Total income	<u>\$ 139,463</u>	<u>4</u>	<u>5,190</u>	<u>(629)</u>	<u>144,028</u>
Earnings before tax of reporting segments	<u>\$ (41,948)</u>	<u>284</u>	<u>(3,629)</u>	<u>3,345</u>	<u>(41,948)</u>