

**Better Life Group Co., LTD. and the
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report**

Q2 2025 and 2024

Address: 4F, No. 303, Xinhua 1st Road, Neihu District, Taipei City
Tel.: (02)2791-5688

Contents

Item	Page
I. Cover	1
II. 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	8~9
(IV) Summary of Significant Accounting Policies	10
(V) Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	10
(VI) Summary of Significant Accounting Items	11~31
(VII) Related Party Transactions	31~33
(VIII) Assets Pledged	33
(IX) Significant Contingent Liabilities and Unrecognized Commitments	34
(X) Major Disaster Loss	35
(XI) Material Events After the Balance Sheet Date	35
(XII) Others	35
(XIII) Additional Disclosures	
1. Information on significant transactions	35~36
2. Information on investees	36
3. Information on investments in mainland China	37
(XIV) Information on Operating Segments	37~38

Independent Auditors' Review Report

To Better Life Group Co., Ltd.,

Introduction

We have reviewed the accompanying consolidated balance sheets of Better Life Group Co., Ltd. (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as of June 30, 2025 and 2024, the consolidated statement of comprehensive income for the six months ended June 30, 2025 and 2024 the statements of changes in equity and of cash flows for the six months ended June 30, 2025 and 2024 and the related notes of the consolidated financial statements, including a summary of significant accounting policies. 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 accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2025 and 2024, and its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, and its consolidated cash flows for the six months ended June 30, 2025 and 2024 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.

KPMG Taiwan

PAN JIUN MING

CPA:

CHEN TZUNG JE

Competent Security Authority Jin-Guan-Zheng-Shen-Zi

Approval Document No. : #1110333933

Jin-Guan-Zheng-Shen-Zi

#1000011652

August 8, 2025

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.

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Balance Sheet
June 30, 2025, December 31, 2024 and June 30, 2024

Unit: NTD thousand

Assets		2025.6.30		2024.12.31		2024.6.30	
		Amount	%	Amount	%	Amount	%
Current assets:							
1100	Cash and cash equivalents (Note 6(1))	\$ 418,956	20	682,956	33	155,925	9
1150	Notes receivable, net (Notes 6(4) and (17))	16,585	1	100,868	5	-	-
1170	Accounts receivable, net (Notes 6(4) and (17))	84	-	37,304	2	41	-
1320	Inventories (for construction industry) (Notes 6(5), 7, 8, and 9)	952,187	46	714,906	35	716,527	43
1410	Prepayments (Notes 6(6) and 7)	344,516	17	207,279	10	112,861	7
1424	Excess business tax paid	11,574	1	3,589	-	22,980	1
1476	Other financial assets - current (Note 8)	40,266	2	31,464	2	88,551	5
1478	Construction deposits paid (Notes 7 and 9)	39,649	2	39,649	2	221,643	13
1480	Incremental cost of obtaining contracts - current (Note 7)	9,868	-	9,868	-	41,212	3
1482	Costs to fulfill contracts, current	1,000	-	8,500	-	8,500	1
		<u>1,834,685</u>	<u>89</u>	<u>1,836,383</u>	<u>89</u>	<u>1,368,240</u>	<u>82</u>
Non-current assets:							
1510	Financial assets measured at fair value through profit or loss – non-current (Notes 6(2) and (20))	249	-	424	-	51,845	3
1517	Financial assets measured at fair value through other comprehensive income – non-current (Notes 6 (3) and (20))	22,540	1	22,540	1	20,836	1
1600	Property, plant and equipment (Notes 6(7))	2,913	-	3,826	-	9,088	1
1755	Right-of-use assets (Note 6(9))	3,780	-	5,200	-	18,869	1
1760	Investment properties (Notes 6 (8) and 8)	200,110	10	200,110	10	183,697	12
1967	Costs to fulfill contracts, non-current	4,100	-	-	-	-	-
1980	Other financial assets - non-current (Note 7)	925	-	1,004	-	1,518	-
		<u>234,617</u>	<u>11</u>	<u>233,104</u>	<u>11</u>	<u>285,853</u>	<u>18</u>
Total assets		<u>\$ 2,069,302</u>	<u>100</u>	<u>2,069,487</u>	<u>100</u>	<u>1,654,093</u>	<u>100</u>

Better Life Group Co., LTD. and the Subsidiaries
Consolidated balance sheet (continued)
June 30, 2025, December 31, 2024 and June 30, 2024

Unit: NTD thousand

Liabilities and equity		2025.6.30		2024.12.31		2024.6.30	
		Amount	%	Amount	%	Amount	%
Current liabilities:							
2100	Short-term borrowings (Note 6(11) and 8)	\$ 194,380	10	330,980	16	169,700	10
2110	Short-term notes payable (Note 6(11) and 8)	-	-	256,206	13	17,936	1
2130	Contract liabilities – current (Notes 6 (17) and 9)	67,150	4	100,019	5	242,417	15
2150	Notes payable (Note 7)	1,570	-	540	-	10,415	1
2170	Accounts payable (Note 7)	126,074	6	104,396	5	12,094	1
2200	Other payables (Note 6(18) and 7)	18,339	1	44,538	3	7,438	-
2230	Income tax liabilities	1,244	-	10,029	-	-	-
2280	Lease liabilities - current (Notes 6(13) and 7)	2,920	-	2,913	-	6,254	-
2305	Other financial liabilities - current	1,073	-	153	-	698	-
2321	Corporate bonds subject to redemption or exercise of sell-back rights within one year or one business cycle (Note 6(12) and 8)	-	-	-	-	298,443	18
2399	Other current liabilities - other	9,900	-	8,292	-	9,896	1
		<u>422,650</u>	<u>21</u>	<u>858,066</u>	<u>42</u>	<u>775,291</u>	<u>47</u>
Non-current liabilities:							
2570	Deferred income tax liabilities	26,993	1	26,993	1	27,104	2
2580	Lease liabilities - non-current (Notes 6(13) and 7)	984	-	2,464	-	14,402	1
		<u>27,977</u>	<u>1</u>	<u>29,457</u>	<u>1</u>	<u>41,506</u>	<u>3</u>
	Total liabilities	<u>450,627</u>	<u>22</u>	<u>887,523</u>	<u>43</u>	<u>816,797</u>	<u>50</u>
Equity attributable to owners of the parent (Note 6 (15)):							
3100	Capital	1,349,705	65	1,049,705	51	1,001,858	61
3200	Capital surplus	227,353	11	108,353	5	52,097	3
3310	Legal reserve	7,085	-	4,320	-	4,320	-
3350	Undistributed earnings (deficit to be made up)	42,699	2	27,652	1	(211,277)	(13)
3400	Other equity interests	(8,167)	-	(8,066)	-	(9,702)	(1)
	Total equity	<u>1,618,675</u>	<u>78</u>	<u>1,181,964</u>	<u>57</u>	<u>837,296</u>	<u>50</u>
	Total liabilities and equity	<u>\$ 2,069,302</u>	<u>100</u>	<u>2,069,487</u>	<u>100</u>	<u>1,654,093</u>	<u>100</u>

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

Chairman: Lin, Jui-Shan Manager: Lin, Jui-Shan Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Statements of Comprehensive Income
April 1 to June 30, 2025 and 2024 and January 1 to June 30, 2025 and 2024

Unit: NTD thousand

		April to June 2025		April to June 2024		January to June 2025		January to June 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating income (Note 6 (17))	\$ 8,344	100	1,796	100	97,014	100	3,389	100
5000	Operating costs (Notes 6(5) and 7)	8,000	96	1,811	101	54,723	57	3,559	105
	Gross profit(loss)	344	4	(15)	(1)	42,291	43	(170)	(5)
6000	Operating expenses (Notes 6(13), (18), and 7):								
6100	Selling expenses	466	5	443	25	1,560	2	1,087	32
6200	General and administrative expenses	10,095	121	10,113	563	22,863	24	21,941	647
		10,561	126	10,556	588	24,423	26	23,028	679
6900	Operating profit	(10,217)	(122)	(10,571)	(589)	17,868	17	(23,198)	
	Non-operating Income and expenses (Notes 6 (13), (19) and 7):								
7100	Interest income	2,657	32	1,977	110	4,370	5	3,113	92
7010	Other income	903	11	1,269	71	2,155	2	2,604	77
7020	Other gains and losses	(226)	(3)	52,858	2,943	(336)	-	86,995	2,567
7050	Financial costs	(1,455)	(16)	(3,826)	(213)	(4,921)	(5)	(7,487)	(221)
	Total non-operating income and expenses	1,879	24	52,278	2,911	1,268	2	85,225	2,515
7900	Net profit (loss) before income tax	(8,338)	(98)	41,707	2,322	19,136	19	62,027	1,831
7950	Less: income taxes (Note 6 (14))	1,324	16	-	-	1,324	1	-	-
8200	Net income(loss) for the period	(9,662)	(114)	41,707	2,322	17,812	18	62,027	1,831
8300	Other comprehensive income (Note 6 (15))								
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	33
8349	Less: Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	1,118	33
8360	Items that may subsequently be reclassified to profit or loss								
8361	Exchange difference on translation of financial statements of foreign operations	(127)	(2)	29	2	(101)	-	117	3
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	(127)	(2)	29	2	(101)	-	117	3
8300	Other comprehensive income for the current period	(127)	(2)	29	2	(101)	-	1,235	36
	Total comprehensive income for the current period	<u>\$ (9,789)</u>	<u>(116)</u>	<u>41,736</u>	<u>2,324</u>	<u>17,711</u>	<u>18</u>	<u>63,262</u>	<u>1,867</u>
	Net income attributable to:								
8610	Owners of the parent	<u>\$ (9,662)</u>	<u>(114)</u>	<u>41,707</u>	<u>2,322</u>	<u>17,812</u>	<u>18</u>	<u>62,027</u>	<u>1,831</u>
	Other comprehensive income attributable to:								
8710	Owners of the parent	<u>\$ (9,789)</u>	<u>(116)</u>	<u>41,736</u>	<u>2,324</u>	<u>17,711</u>	<u>18</u>	<u>63,262</u>	<u>1,867</u>
	Earnings per share (Note 6(16))								
9750	Basic earnings (losses) per share (NTD)	<u>\$ (0.07)</u>		<u>0.42</u>		<u>0.14</u>		<u>0.62</u>	
9850	Diluted earnings (losses) per share (NTD)	<u>\$ (0.07)</u>		<u>0.38</u>		<u>0.14</u>		<u>0.57</u>	

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

Chairman: Lin, Jui-Shan

Manager: Lin, Jui-Shan

Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to June 30, 2025 and 2024

Unit: NTD thousand

	Equity attributable to owners of the parent							
	Share capital				Other equity items		Equity attributable to owners of the parent	Total equity
					Exchange difference on translation of financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		
	Common stock	Capital surplus	Legal reserve	Undistributed earnings				
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	-	-	-	62,027	-	-	62,027	62,027
Other comprehensive income for the current period	-	-	-	-	117	1,118	1,235	1,235
Total comprehensive income for the current period	-	-	-	62,027	117	1,118	63,262	63,262
Balance on June 30, 2024	\$ 1,001,858	52,097	4,320	(211,277)	129	(9,831)	837,296	837,296
Balance on January 1, 2025	\$ 1,049,705	108,353	4,320	27,652	61	(8,127)	1,181,964	1,181,964
Net income for the period	-	-	-	17,812	-	-	17,812	17,812
Other comprehensive income for the current period	-	-	-	-	(101)	-	(101)	(101)
Total comprehensive income for the current period	-	-	-	17,812	(101)	-	17,711	17,711
Allocation and distribution of surplus:								
Legal reserve appropriation	-	-	2,765	(2,765)	-	-	-	-
Capital increase by cash	300,000	119,000	-	-	-	-	419,000	419,000
Balance on June 30, 2025	\$ 1,349,705	227,353	7,085	42,699	(40)	(8,127)	1,618,675	1,618,675

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

Chairman: Lin, Jui-Shan

Manager: Lin, Jui-Shan

Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries

Consolidated Statement of Cash Flows

January 1 to June 30, 2025 and 2024

Unit: NTD thousand

	January to June 2025	January to June 2024
Cash flow from operating activities:		
Income before tax for the current period	\$ 19,136	62,027
Adjustments:		
Income and expenses		
Depreciation expense	2,222	4,616
Amortization expense	-	21
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	175	(87,005)
Interest expense	4,921	7,487
Interest income	(4,370)	(3,113)
Gain on lease modifications	-	(2)
Total income and expenses	<u>2,948</u>	<u>(77,996)</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	-	108,503
Notes receivable	84,283	452
Accounts receivable	37,212	(2)
Inventories	(236,654)	(107,970)
Prepayments	(145,222)	(83,726)
Other financial assets	(8,802)	40,634
Construction deposits paid	-	(2,561)
Costs to fulfill contracts, -current	7,500	-
Total net change in assets related to operating activities	<u>(261,683)</u>	<u>(44,670)</u>
Net change in liabilities related to operating activities:		
Contract liabilities	(32,869)	8,495
Notes payable	1,030	908
Accounts payable	21,712	(7,020)
Other payables	(26,023)	(1,491)
Non-current liabilities	1,608	(2,354)
Other financial liabilities	920	67
Total net change in liabilities related to operating activities	<u>(33,622)</u>	<u>(1,395)</u>
Total net change in assets and liabilities related to operating activities	<u>(295,305)</u>	<u>(46,065)</u>
Total adjustments	<u>(292,357)</u>	<u>(124,061)</u>
Cash outflow from operations	(273,221)	(62,034)
Interest received	4,370	3,113
Interest paid	(3,861)	(4,062)
Income tax paid	(10,109)	-
Net cash outflow from operating activities	<u>(282,821)</u>	<u>(62,983)</u>

Better Life Group Co., LTD. and the Subsidiaries
Consolidated statement of cash flows (continued)
For the three months ended June 30, 2025 and 2024

Unit: NTD thousands

	January to June 2025	January to June 2024
Cash flow from investing activities:		
Guarantee deposits paid	-	430
Acquisition of investment property	-	(6,557)
Other financial assets	78	(11)
Costs to fulfill contracts, -non-current	(4,100)	-
Net cash outflow from investment activities	(4,022)	(6,138)
Cash flow from financing activities:		
Short-term borrowings	(136,600)	79,700
Short-term notes payable	(258,044)	17,886
Repayment of long-term borrowings	-	(45,000)
Lease principal repaid	(1,473)	(3,244)
Capital increase by cash	419,000	-
Net cash inflow from financing activities	22,883	49,342
Effect of exchange rate changes on cash and cash equivalents	(40)	30
Decrease in cash and cash equivalents in current period	(264,000)	(19,749)
Balance of cash and cash equivalents at the beginning of the period	682,956	175,674
Balance of cash and cash equivalents at the end of the period	<u>\$ 418,956</u>	<u>155,925</u>

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

Chairman: Lin, Jui-Shan Manager: Lin, Jui-Shan Accounting Manager: Huang, Wen-Cheng

Better Life Group Co., LTD. and the Subsidiaries
Notes to Consolidated Financial Statements
Q2 2025 and 2024
(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 issued by the Ministry of Economic Affairs dated July 24 of the same year.

The primary business of the consolidated company is entrusting construction contractors to build public housing and commercial buildings for sales and leasing.

II. The Authorization of Financial Statements

These consolidated financial statements were approved and published by the board of directors on August 8, 2025.

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, 2025 does not have a material influence on the consolidated financial statements.

·Amendment to IAS 21 “Lack of Exchangeability”

(II) Impact of not adopting Accounting 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 Accounting Standards beginning on January 1, 2026.

·IFRS 17, “Insurance Contracts” and Amendments to IFRS 17

·Amendments to IFRS 9 and IFRS 7 “Amendment to the Classification and Measurement of Financial Instruments”

·Annual improvement of IFRS accounting

·Amendments to IFRS 9 and IFRS 7, “Contracts Referencing Nature-dependent Electricity”

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:

New and revised standards	Major revisions	Effective date announced by IASB
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, "Sales or Contribution of Assets between an Investor and Its Associate or Joint Venture"
- IFRS 19 "Subsidiaries not with Public Accountability: Disclosures"

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

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 December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in these consolidated financial statements:

Name of the investment company	Name of the subsidiary	Nature of business	Percentage of ownership		
			2025.6.30	2024.12.31	2024.6.30
The Company	Better Life Green Energy Technology Co., Ltd.	Solar energy applications	100%	100%	100%
The Company	Better Life 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) 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 for the future (including climate-related risks and opportunities). 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.

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

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 2024.

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 2024. For the related information, please refer to note 6 of the consolidated financial statements for 2024.

(I) Cash and cash equivalents

	2025.6.30	2024.12.31	2024.6.30
Cash on hand	\$ 155	155	192
Demand deposit	20,001	234,786	134,603
Checking deposit	800	15	15
Time deposits	398,000	348,000	-
Cash equivalents	-	100,000	21,115
	<u>\$ 418,956</u>	<u>682,956</u>	<u>155,925</u>

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 (20) 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

	2025.6.30	2024.12.31	2024.6.30
Financial assets at fair value through profit or loss:			
TWSE/TPEX listed stocks	\$ 249	424	51,845

1. Please refer to Note 6(20) for market risk information.
2. None of the consolidated company's financial assets abovementioned has been pledged as collateral.

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

	2025.6.30	2024.12.31	2024.6.30
Equity instrument at fair value through other comprehensive income:			
Domestic unlisted stock - Eastern Electronics Co., Ltd.	\$ 6,011	6,011	3,796
Domestic unlisted stock - Shin Kong Real Estate Management Co., Ltd.	3,256	3,256	3,735
Foreign unlisted stock - World Join International Ltd.	13,273	13,273	13,305
Total	<u>\$ 22,540</u>	<u>22,540</u>	<u>20,836</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(20) for market risk information.
3. None of the consolidated company's financial assets abovementioned has been pledged as collateral.

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

(IV) Notes and accounts receivable

	2025.6.30	2024.12.31	2024.6.30
Notes receivable - from operations	\$ 16,585	100,868	-
Accounts receivable at amortized cost	84	37,304	41
Less: Allowance for losses	-	-	-
	<u>\$ 16,669</u>	<u>138,172</u>	<u>41</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:

	2025.6.30		
	Carrying amounts of notes and accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	<u>\$ 16,669</u>	-	<u>-</u>
	2024.12.31		
	Carrying amounts of notes and accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	<u>\$ 138,172</u>	-	<u>-</u>
	2024.6.30		
	Carrying amounts of notes and accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	<u>\$ 41</u>	-	<u>-</u>

None of the consolidated company's notes receivable and accounts receivables was pledged for collateral as of June 30, 2025 and December 31 and June 30, 2024.

(V) Inventories

	2025.6.30	2024.12.31	2024.6.30
Construction business:			
Buildings and land held for sale	\$ 173,392	220,115	173,392
Construction in progress	181,246	175,444	424,717
Land held for construction site	597,549	277,499	50,418
Prepayment for land	-	41,848	68,000
	<u>\$ 952,187</u>	<u>714,906</u>	<u>716,527</u>
Inventory expected to be recovered after more than 12 months	<u>\$ 597,549</u>	<u>319,347</u>	<u>118,418</u>

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

Cost of goods sold is detailed below:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Buildings and land held for sale reclassified after sold	\$ -	-	46,723	-
Lease-related costs	-	1,811	-	3,559
Others	8,000	-	8,000	-
	\$ 8,000	1,811	54,723	3,559

1. Please refer to Note 6 (19) for the interest capitalization of the consolidated company.
2. For the consolidated company's inventory pledged for collateral as of June 30, 2025 and December 31 and June 30, 2024, please refer to Note 8.

(VI) Prepayments

	2025.6.30	2024.12.31	2024.6.30
Construction business - Pre-construction development costs	\$ 340,626	203,602	107,589
Others	3,890	3,677	5,272
	\$ 344,516	207,279	112,861

(VII) Property, plant and equipment

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

	Land	Leasehold improvements	Other equipment	Total
Cost or deemed cost:				
Balance on January 1, 2025	\$ 5,382	18,697	724	24,803
Effects of changes in foreign exchange rates	-	(1,191)	-	(1,191)
Balance on June 30, 2025	\$ 5,382	17,506	724	23,612
Balance on January 1, 2024	\$ 5,382	18,232	205	23,819
Effects of changes in foreign exchange rates	-	362	-	362
Balance on June 30, 2024	\$ 5,382	18,594	205	24,181
Depreciation and impairment losses:				
Balance on January 1, 2025	\$ 5,382	15,329	266	20,977
Depreciation during the year	-	715	87	802
Effects of changes in foreign exchange rates	-	(1,080)	-	(1,080)
Balance on June 30, 2025	\$ 5,382	14,964	353	20,699

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

	Land	Leasehold improvements	Other equipment	Total
Balance on January 1, 2024	\$ 5,382	7,935	145	13,462
Depreciation during the year	-	1,422	34	1,456
Effects of changes in foreign exchange rates	-	175	-	175
Balance on June 30, 2024	<u><u>\$ 5,382</u></u>	<u><u>9,532</u></u>	<u><u>179</u></u>	<u><u>15,093</u></u>

Book value:

January 1, 2025	<u><u>\$ -</u></u>	<u><u>3,368</u></u>	<u><u>458</u></u>	<u><u>3,826</u></u>
June 30, 2025	<u><u>\$ -</u></u>	<u><u>2,542</u></u>	<u><u>371</u></u>	<u><u>2,913</u></u>
January 1, 2024	<u><u>\$ -</u></u>	<u><u>10,297</u></u>	<u><u>60</u></u>	<u><u>10,357</u></u>
June 30, 2024	<u><u>\$ -</u></u>	<u><u>9,062</u></u>	<u><u>26</u></u>	<u><u>9,088</u></u>

None of the consolidated company's PP&E was pledged for collateral as of June 30, 2025 and December 31 and June 30, 2024.

(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:

	<u>Land and improvements</u>
Book value:	
Balance on January 1, 2025	\$ 200,110
Balance on June 30, 2025	<u><u>\$ 200,110</u></u>
Balance on January 1, 2024	\$ 177,140
Addition	<u>6,557</u>
Balance on June 30, 2024	<u><u>\$ 183,697</u></u>
Carrying amount:	
January 1, 2025	<u><u>\$ 200,110</u></u>
June 30, 2025	<u><u>\$ 200,110</u></u>
January 1, 2024	<u><u>\$ 177,140</u></u>
June 30, 2024	<u><u>\$ 183,697</u></u>

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.

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

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

<u>Property</u>	<u>Description of Important Contract Terms and Valuation Information</u>
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
Current status	2. Lease period: 24 years Development in progress
Discount rate	June 30, 2025: 3.845% December 31, 2024: 3.845% June 30, 2024: 3.720%
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, 2024 and 2023
Fair value of external appraisal	June 30, 2025: \$200,110 December 31, 2024: \$200,110 June 30, 2024: \$177,140

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 1,218 kWh from power generation equipment in Miaoli County in 2024, and the average bulk purchase rate at NT\$3.743/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 "2024 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.

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

(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 June 30, 2025 and December 31 and June 30, 2024, of 2.470%, 2.470%, and 2.345%, 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 3.845%, 3.845%, and 3.720%, respectively.

(3) Estimation of ending disposal value

The proceeds of real property disposal at the end of the period on June 30, 2025 and December 31 and June 30, 2024 were NT\$7,224 thousand per year, NT\$7,224 thousand per year, and NT\$8,101 thousand per year, respectively, and the calculated ending real property disposal prices were NT\$347,660 thousand, NT\$347,660 thousand and NT\$337,624 thousand, respectively.

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

Fair value valuation technique	Significant unobservable input	Relationship between significant unobservable input and fair value evaluation
The discounted cash flow analysis (DCF) using the income approach is adopted to evaluate the contractual rent provided by the consolidated company.	· Risk-adjusted discount rate on 2025.6.30: 3.845%	The estimated fair value would increase (or decrease) if:
Discounted cash flow analysis using the income approach:	2024.12.31: 3.845%	· The risk-adjusted discount rate decreases (increases).
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.	2024.6.30: 3.720%	

2. Please refer to Note 8 for the pledged on the consolidated company's investment properties as collateral.
3. 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 contrast 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.

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

(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>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
Balance on January 1, 2025	\$ 13,241	362	13,603
Balance on June 30, 2025	\$ 13,241	362	13,603
Balance on January 1, 2024	\$ 41,526	-	41,526
Addition	-	366	366
Less	-	(366)	(366)
Effects of changes in foreign exchange rates	771	-	771
Balance on June 30, 2024	\$ 42,297	-	42,297
Depreciation and impairment losses of right-of-use assets:			
Balance on January 1, 2025	\$ 8,388	15	8,403
Depreciation	1,330	90	1,420
Balance on June 30, 2025	\$ 9,718	105	9,823
Balance on January 1, 2024	\$ 19,905	-	19,905
Depreciation	3,114	46	3,160
Less	-	(46)	(46)
Effects of changes in foreign exchange rates	409	-	409
Balance on June 30, 2024	\$ 23,428	-	23,428
Book value:			
January 1, 2025	\$ 4,853	347	5,200
June 30, 2025	\$ 3,523	257	3,780
January 1, 2024	\$ 21,621	-	21,621
June 30, 2024	\$ 18,869	-	18,869

(X) Short-term notes and bills payable

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

	<u>2024.12.31</u>	<u>2024.6.30</u>
Commercial papers payable	\$ 258,000	18,000
Less: Discounted short-term notes payable	(1,794)	(64)
Total	\$ 256,206	17,936
Facilities not yet drawn	\$ -	-
Interest rate range	2.94%~3.10%	2.94%

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

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

(XI) Short-term borrowings

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

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Secured bank borrowings	\$ 171,600	258,200	169,700
Unsecured bank borrowings	22,780	72,780	-
Total	<u>\$ 194,380</u>	<u>330,980</u>	<u>169,700</u>
Facilities not yet drawn	<u>\$ 363,350</u>	<u>50,720</u>	<u>223,709</u>
Interest rate range	<u>2.85%~3.15%</u>	<u>2.63%~3.15%</u>	<u>2.76%~2.81%</u>

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

(XII) Corporate bonds payable

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

	<u>2024.12.31</u>	<u>2024.6.30</u>
Amount of convertible corporate bonds	\$ 300,000	300,000
Unamortized balance of discounted corporate bonds payable	-	(1,557)
Cumulative amount of redemption	(200,000)	-
Cumulative amount of conversion	(100,000)	-
Less: Portion due within one year or one operating cycle	-	(298,443)
Balance of corporate bonds payable at the end of the period	<u>\$ -</u>	<u>-</u>

Equity components — conversion rights (under capital reserve — subscription rights):
Please refer to Note 6 (15).

Interest expenses: Please refer to Note 6 (19).

1. The first secured convertible corporate bonds issued by the consolidated company in 2021 have expired and were delisted from the Taipei Exchange on September 24, 2024. As of the maturity date, a total of NT\$100,000 thousand were converted. Please refer to Note 6(15) for details of the conversion. The remaining unconverted corporate bonds of NT\$200,000 thousand were redeemed in accordance with the regulations and were paid on October 7, 2024.
2. Note 8 contains information regarding the collateralization of assets by the consolidated company in order to secure corporate bonds.

(XIII) Lease liabilities

The consolidated company's lease liabilities are as follows:

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Current	<u>\$ 2,920</u>	<u>2,913</u>	<u>6,254</u>
Non-current	<u>\$ 984</u>	<u>2,464</u>	<u>14,402</u>

Please refer to Note 6 (20) Financial Instruments for maturity analysis.

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

The amounts recognized in profit or loss are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest expense on lease liabilities	\$ 18	213	42	443
Gains from sublease of right-of-use assets	\$ -	1,668	-	3,131
Expense on short-term leases	\$ 20	104	70	226

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

	January to June 2025	January to June 2024
Total cash outflow from leases	\$ 1,585	3,913

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 one to five 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.

(XIV) Income tax

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Current income tax expense				
Adjustment of income tax for prior period	\$ 80	-	80	-
Additional tax on unappropriated earnings	1,244	-	1,244	-
Income tax expense	\$ 1,324	-	1,324	-

- Income tax assessments

- (1) The Company's business income taxes for the tax authority up to the year 2022.
- (2) The business income tax filings from the Company's subsidiaries in Taiwan were assessed by the tax authority for the following years:

Assessment year	Company name
2023	Better Life Green Energy Technology Co., Ltd.
2023	Better Life Real Estate Co., Ltd.
2023	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 2024.

(XV) Capital and other equity

The total amount of the Company's authorized capital as of June 30, 2025 and December 31 and June 30, 2024 was both NT\$6,750,000 thousand, divided into 675,000

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

thousand shares in both years, with a par value of NT\$10 per share. The paid-in capital amounted to NT\$1,349,705 thousand, NT\$1,049,705 thousand, and NT\$1,001,858 thousand respectively, of which NT\$140,000 thousand were privately placed common shares. All proceeds from issued shares had been collected.

1. Issue of ordinary shares

The changes in the number of outstanding shares of the Company for the six months ended June 30, 2025 and 2024 are as follows:

(in thousands)	Common stock	
	January to June 2025	January to June 2024
Number of outstanding shares issued as of January 1	104,971	100,186
Add: Capital increase in cash	30,000	-
Number of outstanding shares issued as of June 30	134,971	100,186

The Company's 2024 AGM resolved a private placement of common shares within a limit of 50,000 thousand shares. As of May 2, 2025, the one-year period has expired without execution. The unexecuted portion will no longer be carried out.

The Company's Board of Directors resolved on October 8, 2024 to issue 30,000 thousand common shares for cash capital increase and reserved 10% of the shares for employee share options. The price per share is NT\$14. The total amount of paid-in capital is NT\$420,000 thousand. All the shares have been fully paid in and the capital increase record date is set on February 14, 2025. The relevant statutory procedures have been completed. After deducting NT\$1,000 thousand from share issuance-related expenses of share premiums, a capital surplus of NT\$119,000 thousand was recorded.

New shares issued for cash capital increase are reserved for subscription by employees in accordance with Article 267 of the Company Act. According to IFRS 2, "share-based payment", the Company measured the fair value of equity instruments given at the date of grant and recognized NT\$4,103 thousand as salary expense and capital surplus at the grant date in 2024.

2. Capital surplus

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

	2025.6.30	2024.12.31	2024.6.30
Common stock premium	\$ 153,103	30,000	30,000
Gain on disposal of assets	110	110	110
Stock options - issue of convertible corporate bonds	-	-	21,828
Expiration of stock options	14,552	14,552	-
Employee share options	-	4,103	-
Convertible corporate bond conversion premium	59,429	59,429	-
Others	159	159	159
	\$ 227,353	108,353	52,097

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

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

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 resolved 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 June 27, 2025 and May 3, 2024, respectively, no distribution will be made from earnings on 2024 and proposal for compensation of losses on 2023.

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, 2025	\$ 61	(8,127)	(8,066)
Exchange differences in translation of net assets of foreign operations	(101)	-	(101)
Balance on June 30, 2025	<u>\$ (40)</u>	<u>(8,127)</u>	<u>(8,167)</u>
Balance on January 1, 2024	\$ 12	(10,949)	(10,937)
Exchange differences in translation of net assets of foreign operations	117	-	117
Unrealized profit or loss from financial assets measured at fair value through other comprehensive income	-	1,118	1,118
Balance on June 30, 2024	<u>\$ 129</u>	<u>(9,831)</u>	<u>(9,702)</u>

(XVI) Earnings (losses) per share

1. Basic earnings (losses) per share

The Company's basic earning (loss) per share for the six months ended June 30, 2025 and 2024 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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Net profit (loss) for the period attributable to equity holders of the Company's ordinary shares	<u>\$ (9,662)</u>	<u>41,707</u>	<u>17,812</u>	<u>62,027</u>

(2) Weighted average number of outstanding ordinary shares

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Number of issued common shares (shares in thousands) on January 1	104,971	100,185	104,971	100,185
Capital increase by cash	30,000	-	22,500	-
Weighted average number of outstanding ordinary shares (basic) (thousand shares)	<u>134,971</u>	<u>100,185</u>	<u>127,471</u>	<u>100,185</u>
Basic earnings (losses) per	<u>\$ (0.07)</u>	<u>0.42</u>	<u>0.14</u>	<u>0.62</u>

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

share (NTD)

2. Diluted earnings (losses) per share

For the six months ended June 30, 2025 and 2024 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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Net profit (loss) (basic) attributable to equity holders of the Company's ordinary shares	\$ (9,662)	41,707	17,812	62,027
Interest expense on convertible corporate bonds	-	1,856	-	3,699
Net profit (loss) (diluted) attributable to equity holders of the Company's ordinary shares	<u>\$ (9,662)</u>	<u>43,563</u>	<u>17,812</u>	<u>65,726</u>

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Weighted average number of outstanding ordinary shares (basic) (thousand shares)	134,971	100,185	127,471	100,185
Impact of number of shares of employee remuneration	(Note)		78	
Effect of conversion of convertible corporate bonds	-	14,354	-	14,354
Weighted average number of outstanding ordinary shares (diluted) (thousand shares)	<u>134,971</u>	<u>114,539</u>	<u>127,549</u>	<u>114,539</u>
Diluted earnings (losses) per share (NTD)	<u>\$ (0.07)</u>	<u>0.38</u>	<u>0.14</u>	<u>0.57</u>

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

(XVII) Income from contracts with customers

1. Details of revenue

The consolidated company's income breakdown is as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Revenue from customer contracts recognized	\$ 8,000	-	96,278	-
Rental Income (Note)	344	1,796	736	3,389
Total	<u>\$ 8,344</u>	<u>1,796</u>	<u>97,014</u>	<u>3,389</u>

Note: International Financial Reporting Standards No. 16 is applicable to the consolidating

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

company's rental income for the six months ended June 30, 2025 and 2024.

2. Contract balance

	2025.6.30	2024.12.31	2024.6.30
Notes receivable	\$ 16,585	100,868	-
Accounts receivable	84	37,304	41
Less: Allowance for losses	-	-	-
	\$ 16,669	138,172	41
Contract liability-housing and land sales	\$ 67,150	93,019	235,417
Contract liability-prepaid Income	-	7,000	7,000
Total	\$ 67,150	100,019	242,417

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

The opening balances of contract liabilities for January 1, 2025 and 2024 were recognized in income in the amount of NT\$ 34,839 thousand and NT\$0 for the six months ended June 30, 2025 and 2024.

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.

(XVIII) Remunerations to employees and directors

The Company's Articles of Incorporation were amended on June 27, 2025, as resolved by the shareholders' meeting. According to the amended Articles of Incorporation, if a profit is realized in a year, at least 4% of the profit shall be allocated as employee remuneration (of which at least 5% shall be distributed to grassroots employees), and no more than 4% as director remuneration. 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.

For the three months and six months ended June 30, 2025 and 2024 Company's estimated employee remuneration was NT\$0, NT\$0, NT\$561 thousand, and NT\$0; the estimated director remuneration was NT\$0. The amount was based on the pre-tax net profit of the period deducted by employee remuneration and director remuneration, and then deducted by accumulated losses, and multiplied by the distribution ratio of employee remuneration and director remuneration as set forth in the Company's Articles of Incorporation, and recognized as operating expenses for the respective periods. If the actual distribution amount differs from the estimated amount in the following year, it will be treated as a change in accounting estimate and the difference will be recognized as gains and losses for the following year.

For 2024, the Company's remuneration to employees was NT\$1,577 thousand, and remuneration to directors was NT\$0, which is not different from the actual distribution. The Company reported accumulated losses in 2023 and hence there was no need to distribute remunerations to employees or directors. Relevant information is available at the Market Observation Post System.

(XIX) Non-operating Income and expenses

1. Interest income

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest on bank deposits	\$ 2,425	671	3,790	671
Guarantee deposits paid	-	1,288	-	2,421

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

Other interest income	232	18	580	21
	<u>\$ 2,657</u>	<u>1,977</u>	<u>4,370</u>	<u>3,113</u>

2. Other income

The consolidated company's other Income are detailed below:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Management fees	\$ 903	1,251	2,154	2,502
income				
Other income	-	18	1	102
	<u>\$ 903</u>	<u>1,269</u>	<u>2,155</u>	<u>2,604</u>

3. Other gains and losses

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Foreign currency	\$ (17)	116	(8)	(12)
exchange gain or loss				
Gain on lease	-	2	-	2
modifications				
Net gains (losses) on	(98)	52,740	(175)	87,005
financial assets				
measured at fair value				
through profit or loss				
Others	(111)	-	(153)	-
	<u>\$ (226)</u>	<u>52,858</u>	<u>(336)</u>	<u>86,995</u>

4. Financial costs

The consolidated company's financial costs are detailed below:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest on bank	\$ 1,436	992	4,679	1,811
borrowings				
Interest on lease	18	213	42	443
liabilities				
Financial costs	1	916	827	1,816
Discounted and	-	2,321	-	4,624
amortized convertible				
corporate bonds				
Less: Capitalized	-	(616)	(627)	(1,207)
interest				
	<u>\$ 1,455</u>	<u>3,826</u>	<u>4,921</u>	<u>7,487</u>
Capitalized interest	<u>-</u>	<u>2.63%~2.76%</u>	<u>2.76%</u>	<u>2.63%~2.76%</u>
rate				

(XX) Financial instruments

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

The consolidated company has a wide clientele, without trading significantly

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

concentrated with a single customer. Hence, the credit risk of accounts receivable is not significantly concentrated.

(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 2024 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	Contractu al cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
June 30, 2025							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 194,380	223,565	2,876	2,876	5,752	127,185	84,876
Non-interest bearing liabilities	147,056	147,056	147,056	-	-	-	-
Lease liabilities	3,904	3,943	1,467	1,491	985	-	-
	\$ 345,340	374,564	151,399	4,367	6,737	127,185	84,876
December 31, 2024							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 330,980	352,865	134,225	2,924	93,989	10,107	111,620
Fixed-rate instruments	256,206	263,815	21,950	241,865	-	-	-
Non-interest bearing liabilities	149,627	149,627	149,627	-	-	-	-
Lease liabilities	5,377	5,458	1,491	1,491	2,476	-	-
	\$ 742,190	771,765	307,293	246,280	96,465	10,107	111,620
June 30, 2024							
Non-derivative financial liabilities							
Floating-rate instruments	\$ 169,700	172,176	91,538	80,638	-	-	-
Fixed-rate instruments	316,379	318,484	300,264	18,220	-	-	-
Non-interest bearing liabilities	30,645	30,645	30,645	-	-	-	-
Lease liabilities	20,656	22,045	3,290	3,670	7,340	7,745	-
	\$ 537,380	543,350	425,737	102,528	7,340	7,745	-

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.

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

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

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.

All other variables being equal, any 1% increase (decrease) in interest rates would result in an increase (decrease) by NT\$737 thousand and a decrease (increase) by NT\$263 thousand in the consolidating company's earnings before tax for the six months ended June 30, 2025 and 2024 respectively. This would be primarily due to the consolidation of company loans in variable interest rates.

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.)

		2025.6.30				
		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		\$ 249	249	-	-	249
Financial assets at fair value through other comprehensive income						
Domestic and foreign unlisted stocks		\$ 22,540	-	-	22,540	22,540
		2024.12.31				
		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		\$ 424	424	-	-	424
Financial assets at fair value through other comprehensive income						
Domestic and foreign unlisted stocks		\$ 22,540	-	-	22,540	22,540
		2024.6.30				
		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		\$ 51,845	51,845	-	-	51,845
Financial assets at fair value through						

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

other comprehensive income

Domestic and foreign unlisted stocks \$ 20,836 - - 20,836 20,836

(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 evaluating 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

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

on the control premium and liquidity of the equity securities.

(4) Transfer between Levels 1 and 2: None

(5) Details of changes in Level 3

	At fair value through other comprehensive income
	Equity instruments without quoted prices
January 1, 2025	\$ 22,540
June 30, 2025	\$ 22,540
January 1, 2024	\$ 19,718
Recognized in other comprehensive income	1,118
June 30, 2024	\$ 20,836

(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"> ·Discount on liquidity (30.00% on 2025.6.30, 2024.12.31 and 2024.6.30) ·Net market value multiplier (1.88%, 2.53%, and 1.77% on 2025.6.30, 2024.12.31 and 2024.6.30) 	<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"> ·Discount on liquidity (30.00% on 2025.6.30, 2024.12.31 and 2024.6.30) ·Discount on non-controlling interests (6.63% on 	<ul style="list-style-type: none"> ·The higher the liquidity discount, the lower the fair value ·The higher the non-controlling interest discount,

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

2025.6.30, 2024.12.31 and 2024.6.30)	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:

		Increase or decrease Change	Changes in fair value reflected in other comprehensive income	
Input			Favorable change	Unfavorable change
June 30, 2025				
Financial assets at fair value through other comprehensive income				
	Non-controlling interest discount	±10%	1,610	(1,610)
	Liquidity discount	±10%	2,941	(2,941)
	Book-to-market multiplier	±10%	556	(556)
December 31, 2024				
Financial assets at fair value through other comprehensive income				
	Non-controlling interest discount	±10%	1,770	(1,770)
	Liquidity discount	±10%	3,220	(3,220)
	Book-to-market multiplier	±10%	601	(601)
June 30, 2024				
Financial assets at fair value through other comprehensive income				
	Non-controlling interest discount	±10%	1,825	(1,825)
	Liquidity discount	±10%	2,977	(2,977)
	Book-to-market multiplier	±10%	380	(380)

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

(XXI) 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 (22) of the 2024 Consolidated Financial Statements.

(XXII) Capital management

The consolidated company's capital management objectives, policies and procedures are consistent with those disclosed in the 2024 consolidated financial statements, and there are no significant changes between the aggregated quantitative information of the capital management items and those disclosed in the 2024 consolidated financial statements. Please refer to Note 6(23) of the 2024 consolidated financial statements for relevant information.

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

(XXIII) Financing activities with non-cash transactions

The consolidating company's financing activities through non-cash transactions for the six months ended June 30, 2025 and 2024 re as follows:

1. Please refer to Note 6(9) for details of the right-of-use assets obtained through leases.
2. The reconciliation of liabilities from financing activities is as follows:

	2025.1.1	Cash flows	Non-cash movement		2025.6.30
			Number of impact from	Others	
Short-term borrowings	\$ 330,980	(136,600)	-	-	194,380
Short-term notes payable	256,206	(258,044)	-	(Note 1)	-
				1,838	
Lease liabilities	5,377	(1,473)	-	-	3,904
Total amount of liabilities from financing activities	\$ 592,563	(396,117)	-	1,838	198,284

	2024.1.1	Cash flows	Non-cash movement		2024.6.30
			Number of impact from	Others	
Short-term borrowings	\$ 90,000	79,700	-	-	169,700
Short-term notes payable	-	17,886	-	(Note 1) 50	17,936
Long -term borrowings	45,000	(45,000)	-	-	-
Corporate bonds payable	293,819	-	-	(Note 2) 4,624	298,443
Lease liabilities	23,449	(3,244)	407	(Note 3) 44	20,656
Total amount of liabilities from financing activities	\$ 452,268	49,342	407	4,718	506,735

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

Note 2: Discounted and amortized convertible corporate bonds

Note 3: New lease liabilities arising from the period.

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.	The chairman of the company is a director of the Company
Puyi Construction Co., Ltd.	The chairman of the company is a director of the Company
BAO MA ASSET DEVELOPMENT & MANAGEMENT CO., LTD.	The supervisor of the company is a director 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:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Pucheng Construction Co., Ltd.	\$ 2,711	17,113	5,172	36,720
Puyuan Development Co., Ltd.	-	68,000	-	68,000
Belongs to other related parties	-	785	-	1,571
	<u>\$ 2,711</u>	<u>85,898</u>	<u>5,172</u>	<u>106,291</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. Please refer to Note 9 for the engineering contracts entered into by the consolidated company and related parties as of June 30, 2025 and December 31 and June 30, 2024.

2. Payables to related parties

Account	Related party category	2025.6.30	2024.12.31	2024.6.30
Notes payable	Pucheng Construction Co., Ltd.	\$ 1,570	540	10,415
Accounts payable	Pucheng Construction Co., Ltd.	23,040	36,824	926
Accounts payable	Puquan Advertising Co., Ltd.	5,116	5,116	-
Accounts payable	Belongs to other related parties	-	-	2,550
Other payables	Belongs to other related parties	1,721	2,668	-
		<u>\$ 31,447</u>	<u>45,148</u>	<u>13,891</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. The interest expenses recognized for the three months and six months ended June 30, 2025 and 2024, were NT\$16 thousand, NT\$29 thousand, NT\$36 thousand and NT\$63 thousand, respectively. As of June 30, 2025, December 31 and June 30, 2024, the balance of lease liabilities was NT\$3,498 thousand, NT\$4,786 thousand and NT\$6,060 thousand, respectively. In addition, the guarantee deposits paid due to the above leases as of June 30, 2025 and December 31 and June 30, 2025 were all NT\$463 thousand.

4. Others

- (1) As of June 30, 2025 and December 31 and June 30, 2024, the consolidated company recognized an increase in the cost of contracts due to the payment of sales service fees under the consignment sales agreements with Puqun Advertising Co., Ltd. and Puquan Advertising Co., Ltd. The incremental cost of obtaining the contract recognized was NT\$ 9,868 thousand, NT\$9,868 thousand and NT\$41,212 thousand, respectively.
- (2) The consolidating company obtained from Pucheng Construction a guarantee check of NT\$28,612 thousand as of June 30, 2025 and December 31 and June 30, 2024 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 provided the related party Chang Chun-Kuei with interest subsidies of NT\$19,538 thousand, NT\$16,116 thousand and NT\$12,636 thousand (recognized in prepayments), a guarantee deposits and guarantee notes submitted were both NT\$24,500 thousand, as of June 30, 2025 and December 31 and June 30, 2024, for the joint development and separate sale of the project on the land at Guishan Hwa Ya.
- (4) The consolidated company and related parties jointly invest in the construction and joint development as follows:

Project name or land lot	Joint investment and construction target
Meiren Section, Songshan District	Puyuan Construction Co., Ltd.
Zhongli Civil Sports Center Section	Puyuan Development Co., Ltd.
Xinzhoumei Section, Beitou District	Puyuan Development Co., Ltd.
Shitan Section, Neihu District	Puyuan Construction Co., Ltd.
Hwa Ya Section, Guishan District	Puyuan Development Co., Ltd. and Pushi Construction Co., Ltd.
Yucheng Section, Nangang District	Puyuan Development Co., Ltd. and Puyi Construction Co., Ltd.
Project name or land lot	Joint construction partner
Hwa Ya Section, Guishan District	Chang Chun-Kuei
Zhengyi Section, Zhongshan District	BAO MA ASSET DEVELOPMENT & MANAGEMENT CO., LTD.

(III) Transactions with key management personnel

Key management personnel's remuneration includes:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Short-term employee benefits	\$ 2,726	2,173	5,454	4,523

VIII. Assets Pledged

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

Name of asset	Asset pledged as collateral	2025.6.30	2024.12.31	2024.6.30
Inventory – construction industry	Short-term borrowings and short-term notes payable	\$ 841,341	673,058	648,527
Other financial assets -current	Reserve account	-	-	3,924
Other financial assets -current	Trust account	26,888	29,836	83,693
Investment property	Corporate bonds and short-term notes payable	200,110	200,110	183,697
		\$ 1,068,339	903,004	919,841

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

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:

	2025.6.30	2024.12.31	2024.6.30
Signed contracts			
Housing and land sales	\$ 191,335	219,174	805,290
Contracts on solar installations and change of land use and relevant development projects	56,500	53,500	17,500
Proceeds received			
Housing and land sales	67,150	93,019	235,417
Contracts on solar installations and change of land use and relevant development projects	16,800	13,625	13,625

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

Payables not yet priced as per contract	2025.6.30	2024.12.31	2024.6.30
Non-related party	\$ 15,367	247	35,897
Related party	15,427	20,600	101,810
	\$ 30,794	20,847	137,707

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)		
		2025.6.30	2024.12.31	2024.6.30
Xinyi Section, Xinyi District	Joint investment in construction and joint construction and allocation of housing units	\$ 5,149	5,149	197,143
Meiren Section, Songshan District	Joint investment and construction	-	-	-
Zhongli Civil Sports Center Section	Joint investment and construction	-	-	-
Linyi Section, Linkou District	Jointly-constructed with portions divided	10,000	10,000	-
Xinzhoumei Section, Beitou District	Joint investment in construction and joint construction and allocation of housing units	-	-	-
Zhongshan Section, Zhongshan District	Joint investment in construction and joint construction and allocation of housing units	-	-	-
Shitan Section, Neihs District	Joint investment in construction and joint construction and allocation of housing units	-	-	-
Hwa Ya Section, Guishan District	Joint investment in construction and joint construction and separate sale	24,500	24,500	24,500
Zhengyi Section, Zhongshan District	Jointly-constructed with portions divided	-	-	-
Yucheng Section, Nangang District	Joint investment in construction and joint construction and allocation of housing units	-	-	-
		\$ 39,649	39,649	221,643

4. On June 30, 2025, December 31, 2024, and June 30, 2024, the consolidated company's guarantee bills for business needs were NT\$93,500 thousand, NT\$44,500 thousand, and NT\$24,500 thousand, respectively.
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 thousand when the project is completed and will charge a monthly rent at the agreed rate.

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

X. Major Disaster Loss: None.

XI. Material Events After the Balance Sheet Date: None.

XII. Others

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

By function By nature	April to June 2025			April to June 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	-	6,363	6,363	-	6,340	6,340
Labor and health insurance	-	451	451	-	425	425
Pension	-	268	268	-	292	292
Other employee benefit expenses	-	327	327	-	243	243
Depreciation expense	-	1,105	1,105	1,369	921	2,290
Amortization expense	-	-	-	-	10	10

By function By nature	January to June 2025			January to June 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	-	14,957	14,957	-	14,110	14,110
Labor and health insurance	-	990	990	-	894	894
Pension	-	552	552	-	566	566
Other employee benefit expenses	-	539	539	-	483	483
Depreciation expense	-	2,222	2,222	2,726	1,890	4,616
Amortization expense	-	-	-	-	21	21

(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.

XIII. Additional Disclosures

(I) Information on significant transactions

The material transactions to be disclosed by the consolidated company from January 1 to June 30, 2025 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: None.

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

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

Unit: NTD thousand

Company held	Type and name of securities	Relationship with securities issuer	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	6,011	0.58 %	6,011	
The Company	Stock - Nexcell Battery Co., Ltd.	-	"	200,000	-	0.20 %	-	
The Company	Stock - YAMAY INTERNATIONAL DEVELOPMENT CORP.	-	"	15	-	- %	-	
The Company	Stock - World Join International Ltd.	-	"	547,103	13,273	7.50 %	13,273	
The Company	Stock -Shin Kong Real Estate Management Co., Ltd.	-	"	550,000	3,256	1.67 %	3,256	
The Company	Stock - Falcon Machine Tools Co., Ltd.	-	Financial assets at fair value through profit or loss -non-current	12,720	249	0.01 %	249	

4. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
5. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
6. Business dealings and major transactions between the parent company and subsidiaries:

No.	Name of the counterparty	Counterparty	Relationship to the counterparty	Transactions in Q2 2025				As % of total revenues or total assets
				Item	Amount	Transaction terms and conditions		
0	The Company	Better Life Green Energy Technology Co., Ltd.	1	Accounts payable	4,940	Comparable to the industry level		0.24%
1	Better Life Green Energy Technology Co., Ltd.	The Company	2	Other receivables	4,940	Comparable to the industry level		0.24%

Note 1: indication by numbers

1. The parent company is coded "0".
2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: indication of the relations with counterparties

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 3: offset for the preparation of consolidated financial statements

(II) Information on investees:

The consolidated company's investees (excluding the investees in China) for the six months ended June 30, 2025 are as follows:

Unit: NTD thousand

Name of the investment company	Name of 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%	8,278	(412)	(412)	Subsidiaries
The Company	Better Life Real Estate Co., Ltd.	Taiwan	Marketing agency for the sale of real estate	80,000	80,000	8,000,000	100.00%	14,216	(112)	(112)	Subsidiaries
The Company	Better Life Group Travel Service Co., Ltd.	Taiwan	Travel agency	9,000	9,000	-	100.00%	1,693	(6)	(6)	Subsidiaries

Note: offset for the preparation of consolidated financial statements

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

(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

Name of the investee in mainland China	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 ratio	Investment gains and losses recognized in the current period	Book value of investment at the end of period	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	35,746 (USD1,220)	(Note 1)	35,746 (Note 2) (USD1,220)	-	-	35,746 (Note 2) (USD1,220)	(151) (RMB(35))	100.00%	(151) (Note 3) (RMB(35))	994 (RMB243)	-

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	35,746 (USD1,220)	268,828 (USD9,175)	971,205 (Note 5)

Note 5: Calculation of limit: Net equity of the current period x 60% = NT\$1,618,675 thousand x 60% = NT\$971,205 thousand.

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

XIV. Information on Operating Segments

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

April to June 2025					
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and elimination	Total
Income					
Income from external customers	\$ 344	-	8,000	-	8,344
Inter-department Income	28	-	180	(208)	-
Total income	<u>\$ 372</u>	<u>-</u>	<u>8,180</u>	<u>(208)</u>	<u>8,344</u>
Earnings before tax of reporting segments	<u>\$ (8,338)</u>	<u>-</u>	<u>(374)</u>	<u>374</u>	<u>(8,338)</u>
April to June 2024					
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and elimination	Total
Income					
Income from external customers	\$ 129	-	1,667	-	1,796
Inter-department Income	28	-	180	(208)	-
Total income	<u>\$ 157</u>	<u>-</u>	<u>1,847</u>	<u>(208)</u>	<u>1,796</u>
Earnings before tax of reporting segments	<u>\$ 41,707</u>	<u>(13)</u>	<u>(885)</u>	<u>898</u>	<u>41,707</u>

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

January to June 2025					
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and elimination	Total
Income					
Income from external customers	\$ 89,014	-	8,000	-	97,014
Inter-department Income	57	-	360	(417)	-
Total income	\$ 89,071	-	8,360	(417)	97,014
Earnings before tax of reporting segments	\$ 19,136	(112)	(569)	681	19,136

January to June 2024					
	Construction Department	Real Estate Agency Department	Other departments	Adjustment and elimination	Total
Income					
Income from external customers	\$ 258	-	3,131	-	3,389
Inter-department Income	57	-	360	(417)	-
Total income	\$ 315	-	3,491	(417)	3,389
Earnings before tax of reporting segments	\$ 62,027	(126)	(1,916)	2,042	62,027