

**KEDGE CONSTRUCTION CO., LTD.
and Subsidiaries**

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

Third Quarter of 2025 and 2024

The auditors' review report and the accompanying 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 auditors' review report and consolidated financial statements, the Chinese version shall prevail.

This financial report has not been reviewed or audited by independent certified public accountants.

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Independent Auditors' Review Report

To the Board of Directors of KEDGE CONSTRUCTION CO., LTD.:

Foreword

We have reviewed the accompanying Consolidated Statement of Financial Position of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (hereinafter referred to as “the Group”) as of September 30, 2025 and 2024, and the Consolidated Statement of Comprehensive Income for three and nine months then ended, as well as the Consolidated Statement of Changes in Equity and of Consolidated Statement of Cash Flows for the nine months then ended, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements 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 reviews in accordance with the Statement of Auditing Standards No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” 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 reviews, 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 KEDGE CONSTRUCTION CO., LTD. and subsidiaries as of September 30, 2025 and 2024, its consolidated financial performance for the three and nine months ended September 30, 2025 and 2024, and its consolidated cash flows for the nine months ended September 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC.

KPMG Taiwan

Certified Public Accountant:

Approval reference number	:	Jin-Guan-Zheng-Shen-Zi No. 1090332798
of the securities authority	:	Jin-Guan-Zheng-Shen-Zi No. 1000011652
November 7, 2025		

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries
Consolidated Balance Sheet
September 30, 2025, December 31, 2024, and September 30, 2024

Unit: NTD thousand

Assets		2025.9.30		2024.12.31		2024.9.30		Liabilities and equity		2025.9.30		2024.12.31		2024.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1) and (20))	\$ 6,451,148	43	4,634,266	36	5,114,871	42	2100	Short-term borrowings (Note 6(9), (20), and 8)	\$ 300,000	2	100,000	1	320,000	3
1110	Financial assets at fair value through profit or loss - current (Note 6(2) and (20))	109,641	1	111,294	1	106,679	1	2130	Contract liabilities - current (Note 6(17) and 7)	2,993,030	20	2,428,654	19	2,359,715	19
1140	Contract assets - current (Note 6(17) and 7)	3,704,038	25	4,164,171	32	3,550,142	29	2150	Notes payable (Note 6(20))	314,793	2	307,839	2	210,631	2
1170	Notes and accounts receivable, net (Note 6(4), (17), and (20))	1,773,037	12	1,449,251	11	1,031,769	8	2170	Accounts payable (Note 6(20))	4,695,358	32	4,231,645	32	4,013,843	33
1180	Notes and accounts receivable - related parties, net (Note 6(17), (20) and 7)	734,231	5	436,509	3	477,552	4	2200	Other payables (Note 6(13), (20) and 7)	329,638	3	353,984	3	273,395	2
1410	Prepayments	581,963	4	441,145	3	294,406	2	2230	Current income tax liabilities	117,810	1	98,121	1	4,512	-
1470	Other current assets	115,717	1	38,686	-	33,988	-	2280	Lease liabilities - current (Note 6(10), (20) and 7)	47,648	-	9,356	-	9,852	-
1476	Other financial assets - current (Note 6(20) and 8)	401,114	3	901,938	7	820,306	7	2300	Other current liabilities	17,146	-	13,400	-	4,008	-
		13,870,889	94	12,177,260	93	11,429,713	93			8,815,423	60	7,542,999	58	7,195,956	59
Non-current assets:								Non-current liabilities:							
1550	Investment under equity method (Note 6(5))	18,801	-	17,498	-	16,784	-	2552	Provision for long-term liabilities under warranty (Note 6(11))	162,621	1	174,197	1	176,327	1
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note 6(3) and (20))	471,814	3	601,956	5	575,166	5	2580	Lease liabilities - non-current (Note 6(10), (20) and 7)	169,602	1	9,561	-	10,208	-
1600	Property, plant and equipment (Note 6(6) and 8)	28,561	-	143,549	1	148,106	1	2645	Guarantee deposits received	11,616	-	11,713	-	1,330	-
1755	Right-of-use assets (Note 6(7))	213,495	2	19,382	-	21,524	-			343,839	2	195,471	1	187,865	1
1760	Investment property, net (Note 6(8) and 8)	153,061	1	48,225	1	48,283	1	Total liabilities		9,159,262	62	7,738,470	59	7,383,821	60
1780	Intangible assets	8,222	-	12,303	-	10,099	-	Equity attributable to owners of the parent company (Note 6(15)):							
1840	Deferred income tax assets (Note 6(14))	34,418	-	37,650	-	37,064	-	3110	Common stock capital	1,305,242	9	1,231,360	9	1,231,360	10
1995	Other non-current assets - others	24,973	-	2,508	-	2,508	-	3200	Capital reserve	519,017	3	518,809	4	518,809	4
1975	Net defined benefit assets - non-current (Note 6(13))	10,169	-	10,187	-	6,923	-	3300	Retained earnings	3,600,201	24	3,208,202	25	2,815,877	23
1980	Other financial assets - current (Note 6(20))	1,307	-	8,480	-	9,061	-	3400	Other equity	251,765	2	381,918	3	355,134	3
Total non-current assets		964,821	6	901,738	7	875,518	7	Total equity attributable to owners of the parent company		5,676,225	38	5,340,289	41	4,921,180	40
								36XX	Non-controlling interests	223	-	239	-	230	-
Total assets		\$ 14,835,710	100	13,078,998	100	12,305,231	100	Total equity		5,676,448	38	5,340,528	41	4,921,410	40
								Total liabilities and equity		\$ 14,835,710	100	13,078,998	100	12,305,231	100

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

Manager: Yi-Fang Huang, Chun-Ming Chen

Accounting supervisor: Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statement of Comprehensive Income

July 1 to September 30, 2025 and 2024 and January 1 to September 30, 2025 and 2024

Unit: NTD thousand

		July to September 2025		July to September 2024		January to September 2025		January to September, 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6(12), (17) and 7)	\$ 6,417,102	100	3,396,967	100	15,698,305	100	9,907,637	100
5000	Operating cost (Note 6(13) and 12)	5,882,842	92	3,086,583	91	14,419,870	92	9,149,667	92
	Gross operating profit	534,260	8	310,384	9	1,278,435	8	757,970	8
	Operating expenses:								
6200	Administrative expenses (Notes 6(13), (18), 7, and 12)	94,006	2	85,090	3	283,401	2	249,593	3
6450	Expected credit impairment reversal gain (Note 6(4))	-	-	-	-	-	-	(7,551)	-
		94,006	2	85,090	3	283,401	2	242,042	3
	Net operating profit	440,254	6	225,294	6	995,034	6	515,928	5
	Non-operating income and expenses:								
7100	Interest revenue (Note 6(19))	17,299	-	13,938	1	52,688	-	44,007	1
7010	Other income (Note 6(19) and 7)	41,487	1	24,875	1	43,117	-	30,533	-
7020	Other gains and losses (Note 6(19))	1,560	-	12,275	-	(1,701)	-	29,996	-
7050	Financial costs (Note 6(19))	(1,364)	-	(773)	-	(2,149)	-	(2,031)	-
7060	Share of profit or loss of affiliated companies and joint ventures under equity method (Note 6(5))	471	-	890	-	1,303	-	653	-
		59,453	1	51,205	2	93,258	-	103,158	1
	Net income before tax from continuing operations	499,707	7	276,499	8	1,088,292	6	619,086	6
7950	Less: Income tax expense (Note 6(14))	91,097	1	47,887	1	228,363	1	134,243	1
	Net income for the period	408,610	6	228,612	7	859,929	5	484,843	5
8300	Other comprehensive income:								
8310	Items not reclassified into profit or loss								
8316	Unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	(125,668)	(2)	(70,617)	(2)	(130,182)	(1)	113,415	1
8300	Other comprehensive income for the period (net amount after tax)	(125,668)	(2)	(70,617)	(2)	(130,182)	(1)	113,415	1
	Total comprehensive income for the period	<u>\$ 282,942</u>	<u>4</u>	<u>157,995</u>	<u>5</u>	<u>729,747</u>	<u>4</u>	<u>598,258</u>	<u>6</u>
	Net profit for the period attributable to:								
	Owner of the parent company	\$ 408,597	6	228,602	7	859,916	5	484,828	5
8620	Non-controlling interests	13	-	10	-	13	-	15	-
		<u>\$ 408,610</u>	<u>6</u>	<u>228,612</u>	<u>7</u>	<u>859,929</u>	<u>5</u>	<u>484,843</u>	<u>5</u>
	Total comprehensive income attributable to:								
	Owner of the parent company	\$ 282,957	4	158,000	5	729,763	4	598,218	6
	Non-controlling interests	(15)	-	(5)	-	(16)	-	40	-
		<u>\$ 282,942</u>	<u>4</u>	<u>157,995</u>	<u>5</u>	<u>729,747</u>	<u>4</u>	<u>598,258</u>	<u>6</u>
	Earnings per share (NTD) (Note 6(16))								
9750	Basic earnings per share (NTD)	<u>\$ 3.13</u>		<u>1.75</u>		<u>6.59</u>		<u>3.71</u>	
9850	Diluted earnings per share (NTD)	<u>\$ 3.12</u>		<u>1.75</u>		<u>6.55</u>		<u>3.70</u>	

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman:

Ai-Wei Yuan

Manager:

Yi-Fang Huang, Chun-Ming Chen

Accounting supervisor:

Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to September 30, 2025 and 2024

Unit: NTD thousand

	Equity attributable to owners of the parent company								
	Share capital		Retained earnings			Other equity		Non-controlling interests	Total equity
	Common stock capital	Capital reserve	Legal reserve	Undistributed earnings	Total	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total equity attributable to owners of the parent company		
Balance as of January 1, 2024	\$ 1,207,216	518,634	524,049	2,314,030	2,838,079	241,744	4,805,673	224	4,805,897
Net income for the period	-	-	-	484,828	484,828	-	484,828	15	484,843
Other comprehensive income in the current period	-	-	-	-	-	113,390	113,390	25	113,415
Total comprehensive income for the period	-	-	-	484,828	484,828	113,390	598,218	40	598,258
Appropriation and distribution of earnings:									
Provision for legal reserve	-	-	99,094	(99,094)	-	-	-	-	-
Common stock cash dividends	-	-	-	(482,886)	(482,886)	-	(482,886)	-	(482,886)
Common stock dividends	24,144	-	-	(24,144)	(24,144)	-	-	-	-
Difference between the equity price and book value of the subsidiary's equity actually acquired or disposed of	-	34	-	-	-	-	34	(34)	-
Overdue cash dividends	-	141	-	-	-	-	141	-	141
Balance as of September 30, 2024	\$ 1,231,360	518,809	623,143	2,192,734	2,815,877	355,134	4,921,180	230	4,921,410
Balance as of January 1, 2025	\$ 1,231,360	518,809	623,143	2,585,059	3,208,202	381,918	5,340,289	239	5,340,528
Net income for the period	-	-	-	859,916	859,916	-	859,916	13	859,929
Other comprehensive income in the current period	-	-	-	-	-	(130,153)	(130,153)	(29)	(130,182)
Total comprehensive income for the period	-	-	-	859,916	859,916	(130,153)	729,763	(16)	729,747
Appropriation and distribution of earnings:									
Provision for legal reserve	-	-	87,715	(87,715)	-	-	-	-	-
Common stock cash dividends	-	-	-	(394,035)	(394,035)	-	(394,035)	-	(394,035)
Common stock dividends	73,882	-	-	(73,882)	(73,882)	-	-	-	-
Overdue cash dividends	-	208	-	-	-	-	208	-	208
Balance as of September 30, 2025	\$ 1,305,242	519,017	710,858	2,889,343	3,600,201	251,765	5,676,225	223	5,676,448

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Ai-Wei Yuan

Manager: Yi-Fang Huang, Chun-Ming Chen

Accounting supervisor: Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Consolidated Statement of Cash Flows

January 1 to September 30, 2025 and 2024

Unit: NTD thousand

	January to September 2025	January to September, 2024
Cash flow from operating activities:		
Net income before tax for the current period	\$ 1,088,292	619,086
Adjustments:		
Income and expenses		
Depreciation expense	37,169	32,289
Amortization expense	4,081	2,243
Reversal gain of expected credit impairment	-	(7,551)
Net loss (gain) from financial assets and liabilities mandatorily measured at fair value through	1,653	(29,779)
net profit or loss		
Interest expense	2,149	2,031
Interest revenue	(52,688)	(44,007)
Dividend income	(41,974)	(24,542)
Share of income from affiliated companies and joint ventures accounted for using the equity	(1,303)	(653)
method		
Gains from the disposal of property, plant and equipment	(59)	-
Total income and expense	<u>(50,972)</u>	<u>(69,969)</u>
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Decrease (increase) of contract assets	460,133	(146,727)
Increase in notes and accounts receivable	(323,786)	(83,646)
Decrease (increase) of notes and accounts receivable - related parties	(297,722)	227,953
Increase in prepayments	(140,818)	(92,982)
Decrease (increase) of other current assets	(77,031)	1,555
Decrease in other financial assets	499,290	365,393
Increase in other non-current assets - others	-	(2,508)
Decrease of net defined benefit assets - non-current	18	24
Total net changes in assets related to operating activities	<u>120,084</u>	<u>269,062</u>
Net changes in liabilities related to operating activities:		
Increase in contract liabilities	564,376	256,531
Increase (decrease) of notes payable	6,954	(49,933)
Increase (decrease) in accounts payable	463,713	(466,480)
Decrease in other payables	(24,454)	(81,622)
Decrease in provisions	(11,576)	(5,343)
Increase (decrease) of other current liabilities	3,746	(14,104)
Decrease in other non-current liabilities	(97)	-
Total net changes in liabilities related to operating activities	<u>1,002,662</u>	<u>(360,951)</u>
Total net changes in assets and liabilities related to operating activities	<u>1,122,746</u>	<u>(91,889)</u>
Total adjustment items	<u>1,071,774</u>	<u>(161,858)</u>
Cash inflow from operations	2,160,066	457,228
Interest received	54,241	44,209
Dividends received	41,974	24,542
Interest paid	(1,703)	(1,967)
Income tax paid	(205,442)	(385,943)
Net cash inflow from operating activities	<u>2,049,136</u>	<u>138,069</u>
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(40)	-
Acquisition of property, plant and equipment	(7,430)	(4,564)
Disposal of property, plant and equipment	61	-
Acquisition of intangible assets	-	(4,403)
Increase of other financial assets	7,154	(3,061)
Increase in prepayment for equipment	(22,465)	-
Net cash outflow from investing activities	<u>(22,720)</u>	<u>(12,028)</u>
Cash flow from financing activities:		
Increase in short-term borrowings	580,000	520,000
Decrease in short-term borrowings	(380,000)	(300,000)
Increase in short-term bills payable	70,000	175,000
Decrease in short-term bills payable	(70,000)	(175,000)
Lease principal repayment	(15,499)	(10,672)
Distribution of cash dividends	(394,035)	(482,886)
Net cash outflow from financing activities	<u>(209,534)</u>	<u>(273,558)</u>
Increase (decrease) in cash and cash equivalents for the current period	1,816,882	(147,517)
Opening balance of cash and cash equivalents	4,634,266	5,262,388
Closing balance of cash and cash equivalents	<u>\$ 6,451,148</u>	<u>5,114,871</u>

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman:

Ai-Wei Yuan

Manager:

Yi-Fang Huang, Chun-Ming Chen

Accounting supervisor:

Fang-Chia Chang

KEDGE CONSTRUCTION CO., LTD. and Subsidiaries

Notes to the consolidated financial statements

Third Quarter of 2025 and 2024

(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

KEDGE CONSTRUCTION CO., LTD. (hereinafter referred to as the “Company”) was established on April 13, 1982 with the approval of the Ministry of Economic Affairs. Its registered address is 6F., No. 131, Section 3, Heping East Road, Da’an District, Taipei City, Taiwan. With approval by board resolution, the company relocated to 9F., No. 169, Sec. 3, Minquan E. Rd., Songshan District, Taipei City, and the address change registration has been completed with the competent authority according to law. The Company and its subsidiaries (hereinafter referred to as the “consolidated company”) mainly focus on integrated construction and development and rental of housing and buildings.

II. Date and procedure for approving the financial statements

This consolidated financial statement was approved by the Board of Directors on November 7, 2025.

III. Application of new and revised standards and interpretations

- (I) The impact of the adoption of the new and revised standards and interpretations approved by the FSC

The consolidated company began to apply the following newly amended IFRSs on January 1, 2025, and there was no significant impact on the consolidated financial statements.

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments” regarding the application guidance in Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (II) Impacts of not adopting the IFRS recognized by the FSC

The consolidated company has assessed that the application of the following newly amended IFRSs effective from January 1, 2026 will not cause significant impact on the consolidated financial statements.

- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments” regarding the application guidance in Section 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Involving Dependence on Renewable Electricity”

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

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

The standards and interpretations that have been issued and amended by the IASB but have not yet been approved by the FSC may be relevant to the consolidated company as follows:

New or amended standards	Major amendments	Effective date of IASB's announcement
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 (MPMs): The new standard introduces the definition of MPM, and requires companies to explain why each measurement could provide useful information, and how the indicators are calculated and adjusted with the amounts recognized in accordance with the IFRSs. • Detailed information: The new standard includes guidance on how to strengthen the grouping of 	<p>January 1, 2027</p> <p>Note: The Financial Supervisory Commission (FSC) announced on September 25, 2025 that IFRS 18 will take effect starting from January 1, 2028, with early adoption permitted.</p>

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

New or amended standards	Major amendments	Effective date of IASB's announcement
	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.	

The consolidated company is currently evaluating the impact of the above standards and interpretations on the financial position and operating results of the consolidated company. The relevant impact will be disclosed when the evaluation is completed.

The consolidated company expects the following other new and amendments to standards that have not yet been approved to have no significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 19 “Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures”

IV. Summary of significant accounting policies

(I) Declaration of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”) and IAS No. 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. This consolidated financial statement does not include all necessary information to be disclosed in the entire annual financial statements prepared in accordance with the IFRS, IAS, interpretations and interpretation announcements approved and issued by the FSC (hereinafter referred to as “IFRS approved by the FSC”).

Except for the following, the significant accounting policies adopted in this consolidated financial statement are the same as those in the 2024 consolidated financial statements. For relevant information, please refer to Note 4 to the 2024 consolidated financial statements.

(II) Basis for Consolidation

1. Subsidiaries included in the consolidated financial statements

Name of Investment Company	Name of subsidiary	Nature of business	Percentage of equity held			Description
			2025.9.30	2024.12.31	2024.9.30	
The Company	Kuan Ching Electromechanical Co., Ltd. (Kuan Ching Electromechanical)	Electrical Appliance Installation and Fire Safety Equipment	99.97%	99.97%	99.97%	Subsidiary which directly holds more than 50% of

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

Name of Investment Company	Name of subsidiary	Nature of business	Percentage of equity held			Description
			2025.9.30	2024.12.31	2024.9.30	
		Installation Engineering				the total number of issued shares with voting rights
The Company	Jiequn Investment Co., Ltd. (Jiequn Investment)	General investment	99.98%	99.98%	99.98%	Subsidiary which directly holds more than 50% of the total number of issued shares with voting rights
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	Comprehensive Construction Activities, etc.	100.00%	100.00%	100.00%	Subsidiary in which the Company indirectly holds more than 50% of the voting rights

2. Subsidiaries not included in the consolidated financial statements: None.

(III) Foreign Currency

1. Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. On the reporting date (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into functional currency in accordance with the exchange rate of the reporting date. The non-monetary item denominated in foreign currency measured at fair value is translated into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item denominated in foreign currency measured at historical cost is translated in accordance with the exchange rate on the transaction date.

(IV) Classification criteria for current and non-current assets and liabilities

The consolidated company's assets that meet one of the following conditions are classified as current assets; assets other than current assets are classified as non-current assets:

1. The asset is expected to be realized, or intended to be sold or consumed in its normal

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

business cycle;

2. The asset is held mainly for the purpose of trading;
3. The asset is realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalents (as defined by IAS 7), unless the exchange of the asset or its use to settle a liability at least twelve months after the reporting period are restricted.

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

1. The liability is expected to be settled in the normal business cycle;
2. The liability is held mainly for the purpose of trading;
3. The liability will be settled within twelve months after the reporting period; or
4. At the end of the reporting period, the consolidated company does not have the right to defer the settlement of the liability for at least 12 months after the reporting period.

(V) Employee Benefits

The interim pension of defined benefit plan is calculated in accordance with the actuarial pension cost rate on the reporting date of the previous year, from the beginning of the year to the end of the current period. The plan is adjusted accordingly to major market fluctuation and major shrinkage, repayment or other major one-time events after the reporting date.

(VI) Income Tax

The consolidated company measured and disclosed the interim income tax expense in accordance with International Accounting Standard No. 34 "Interim Financial Report" Paragraph B12.

Income tax expense is measured by multiplying the net profit before tax during the interim reporting period by the management's best estimate of the average effective tax rate for the year, and fully recognized as current income tax expense.

V. Major accounting judgments, estimates, and major sources of uncertainty for assumptions

When the management prepares these consolidated financial statements in accordance with the preparation standards and IAS No. 34 "Interim Financial Reporting" approved by the FSC, the management must make judgments, estimates and about the future (including climate-related risks and opportunities), which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

In preparing the consolidated financial statements, the significant judgments made by the management in adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with Note 5 to the 2024 consolidated financial statements.

Main sources of uncertainty in estimates and assumptions:

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

(I) Construction contract

The recognition of income and cost of construction contract construction profit and loss is based on the degree of completion of the contract activities. The consolidated company measures the degree of completion based on the completion of the performance obligation stated in the contract.

Since the estimated total cost and contract items are based on the evaluation and judgment of the management based on the nature, expected contract amount, construction duration, engineering implementation and construction methods of different projects, they may affect the calculation of the percentage of completion and project profit and loss.

VI. Description of important accounting items

Except for the following, there is no material difference between the descriptions of the major accounting items in the consolidated financial statements and the consolidated financial statements of 2024. For relevant information, please refer to Note 6 of the consolidated financial statements of 2024.

(I) Cash and cash equivalents

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Cash and petty cash	\$ 320	320	320
Demand deposits	862,459	153,864	281,247
Check deposits	1,128,784	1,001,043	1,059,217
Time deposit	3,101,176	3,100,000	3,150,000
Cash equivalents	1,358,409	379,039	624,087
Cash and cash equivalents	<u>\$ 6,451,148</u>	<u>4,634,266</u>	<u>5,114,871</u>

The cash equivalents referred to above are short-term bills with maturity intervals of October to November 2025, January to February 2025, and October to November 2025, and the interest rate intervals are 1.45%-1.46%, 1.42%-1.43%, and 1.40%-1.41%.

For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note 6(20).

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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Listed (OTC) company stocks	<u>\$ 109,641</u>	<u>111,294</u>	<u>106,679</u>

1. The dividend income from the consolidated company's equity instrument investment specified above as mandatorily measured at fair value through profit or loss recognized for the three and nine months ended September 30, 2025 and 2024 was NTD 5,199

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

thousand, NTD 2,965 thousand, NTD 5,199 thousand, and NTD 2,965 thousand, respectively.

2. The consolidated company's financial assets were not provided as collateral on September 30, 2025, December 31, 2024, and September 30, 2024.

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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Equity instruments measured at fair value through other comprehensive income:			
Domestic listed (OTC) company stock - Kindom Development Co., LTD.	\$ 463,140	595,061	568,172
Stock of domestic (OTC) listed companies - Fubon Financial Preferred Shares C (FBFHCPSC)	1,114	1,099	1,080
Stock of domestic (OTC) listed companies - Global Views Commonwealth Publishing Group	7,560	5,796	5,914
Stock of domestic (OTC) listed companies - Taiwan Calcom International Computer Graphic Co., Ltd.	-	-	-
Total	<u>\$ 471,814</u>	<u>601,956</u>	<u>575,166</u>

1. Equity instrument investment measured at fair value through other comprehensive income
The investments in these equity instruments held by the consolidated company are long-term strategic investments and are not held for trading purposes, and therefore have been designated to be measured at fair value through other comprehensive income.
2. The dividend income from the consolidated company's equity instrument investment specified above as measured at fair value through other comprehensive income recognized for the three and nine months ended September 30, 2025 and 2024 was NTD 36,279 thousand, NTD 21,081 thousand, NTD 36,775 thousand, and NTD 21,577 thousand, respectively.
3. The consolidated company did not dispose of the strategic investment from January 1 to September 30, 2025 and 2024, and the accumulated gain or loss during that period was not transferred within the equity.
4. None of the financial assets of the consolidated company has been provided as a collateral guarantee.
5. Please refer to Note 6(20) for credit risk (including impairment of debt instrument investment) and market risk information.

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

(IV) Notes and Accounts Receivable

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Accounts receivable	\$ 1,773,037	1,449,251	1,031,769
Less: Loss allowance	-	-	-
	<u><u>\$ 1,773,037</u></u>	<u><u>1,449,251</u></u>	<u><u>1,031,769</u></u>

The consolidated company estimates the expected credit losses using the simplified method for all notes and accounts receivable, that is, using the expected credit losses of the duration for measurement. For the objective of such measurement, the consolidated company considers the past default records of the customers and the present financial position, industrial economic conditions and future outlook. The expected credit loss of the consolidated company's notes and accounts receivable is analyzed as follows:

	<u>2025.9.30</u>		
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	\$ 1,773,037	-	-
Overdue for more than 90 days	-	100%	-
	<u><u>\$ 1,773,037</u></u>		<u><u>-</u></u>
	<u>2024.12.31</u>		
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	\$ 1,449,251	-	-
Overdue for more than 90 days	-	100%	-
	<u><u>\$ 1,449,251</u></u>		<u><u>-</u></u>
	<u>2024.9.30</u>		
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	\$ 1,031,769	-	-
Overdue for more than 90 days	-	100%	-
	<u><u>\$ 1,031,769</u></u>		<u><u>-</u></u>

The changes in the allowance for notes and accounts receivable of the consolidated

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

company are as follows:

	January to September, 2024
Opening balance	\$ 7,551
Reversal of impairment loss	<u>(7,551)</u>
Closing balance	<u><u>\$ -</u></u>

The consolidated company's accounts receivable were not provided as collateral on September 30, 2025, December 31, 2024, and September 30, 2024.

(V) Investment under equity method

The consolidated company's investment under equity method on the reporting date is as follows:

	2025.9.30	2024.12.31	2024.9.30
READYCOM INFORMATION SERVICES CO., LTD.	<u><u>\$ 18,801</u></u>	<u><u>17,498</u></u>	<u><u>16,784</u></u>

As of September 30, 2025, December 31, 2024, and September 30, 2024, the consolidated company's all investments under the equity method were not provided as collateral.

(VI) Property, plant and equipment

Changes in the cost, depreciation and impairment loss of the property, plant and equipment of the consolidated company are as follows:

	Land	Buildings	Transportation equipment	Other equipment	Total
Cost or recognized cost:					
Balance as of January 1, 2025	\$ 115,630	27,635	720	112,687	256,672
Addition	-	-	-	7,300	7,300
Disposal	-	-	-	(147)	(147)
Reclassification to investment property	<u>(106,400)</u>	<u>(25,333)</u>	<u>-</u>	<u>-</u>	<u>(131,733)</u>
Balance as of September 30, 2025	<u><u>\$ 9,230</u></u>	<u><u>2,302</u></u>	<u><u>720</u></u>	<u><u>119,840</u></u>	<u><u>132,092</u></u>
Balance as of January 1, 2024	\$ 115,630	27,635	-	101,152	244,417
Addition	-	-	720	7,591	8,311
Reclassification	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124</u>	<u>1,124</u>
Balance as of September 30, 2024	<u><u>\$ 115,630</u></u>	<u><u>27,635</u></u>	<u><u>720</u></u>	<u><u>109,867</u></u>	<u><u>253,852</u></u>
Depreciation and					

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
impairment loss:					
Balance as of January 1, 2025	\$ 7,000	21,592	140	84,391	113,123
Current depreciation	-	173	180	16,865	17,218
Disposal	-	-	-	(145)	(145)
Reclassification to investment property	<u>(7,000)</u>	<u>(19,665)</u>	<u>-</u>	<u>-</u>	<u>(26,665)</u>
Balance as of September 30, 2025	<u>\$ -</u>	<u>2,100</u>	<u>320</u>	<u>101,111</u>	<u>103,531</u>
Balance as of January 1, 2024	\$ 7,000	21,282	-	57,311	85,593
Current depreciation	<u>-</u>	<u>232</u>	<u>80</u>	<u>19,841</u>	<u>20,153</u>
Balance as of September 30, 2024	<u>\$ 7,000</u>	<u>21,514</u>	<u>80</u>	<u>77,152</u>	<u>105,746</u>
Carrying amount:					
January 1, 2025	<u>\$ 108,630</u>	<u>6,043</u>	<u>580</u>	<u>28,296</u>	<u>143,549</u>
September 30, 2025	<u>\$ 9,230</u>	<u>202</u>	<u>400</u>	<u>18,729</u>	<u>28,561</u>
January 1, 2024	<u>\$ 108,630</u>	<u>6,353</u>	<u>-</u>	<u>43,841</u>	<u>158,824</u>
September 30, 2024	<u>\$ 108,630</u>	<u>6,121</u>	<u>640</u>	<u>32,715</u>	<u>148,106</u>

The consolidated company rented its self-use building located at No. 131 Heping E. Rd., Taipei City to a third party between January 1 to September 30, 2025, and the related cost and accumulated depreciation for this change has been reclassified to investment property. Please refer to Note 6(8).

Please refer to the consolidated company's property, plant and equipment as guarantee for the financing amount on September 30, 2025, December 31, 2024, and September 30, 2024, respectively. Please refer to Note 8.

(VII) Right-of-use assets

The details of changes in the cost and depreciation of the land, buildings and transportation equipment leased by the consolidated company are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2025	\$ 13,637	12,368	11,949	37,954
Addition	15,746	195,876	2,210	213,832

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	Land	Buildings	Transportation equipment	Total
Transferred out - lease expiry	<u>(10,353)</u>	<u>(2,155)</u>	<u>(2,098)</u>	<u>(14,606)</u>
Balance as of September 30, 2025	<u>\$ 19,030</u>	<u>206,089</u>	<u>12,061</u>	<u>237,180</u>
Balance as of January 1, 2024	\$ 17,965	10,147	11,549	39,661
Addition	599	3,763	3,726	8,088
Transferred out - lease expiry	<u>(5,190)</u>	<u>(888)</u>	<u>(2,496)</u>	<u>(8,574)</u>
Balance as of September 30, 2024	<u>\$ 13,374</u>	<u>13,022</u>	<u>12,779</u>	<u>39,175</u>
Depreciation and impairment loss of right-of-use assets:				
Balance as of January 1, 2025	\$ 9,120	4,383	5,069	18,572
Current depreciation	8,810	7,627	3,282	19,719
Transferred out - lease expiry	<u>(10,353)</u>	<u>(2,155)</u>	<u>(2,098)</u>	<u>(14,606)</u>
Balance as of September 30, 2025	<u>\$ 7,577</u>	<u>9,855</u>	<u>6,253</u>	<u>23,685</u>
Balance as of January 1, 2024	\$ 6,979	2,592	4,692	14,263
Current depreciation	6,099	2,458	3,405	11,962
Transferred out - lease expiry	<u>(5,190)</u>	<u>(888)</u>	<u>(2,496)</u>	<u>(8,574)</u>
Balance as of September 30, 2024	<u>\$ 7,888</u>	<u>4,162</u>	<u>5,601</u>	<u>17,651</u>
Book value:				
January 1, 2025	<u>\$ 4,517</u>	<u>7,985</u>	<u>6,880</u>	<u>19,382</u>
September 30, 2025	<u>\$ 11,453</u>	<u>196,234</u>	<u>5,808</u>	<u>213,495</u>
January 1, 2024	<u>\$ 10,986</u>	<u>7,555</u>	<u>6,857</u>	<u>25,398</u>
September 30, 2024	<u>\$ 5,486</u>	<u>8,860</u>	<u>7,178</u>	<u>21,524</u>

(VIII) Investment property

	Land	Buildings	Total
Cost or recognized cost:			

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance as of January 1, 2025	\$ 49,618	12,064	61,682
Transfer from property, plant and equipment	106,400	25,333	131,733
Balance as of September 30, 2025	<u>\$ 156,018</u>	<u>37,397</u>	<u>193,415</u>
Balance as of January 1, 2024	\$ 49,618	12,064	61,682
Balance as of September 30, 2024	<u>\$ 49,618</u>	<u>12,064</u>	<u>61,682</u>
Depreciation and impairment loss:			
Balance as of January 1, 2025	\$ 7,000	6,457	13,457
Current depreciation	-	232	232
Transfer from property, plant and equipment	7,000	19,665	26,665
Balance as of September 30, 2025	<u>\$ 14,000</u>	<u>26,354</u>	<u>40,354</u>
Balance as of January 1, 2024	\$ 7,000	6,225	13,225
Current depreciation	-	174	174
Balance as of September 30, 2024	<u>\$ 7,000</u>	<u>6,399</u>	<u>13,399</u>
Carrying amount:			
January 1, 2025	<u>\$ 42,618</u>	<u>5,607</u>	<u>48,225</u>
September 30, 2025	<u>\$ 142,018</u>	<u>11,043</u>	<u>153,061</u>
January 1, 2024	<u>\$ 42,618</u>	<u>5,839</u>	<u>48,457</u>
September 30, 2024	<u>\$ 42,618</u>	<u>5,665</u>	<u>48,283</u>

In consideration of the change of use for the land and building located at No. 131, Sec. 3, Heping E. Rd., Taipei City, the consolidated company transfers the self-use property, plant and equipment to investment property. Please refer to Note 6(6).

There is no significant difference between the fair value of the investment property of the consolidated company and the information disclosed in Note 6(8) to the 2024 consolidated financial statements.

Please refer to Note 8 for the consolidated company's investment property provided as guarantee for the financing amount on September 30, 2025, December 31, 2024, and September 30, 2024.

(IX) Short-term borrowings

The short-term borrowings of the consolidated company are detailed as follows:

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Unsecured bank borrowings	<u>\$ 300,000</u>	<u>100,000</u>	<u>320,000</u>
Unused credit limit	<u>\$ 5,140,837</u>	<u>6,111,338</u>	<u>5,787,880</u>
Interest rate range	<u>1.88%</u>	<u>1.79%</u>	<u>1.79%~2.38%</u>

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

Please refer to Note 6(20) for the information on the consolidated company's interest rate and liquidity risk exposure.

For the consolidated company's assets pledged as collateral for bank loans, please refer to Note 8.

(X) Lease liabilities

The carrying amount of the consolidated company's lease liabilities is as follows:

	2025.9.30	2024.12.31	2024.9.30
Current	\$ 47,648	9,356	9,852
Non-current	\$ 169,602	9,561	10,208

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

The amount of lease recognized in profit or loss is as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Interest expense of lease liabilities	\$ 508	116	873	374
Expenses of short- term leases	\$ 10,855	2,826	30,505	20,423

The amount of lease recognized in the statement of cash flows is as follows:

	January to September 2025	January to September, 2024
Total cash outflow for leases	\$ 46,877	31,469

1. Lease of lands, buildings and structures

The consolidated company rented the land and buildings on September 30, 2025 and 2024 for use as the office of business and construction site for a lease term of one to thirty years.

2. Other leases

The consolidated company leases transportation equipment for a lease term of one to four years.

(XI) Provision for liabilities

	January to September 2025	January to September, 2024
Balance of warranty reserve on January 1	\$ 174,197	181,670
Liability reserve increased in the current period	2,484	14,244
Liability reserve used in the current period	(14,060)	(19,587)
Balance of warranty reserve on September 30	\$ 162,621	176,327

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

The consolidated company's warranty provision for the nine months ended September 30, 2025 and 2024 is mainly related to the contracting of projects. The warranty provision is estimated based on the historical warranty data of various projects. The consolidated company expects the liabilities to be incurred in more than one year after the inspection and acceptance of the project.

(XII) Operating lease

The consolidated company leases out its investment properties. Since it has not transferred almost all the risks and rewards attached to the ownership of the underlying assets, the lease contracts are classified as operating leases. Please refer to Note 6(8) Investment properties.

The maturity analysis of lease payments is shown in the following table based on the total undiscounted lease payments to be received after the reporting date:

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Total undiscounted lease payments (less than one year)	\$ <u>3,500</u>	<u>3,360</u>	<u>2,520</u>

The rent income generated from the investment property during the three and nine months ended September 30, 2025 and 2024 were NTD 2,333 thousand, NTD 840 thousand, NTD 4,013 thousand, and NTD 2,520 thousand, respectively; furthermore, there was no significant maintenance and repair expense.

(XIII) Employee Benefits

1. Defined benefit plan

Since there was no significant market fluctuation, significant curtailment, settlement or other major one-time events after the end of the previous fiscal year, the consolidated company adopted the actuarial pension decision on December 31, 2024 and 2023 for the cost measurement and pension cost disclosed in the interim period.

The details of expenses recognized by the consolidated company as follows:

	<u>July to September 2025</u>	<u>July to September 2024</u>	<u>January to September 2025</u>	<u>January to September, 2024</u>
Operating cost	\$ 55	48	174	168
Administrative expenses	6	32	440	153
Total	<u>\$ 61</u>	<u>80</u>	<u>614</u>	<u>321</u>

2. Defined contribution plan

The pension expenses under the consolidated company's defined contribution plan are as follows, which have been appropriated to the Bureau of Labor Insurance:

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Operating cost	\$ 7,156	5,097	17,777	14,595
Administrative expenses	1,795	1,690	5,067	5,061
Total	<u>\$ 8,951</u>	<u>6,787</u>	<u>22,844</u>	<u>19,656</u>

3. Short-term paid leave of absence

The consolidated company's employee benefit liabilities are detailed as follows:

	2025.9.30	2024.12.31	2024.9.30
Short-term paid leave of absence	<u>\$ 8,077</u>	<u>12,664</u>	<u>7,607</u>

(XIV) Income Tax

Income tax expense is measured by multiplying the net profit before tax during the interim reporting period by the management's best estimate of the annual effective tax rate.

1. The details of income tax expenses of the consolidated company are as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Current income tax expense				
Occurred in the current period	\$ 90,086	47,324	206,420	109,353
Imposition on undistributed earnings	-	-	19,509	21,468
Adjustment of the current income tax of the previous period	-	-	(798)	(190)
	<u>90,086</u>	<u>47,324</u>	<u>225,131</u>	<u>130,631</u>
Deferred income tax expense				
Occurrence and reversal of temporary difference	<u>1,011</u>	<u>563</u>	<u>3,232</u>	<u>3,612</u>
Income tax expense	<u>\$ 91,097</u>	<u>47,887</u>	<u>228,363</u>	<u>134,243</u>

2. The income tax returns of the consolidated company's profit-seeking business have been audited by the tax authorities up to 2023.

(XV) Capital and other equity

Except for the following, there were no significant changes in the capital and other equity of the consolidated company during the nine months ended September 30, 2025 and 2024. For relevant information, please refer to the 2024 consolidated financial statements Note 6(14).

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

1. Issuance of common shares

On May 26, 2025, the general shareholders' meeting resolved to increase capital by NTD 73,882 thousand from earnings at NTD 10 per share, or 7,388 thousand shares. Approved by the Financial Supervisory Commission, Executive Yuan on July 9, 2025, with August 11, 2025 as the ex-rights record date. The relevant statutory procedures have been completed.

2. Capital reserve

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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Issued stock premium	\$ 383,109	383,109	383,109
Premium of corporate bond conversion	130,766	130,766	130,766
Changes in net equity of affiliates and joint ventures recognized under the equity method	2,602	2,602	2,602
Overdue dividends received	1,103	895	895
Others	1,437	1,437	1,437
	<u><u>\$ 519,017</u></u>	<u><u>518,809</u></u>	<u><u>518,809</u></u>

Pursuant to the Company Act, capital reserves shall be first used to make up for losses before issuing new shares or cash based on realized capital reserve according to the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

According to the Articles of Incorporation, if there is earnings at the end of each year, in addition to withholding tax paid in accordance with the law, it shall first be used to offset the losses of previous years, followed by 10% is the legal reserve and is set aside or reversed as special reserve according to laws and regulations. If there is any surplus, the board of directors shall prepare an earnings appropriation proposal. If this earnings distribution is in the form of cash, the Board of Directors shall be authorized to submit a proposal pursuant to Paragraph 5 of Article 240 of the Company Act with the attendance of at least two-thirds of the total number of directors, and approval by a majority of the total number of directors present at the meeting, and the matter to be reported to the shareholders meeting.

The Company will contract large-scale projects and strive for growth and innovation.

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

To continue expanding the appropriate amount of capital to meet the business's needs and take into account the shareholders' demand for cash, the Company's future cash dividend rate will be based on 20% of the total cash and stock dividends proposed to be distributed for the current fiscal year as the lower limit.

(1) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to issue new shares or cash from the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

(2) Earnings distribution

On March 7, 2025 and March 12, 2024, the Board of Directors resolved the cash dividends for the 2024 and 2023 earnings distribution proposals, respectively. On May 26, 2025 and May 29, 2024, the annual general shareholders' meetings resolved the stock dividends for the 2024 and 2023 earnings distribution proposals, respectively. The amounts of dividends allocated to owners are as follows:

	2024		2023	
	Stock dividend rate (NTD)	Amount	Stock dividend rate (NTD)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 3.20	394,035	4.00	482,886
Stocks	0.60	<u>73,882</u>	0.20	<u>24,144</u>
Total		<u>\$ 467,917</u>		<u>507,030</u>

4. Other equity (net amount after tax)

	Unrealized gains or losses on financial assets at fair value through other comprehensive income
Balance as of January 1, 2025	\$ 381,918
Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income	<u>(130,153)</u>
Balance as of September 30, 2025	<u>\$ 251,765</u>
Balance as of January 1, 2024	\$ 241,744
Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income	<u>113,390</u>
Balance as of September 30, 2024	<u>\$ 355,134</u>

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

(XVI) Earnings per share (EPS)

Calculations of the Company's basic earnings per share and diluted earnings per share are as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Basic earnings per share				
Net profit attributable to the Company's common stock shareholders	\$ 408,597	228,602	859,916	484,828
Weighted average outstanding common stock	130,524	130,524	130,524	130,524
	\$ 3.13	1.75	6.59	3.71
Diluted earnings per share				
Net profit attributable to the Company's common stock shareholders	\$ 408,597	228,602	859,916	484,828
Weighted average outstanding common stock	130,524	130,524	130,524	130,524
Effect of potentially dilutive ordinary shares				
Effect of employee stock compensation	524	352	703	605
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	131,048	130,876	131,227	131,129
	\$ 3.12	1.75	6.55	3.70

(XVII) Revenue from customer contracts

1. Breakdown of revenue

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Timing of revenue recognition:				
Construction transferred over time	\$ 6,414,769	3,396,127	15,694,292	9,904,559
Services gradually	2,333	840	4,013	3,078

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	<u>July to September 2025</u>	<u>July to September 2024</u>	<u>January to September 2025</u>	<u>January to September, 2024</u>
transferred over time	<u>\$ 6,417,102</u>	<u>3,396,967</u>	<u>15,698,305</u>	<u>9,907,637</u>
2. Contract balance				
	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>	
Notes and accounts receivable (including related party)	\$ 2,507,268	1,885,760	1,509,321	
Less: Loss allowance	-	-	-	
Total	<u>\$ 2,507,268</u>	<u>1,885,760</u>	<u>1,509,321</u>	
Contract assets- construction project	\$ 3,704,038	4,164,171	3,550,142	
Less: Loss allowance	-	-	-	
Total	<u>\$ 3,704,038</u>	<u>4,164,171</u>	<u>3,550,142</u>	
Contract liabilities- construction project	<u>\$ 2,993,030</u>	<u>2,428,654</u>	<u>2,359,715</u>	

Please refer to Note 6(4) for the disclosure of accounts receivable and its impairment.

Changes in contract assets and contract liabilities are mainly due to the difference between the time when the consolidated company transfers goods or services to customers to meet the performance obligation and the time when the customer makes payment. There was no other significant change for the nine months ended September 30, 2025 and 2024.

(XVIII) Remuneration to employees and directors

On May 26, 2025, the shareholders' meeting resolved to amend the Articles of Incorporation. According to the amended Articles, if the Company makes a profit in a given year, 0.5% or more shall be allocated as employee remuneration (of which entry-level employee remuneration shall be not less than 30%) and not more than 2% as directors' and supervisors' remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses.

Before the amendment, the Articles of Incorporation provided that if the Company made a profit in a given year, not less than 0.5% shall be allocated as employee remuneration and not more than 2% as directors' remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses.

The Company's estimated employees remuneration for the three and nine months ended September 30, 2025 and 2024 were NTD 21,162 thousand, NTD 11,716 thousand, NTD 45,983 thousand, and NTD 26,124 thousand, respectively, and the estimated directors remuneration were NTD 10,580 thousand, NTD 5,858 thousand, NTD 22,991 thousand, and

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

NTD 13,062 thousand, respectively. The estimate is based on the net income before tax of each period deducting the remuneration of employees and directors, and multiplied by the distribution percentage of the remuneration of employees and directors as stipulated in the Articles of Incorporation of the Company, and is reported as operating costs and operating expenses for the period. If there is a discrepancy between the actual distributed amount and the estimated figure in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year.

In 2024 and 2023, the Company provided NTD 62,966 thousand and NTD 86,063 thousand for remuneration to employees, and NTD 23,672 thousand and NTD 27,319 thousand for directors' remuneration, respectively, which were in line with the amounts resolved by the board of directors, and the relevant information can be found on the MOPS.

(XIX) Non-operating income and expenses

1. Interest revenue

The interest income of the consolidated company is detailed as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Bank deposits	\$ 12,098	11,140	41,179	35,054
Short-term bill interest income	5,201	2,798	11,509	8,951
Other interest income	-	-	-	2
	<u>\$ 17,299</u>	<u>13,938</u>	<u>52,688</u>	<u>44,007</u>

2. Other income

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

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Dividend income	\$ 41,478	24,046	41,974	24,542
Other income	9	829	1,143	5,991
	<u>\$ 41,487</u>	<u>24,875</u>	<u>43,117</u>	<u>30,533</u>

3. Other gains and losses

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

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Financial assets income measured at fair value through profit or loss	\$ 1,560	12,275	(1,653)	29,779
Foreign exchange gains	-	-	-	217
Gains from the disposal of property, plant and equipment	-	-	59	-

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Other expenses	-	-	(107)	-
	<u>\$ 1,560</u>	<u>12,275</u>	<u>(1,701)</u>	<u>29,996</u>

4. Financial costs

The consolidated company's financial costs are detailed as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Interest expense				
Bank borrowings	\$ 1,032	741	1,760	1,933
Other	332	32	389	98
	<u>\$ 1,364</u>	<u>773</u>	<u>2,149</u>	<u>2,031</u>

(XX) Financial instruments

Except for the following, there was no significant change in the fair value of the consolidated company's financial instruments and the exposure to credit risk, liquidity risk and market risk due to the financial instruments. For relevant information, please refer to the 2024 consolidated financial statements Note 6(19).

1. Liquidity risk

The contractual maturities of financial liabilities are shown in the following table, including estimated interest but excluding the effect of the agreement on the net amount.

	Carrying amount:	Contractual cash flow	Within one year	1-3 years	3-5 years	Over 5 years
September 30, 2025						
Non-derivative financial liabilities						
Unsecured short-term borrowings	\$ 300,000	305,170	305,170	-	-	-
Payable notes	314,793	314,793	314,793	-	-	-
Accounts payable	4,695,358	4,695,358	2,498,134	2,197,224	-	-
Other payables	329,638	329,638	329,638	-	-	-
Other current liabilities (lease liabilities)	47,648	51,608	51,608	-	-	-
Other non-current liabilities (lease liabilities)	169,602	176,326	-	133,179	39,636	3,511
	<u>\$ 5,857,039</u>	<u>5,872,893</u>	<u>3,499,343</u>	<u>2,330,403</u>	<u>39,636</u>	<u>3,511</u>
December 31, 2024						
Non-derivative financial liabilities						
Unsecured bank borrowings	\$ 100,000	101,193	101,193	-	-	-
Payable notes	307,839	307,839	307,839	-	-	-
Accounts payable	4,231,645	4,231,645	2,324,808	1,906,837	-	-
Other payables	353,984	353,984	353,984	-	-	-
Other current liabilities (lease liabilities)	9,356	9,578	9,578	-	-	-
Other non-current liabilities (lease liabilities)	9,561	10,515	-	6,464	393	3,658
	<u>\$ 5,012,385</u>	<u>5,014,754</u>	<u>3,097,402</u>	<u>1,913,301</u>	<u>393</u>	<u>3,658</u>
September 30, 2024						
Non-derivative financial liabilities						

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	Carrying amount:	Contractual cash flow	Within one year	1-3 years	3-5 years	Over 5 years
Unsecured bank borrowings	\$ 320,000	325,449	325,449	-	-	-
Payable notes	210,631	210,631	210,631	-	-	-
Accounts payable	4,013,843	4,013,843	2,136,228	1,877,615	-	-
Other payables	273,395	273,395	273,395	-	-	-
Other current liabilities (lease liabilities)	9,852	10,102	10,102	-	-	-
Other non-current liabilities (lease liabilities)	10,208	11,196	-	7,095	393	3,708
	\$ 4,837,929	4,844,616	2,955,805	1,884,710	393	3,708

The consolidated company does not expect the cash flow analysis on the maturity date will occur significantly earlier, or the actual amount will be significantly different.

2. Other pricing risks

If the price of equity securities changes on the reporting date (the two analysis are based on the same basis, and assuming other variables unchanged), the impact on the comprehensive income is as follows:

	January to September 2025		January to September, 2024	
Securities price on the reporting date	Other comprehensive income after tax	Profit or loss after tax	Other comprehensive income after tax	Profit or loss after tax
Up 10%	\$ 46,425	10,964	56,925	10,668
Down 10%	\$ (46,425)	(10,964)	(56,925)	(10,668)

3. Fair value information

(1) Types and fair values of financial instruments

Financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income of the consolidated company are measured at fair value on a repetitive basis. The carrying amount and fair value of various financial assets and financial liabilities (including fair value hierarchy information, but the carrying amount of the financial instrument not measured at fair value is a reasonable approximation of the fair value, and there is no quoted price in the active market and the fair value of the equity instrument investment cannot be reliably measured, there is no need to disclose the fair value information according to the regulations) is shown as follows:

	2025.9.30				
	Fair value:				
Carrying amount:	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 109,641	109,641	-	-	109,641

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

2025.9.30					
	Carrying amount:	Fair value:			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	\$ 471,814	464,254	-	7,560	471,814
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,451,148	-	-	-	-
Notes receivable and accounts receivable (including related parties)	2,507,268	-	-	-	-
Other financial assets- Liquidity	401,114	-	-	-	-
Other financial assets- Non-current	1,307	-	-	-	-
Subtotal	9,360,837	-	-	-	-
Total	<u>\$ 9,942,292</u>	<u>573,895</u>	<u>-</u>	<u>7,560</u>	<u>581,455</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 300,000	-	-	-	-
Bills payable and accounts payable	5,010,151	-	-	-	-
Other current liabilities (lease liabilities)	47,648	-	-	-	-
Other non-current liabilities (lease liabilities)	169,602	-	-	-	-
Other payables	329,638	-	-	-	-
Total	<u>\$ 5,857,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2024.12.31					
	Carrying amount:	Fair value:			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 111,294	111,294	-	-	111,294
Financial assets measured at fair value through other comprehensive income	\$ 601,956	596,160	-	5,796	601,956
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,634,266	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,885,760	-	-	-	-
Other financial assets- Liquidity	901,938	-	-	-	-
Other financial assets- Non-current	8,480	-	-	-	-
Subtotal	7,430,444	-	-	-	-
Total	<u>\$ 8,143,694</u>	<u>707,454</u>	<u>-</u>	<u>5,796</u>	<u>713,250</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 100,000	-	-	-	-

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

2024.12.31					
	Carrying amount:	Fair value:			
		Level 1	Level 2	Level 3	Total
Bills payable and accounts payable	4,539,484	-	-	-	-
Other current liabilities (lease liabilities)	9,356	-	-	-	-
Other non-current liabilities (lease liabilities)	9,561	-	-	-	-
Other payables	353,984	-	-	-	-
Total	\$ 5,012,385	-	-	-	-
2024.9.30					
	Carrying amount:	Fair value:			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 106,679	106,679	-	-	106,679
Financial assets measured at fair value through other comprehensive income	\$ 575,166	569,252	-	5,914	575,166
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,114,871	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,509,321	-	-	-	-
Other financial assets- Liquidity	820,306	-	-	-	-
Other financial assets- Non-current	9,061	-	-	-	-
Subtotal	7,453,559	-	-	-	-
Total	\$ 8,135,404	675,931	-	5,914	681,845
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 320,000	-	-	-	-
Bills payable and accounts payable	4,224,474	-	-	-	-
Other current liabilities (lease liabilities)	9,852	-	-	-	-
Other non-current liabilities (lease liabilities)	10,208	-	-	-	-
Other payables	273,395	-	-	-	-
Total	\$ 4,837,929	-	-	-	-

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

(2) Details of changes in level 3

	Measured at fair value through other comprehensive income
	Equity instruments without public quotations
January 1, 2025	<u><u>\$ 5,796</u></u>
September 30, 2025	<u><u>\$ 7,560</u></u>
January 1, 2024	<u><u>\$ 6,428</u></u>
September 30, 2024	<u><u>\$ 5,914</u></u>

The above total profit or loss is reported in the “unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive gain or loss”. The assets still held on September 30, 2025 and 2024 are as follows:

	<u>July to September 2025</u>	<u>July to September 2024</u>	<u>January to September 2025</u>	<u>January to September, 2024</u>
Total profit or loss				
Recognized in other comprehensive income (reported in “Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income”)	<u><u>\$ 428</u></u>	<u><u>(446)</u></u>	<u><u>1,764</u></u>	<u><u>(514)</u></u>

(3) There was no transfer between the levels for the consolidated company from January 1 to September 30, 2025 and 2024.

(XXI) Financial risk management

There is no significant change in the objectives and policies of the consolidated company’s financial risk management as disclosed in Note 6(20) to the 2024 consolidated financial statements.

(XXII) Capital management

The objectives, policies and procedures of the consolidated company’s capital management are consistent with those disclosed in Note 6(21) to the 2024 consolidated financial statements; in addition, the summarized quantitative information of the capital management items for the current period is as follows:

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

	2025.9.30	2024.12.31	2024.9.30
Total liabilities	\$ 9,159,262	7,738,470	7,383,821
Less: Cash and cash equivalent	(6,451,148)	(4,634,266)	(5,114,871)
Net liabilities	2,708,114	3,104,204	2,268,950
Total equity	5,676,448	5,340,528	4,921,410
Adjusted capital	\$ 8,384,562	8,444,732	7,190,360
Debt capital ratio	32%	37%	32%

(XXIII) Investment and financing activities of non-cash transactions

The non-cash transaction investing activities of the consolidated company from January 1 to September 30, 2025 and 2024 are as follows:

	January to September 2025	January to September, 2024
Purchase of property, plant and equipment	\$ 7,300	8,311
Add: Payables for equipment, beginning	236	-
Less: Payables for equipment, ending	(106)	(3,747)
	\$ 7,430	4,564

VII. Transactions with related parties

(I) Parent company and ultimate controller

Kindom Development Co., Ltd. is the parent company and the ultimate controller of the group to which the consolidated company belongs. It holds 34.18% of the outstanding common shares of the consolidated company. Kindom Development Co., Ltd. has prepared the consolidated financial statements for public use.

(II) Names of related parties and their relationships

The transaction related parties of the consolidated company during the period of the consolidated financial statements are as follows:

Name of related party	Relationship with the consolidated company
Kindom Development Co., Ltd.	Parent company of the Company
Global Mall Co., Ltd.	Same ultimate parent company
Readycom Information Services Co., Ltd.	Affiliated enterprise
Kindom Yu San Education Foundation	The chairman of the board is a relative of 2nd degree of kinship to a director of the Company

(III) Major transactions with related parties

1. Sales of labor services to related parties

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

The significant sales amount of the consolidated company to the related parties is as follows:

		July to September 2025			
		Total contracting price	Cumulative denominated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company - Kindom Development Corp.	Construction contracting	\$ 17,436,870	8,332,315	1,539,921	1,464,330

		July to September 2024			
		Total contracting price	Cumulative denominated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company - Kindom Development Corp.	Construction contracting	\$ 16,495,076	6,773,942	710,135	749,024

		January to September 2025			
		Total contracting price	Cumulative denominated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company - Kindom Development Corp.	Construction contracting	\$ 17,436,870	8,332,315	3,492,711	3,446,497

		January to September, 2024			
		Total contracting price	Cumulative denominated amount	Amount denominated in the current period	Revenue recognized in current period
Parent company - Kindom Development Corp.	Construction contracting	\$ 16,495,076	6,773,942	2,397,413	2,388,134

- (1) The price contracted by the consolidated company from the related party is in accordance with the regulations on the contracting of construction projects of the affiliated enterprise, the project budget is added with reasonable management fees and profits, and the price for the contract is submitted to the supervisor for approval after price comparison and negotiation.
- (2) The transaction prices of the consolidated company and related parties are determined by both parties through negotiation, and the payment term is one to three months, which is not materially different from that of general customers. The receivables between related parties have not been accepted as collateral, and after assessment, it is not necessary to recognize the impairment loss.

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

2. Claims, contract assets and liabilities

The claims, liabilities and contractual assets between the consolidated company and the related parties are as follows:

Presentation item	Category of related party	2025.9.30	2024.12.31	2024.9.30
Notes and accounts receivable	Parent company - Kindom Development Corp.	\$ 734,231	436,509	477,552
Other receivables	Parent company - Kindom Development Corp.	-	-	7
Contract assets	Parent company - Kindom Development Corp.	443,150	583,543	444,165
Contract assets (retained receivables)	Parent company - Kindom Development Corp.	525,454	372,459	252,306
Contract liabilities	Parent company - Kindom Development Corp.	-	39,846	-
Accounts payable - related parties	Parent company - Kindom Development Corp.	80	-	-
		\$ 1,702,915	1,432,357	1,174,030

3. Endorsements/guarantees

The consolidated company was the co-partner and joint debtor of the parent company, Kindom Development Corp., for an amount of NTD 28,384 thousand as of September 30, 2025, December 31, 2024, and September 30, 2024.

4. Leases

For January 1 to September 30, 2025 and 2024, the consolidated company leased an office building to its parent company, Kindom Development Corp., and a lease contract was signed with reference to the office rent in the neighborhood. The total contract value was NTD 294 thousand per month in both. The rental income for the three and nine months ended September 30, 2025 and 2024 were NTD 0, NTD 840 thousand, NTD 1,680 thousand, and NTD 2,520 thousand, respectively. The parent company, Kindom Development Corp., has relocated, and the lease contract was terminated in advance.

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

In addition, the consolidated company and the parent company, Kindom Development Corp., rented office buildings for January 1 to September 30, 2025 and 2024 for a total contract value of NTD 575 thousand per month in both years. The rental expense for the three and nine months ended September 30, 2025 and 2024 were NTD 0, NTD 1,643 thousand, NTD 3,286 thousand, and NTD 4,929 thousand, respectively. The consolidated company has relocated, and the lease contract was terminated in advance.

The consolidated company rents an office building from the parent company, Kindom Development Corp., and has entered into a five-year lease agreement referencing the local lease market price. The recognized interest expense was NTD 307 thousand for the nine months ended September 30, 2025, and the lease liability balance was NTD 185,081 thousand as of September 30, 2025. The consolidated company has made a deposit payment of NTD 10,653 thousand, which is accounted for under other financial assets - current.

5. Other

- (1) The consolidated company donated NTD 4,750 thousand and NTD 4,500 thousand to the “Kindom Yu San Education Foundation” for January 1 to September 30, 2025 and 2024, respectively, for the promotion of services of the foundation.
- (2) The amounts of purchases paid by the consolidated company to other related parties during the period from January 1 to September 30, 2025 and 2024 amounted to NTD 10,764 thousand and NTD 7,497 thousand, respectively.
- (3) For January 1 to September 30, 2025 and 2024, the earnings distributed by the parent company, Kindom Development Corp., to the consolidated company were NTD 36,242 thousand and NTD 21,043 thousand, respectively.
- (4) The provision of consulting services between the consolidated company and the related parties is as follows:

	July to September 2024	
	Total contract price	Revenue recognized in current period
The consolidated company provides to the parent company	\$ 292	-
The consolidated company provides to other related party	292	-
	\$ 584	-
	Expenses recognized in the current period	
	Total contract price	Expenses recognized in the current period
The parent company provides to the consolidated	\$ 4,815	-

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

company

	January to September, 2024	
	Total contract price	Revenue recognized in current period
The consolidated company provides to the parent company	\$ 292	279
The consolidated company provides to other related party	292	279
	\$ 584	558
	Expenses recognized in the current period	
	Total contract price	Expenses recognized in the current period
The parent company provides to the consolidated company	\$ 4,815	4,586

(IV) Transactions by key management personnel

Remuneration to key management personnel includes:

	July to September 2025	July to September 2024	January to September 2025	January to September, 2024
Short-term employee benefits	\$ 7,940	8,898	53,846	44,992
Post-employment benefits	22	44	1,199	157
	\$ 7,962	8,942	55,045	45,149

VIII. Pledged assets

The book value of the pledged and restricted assets provided by the consolidated company is as follows:

Asset name	Subject matter of pledge			
	guarantee	2025.9.30	2024.12.31	2024.9.30
Other financial assets - current	Construction deposits secured by loan facilities and restricted assets	\$ 356,472	867,557	788,922
Property, plant and equipment, net	Guarantee of loan limit	-	99,400	99,400
Investment property, net	Guarantee of loan limit	147,451	48,225	48,283

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

Asset name	Subject matter of pledge		2025.9.30	2024.12.31	2024.9.30
	guarantee				
			<u>\$ 503,923</u>	<u>1,015,182</u>	<u>936,605</u>

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

- On September 30, 2025, December 31, 2024, and September 30, 2024, the consolidated company undertook medium and major projects for an aggregate amount of NTD 82,482,273 thousand, NTD 74,609,533 thousand, and NTD 66,796,614 thousand, respectively, and received payments of NTD 43,837,563 thousand, NTD 30,545,559 thousand, and NTD 26,724,868 thousand in accordance with the agreements.
- The letters of guarantee and guarantee notes issued by the consolidated company for contracting projects are as follows:

	2025.9.30	2024.12.31	2024.9.30
	<u>\$ 5,621,159</u>	<u>5,068,287</u>	<u>5,096,635</u>

- As approved by the Board of Directors on December 20, 2024, and December 29, 2023, the consolidated company commits to donate to Kindom Yu Shan Educational Foundation for NTD 9,000 thousand and NTD 6,000 thousand for the promotion of the Foundation's affairs.

X. Losses from major disasters: None.

XI. Material events after the reporting period: None.

XII. Others

- (I) Employee benefits, depreciation, depletion and amortization expenses by function are summarized as follows:

By function By nature	July to September 2025			July to September 2024		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expenses	\$ 210,165	58,655	268,820	129,768	47,435	177,203
Labor and national health insurance expenses	19,317	5,507	24,824	13,740	4,669	18,409
Pension	7,211	1,801	9,012	5,145	1,722	6,867

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

By function	July to September 2025			July to September 2024		
By nature	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
expense						
Other employee benefit expenses	5,324	5,242	10,566	3,760	3,315	7,075
Depreciation expense	7,388	5,652	13,040	5,164	5,545	10,709
Depletion expense	-	-	-	-	-	-
Amortization expense	1,029	331	1,360	811	258	1,069

By function	January to September 2025			January to September, 2024		
By nature	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expenses	\$ 546,275	171,891	718,166	393,369	142,783	536,152
Labor and national health insurance expenses	53,615	14,926	68,541	38,924	13,625	52,549
Pension expense	17,951	5,507	23,458	14,763	5,214	19,977
Other employee benefit expenses	16,038	14,244	30,282	11,608	10,511	22,119
Depreciation expense	21,295	15,874	37,169	17,339	14,950	32,289
Depletion expense	-	-	-	-	-	-
Amortization expense	3,086	995	4,081	1,784	459	2,243

(II) Seasonality of operation: The operation of the consolidated company is not affected by seasonal or cyclical factors.

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

XIII. Disclosures in Notes

(I) Information on significant transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the consolidated company shall further disclose the information of significant transactions during the nine months ended September 30, 2025 and 2024 as follows:

1. Loaning of funds to others: None.
2. Endorsements/guarantees made for others:

Unit: NTD thousand

Serial number	Endorsing/guaranteeing company name	Counterparty of endorsements/ guarantees Company name Relationship (Note 1)	Endorsement and guarantee limit for a single enterprise (Note 2)	Current maximum endorsement/guarantee balance	Ending balance of endorsements/guarantees	The actual amount drawn down	Amount of endorsements and guarantees secured by property	Ratio of accumulated endorsement/guarantee amount to net worth as stated in the latest financial statement	Maximum amount of endorsements/guarantees (Note 2)	Endorsements/guarantees made by the parent company to subsidiaries	Endorsement/guarantee provided by the subsidiary to the parent company	Endorsement and guarantees in Mainland China	
0	Kedge Construction	Kindom Development Corp.	Parent and Subsidiary	\$ 11,352,451	14,192	14,192	14,192	-	0.25%	11,352,451	-	Y	-
1	Dingtian Construction	Kindom Development Corp.	Parent and Subsidiary	62,418	14,192	14,192	14,192	-	22.74%	62,418	-	Y	-
1	"	Kedge Construction	"	9,362,642	1,376,500	1,376,500	1,376,500	-	2,205.29%	18,725,284	-	Y	-

Note 1: There are 7 types of relationship between the endorser/guarantor and the endorsed/guaranteed party as follows, indicating the type is sufficient:

- (1) Companies with business transactions.
- (2) A company in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) A company in which the Company holds, directly or indirectly, more than 50% of the voting shares of the Company.
- (4) Among companies in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies in the same industry or co-builders that require mutual guarantees in accordance with contractual provisions based on the needs of contracting projects.
- (6) Companies that are endorsed and guaranteed by all contributing shareholders in accordance with their shareholding ratios for joint investment.
- (7) The peers in the same trade are engaged in joint guarantees for the performance of the pre-sale house sales contract in accordance with the regulations of the Consumer Protection Act.

Note 2:

1. The Company's endorsement and guarantee measures stipulate that the total amount of external endorsements/guarantees shall not exceed 200% of the Company's net worth as stated in its latest financial statement, and the amount of endorsement and guarantee made to a single enterprise shall not exceed 200% of the Company's net worth as stated in its latest financial statement. However, the total amount of guarantees for construction projects shall not exceed 10 times the net worth of the Company in the latest financial statements. The total amount of construction engineering guarantees for a single enterprise shall not exceed 5 times the net worth of the Company in the latest financial statements.
2. The amount of endorsement and guarantee provided by Dingtian Construction: The total amount of external endorsement and guarantee shall not exceed 100% of the net worth of the company in its latest financial statement, and the amount of endorsement and guarantee to a single enterprise shall not exceed 100% of the net worth of the company in its latest financial statement. However, the total guarantee for construction projects shall not exceed 300 times the net worth of the company in its latest financial statement. The total amount of construction project guarantee

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

for a single enterprise shall not exceed 150 times the net worth of the company in its latest financial statement.

Note 3: The above transactions have been eliminated when the consolidated financial statements were prepared.

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

Unit: NTD thousand

Companies in possession	Type and name of marketable securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares (thousand shares)	Carrying amount:	Shareholding ratio	Fair value:	
Kedge Construction	Stock - Kindom Development Corp.	Kedge Construction is a subsidiary of the company	Financial assets measured at fair value through other comprehensive income - non-current	605	\$ 21,780	0.10 %	21,780	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	621	54,853	- %	54,853	
"	Stock - Sinopac Holdings	-	"	243	6,067	- %	6,067	
"	Stock - Kindom Development Corp.	Jiequn Investment Co., Ltd. is the sub-subsidiary of the company	Financial assets measured at fair value through other comprehensive income - non-current	10,316	371,359	1.69 %	371,359	
"	Stock - Fubon Financial Preferred Shares C (FBFHCPCSC)	-	"	11	590	- %	590	
"	Stock - Taiwan Calcom International Computer Graphic Co., Ltd.	-	"	405	-	0.78 %	-	
Kuan Ching Electromechanical	Stock - Kindom Development Corp.	Guanqing Electromechanical Co., Ltd. is a sub-subsidiary of the company	Financial assets measured at fair value through other comprehensive income - non-current	1,944	70,001	0.32 %	70,001	
"	Stock - Fubon Financial Preferred Shares C (FBFHCPCSC)	-	"	10	524	- %	524	
"	Stock - Global Views Commonwealth Publishing Group	-	"	177	7,560	0.59 %	7,560	
"	Stock - Fubon Financial	-	Financial assets at fair value through profit or loss - current	552	48,721	- %	48,721	

4. The purchase or sale with related parties for an amount over NTD 100 million or 20% of the paid-in capital:

Unit: NTD thousand

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

Purchasing (selling) company	Name of counterparty	Relationship	Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (sale) goods	Amount (Note)	Percentage in total purchase (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
Kedge Construction	Kindom Development Corp.	An investment in Kedge Construction under the equity method	Contract engineering projects	\$ (3,440,971)	(20.04)%	The monthly payment collection according to the contract is generally slightly longer.	Equivalent	Slightly longer than general	1,229,217	24.46%	

Note: Refers to the denominated amount in the current period.

5. Accounts receivable from related parties amounting to at least NTD 100 million or 20% of the paid-in capital:

Unit: NTD thousand

Company with receivables listed	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Subsequent recovery amount of receivables from related parties	Amount of loss allowance
					Amount	Treatment method		
Kedge Construction	Kindom Development Corp.	An investment in Kedge Construction under the equity method	\$ 1,229,217	3.38	-	-	157,650	-

6. Business relationships and important transactions between the parent company and its subsidiaries:

Serial number	Trader's Name	Trading counterpart	Relationship with the counterparty	Transactions with each other			
				Account title	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets
0	KEDGE CONSTRUCTION CO., LTD.	Kuan Ching Electromechanical	1	Contract liabilities	\$ 52,198	Equivalent to general transaction	0.35%
0	"	"	1	Accounts payable	96,807	"	0.65%
0	"	"	1	Operating cost	380,613	"	2.42%
0	"	Dingtian Construction Co., Ltd.	1	Contract liabilities	29,095	"	0.20%
0	"	"	1	Accounts payable	22,833	"	0.15%
0	"	"	1	Operating cost	115,050	"	0.73%
1	Kuan Ching Electromechanical	Kedge Construction Co., Ltd.	2	Contract assets	52,198	"	0.35%
1	"	"	2	Accounts receivable	96,807	"	0.65%
1	"	"	2	Operating revenue	380,613	"	2.42%

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

Serial number	Trader's Name	Trading counterpart	Relationship with the counterparty	Transactions with each other			
				Account title	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets
2	Dingtian Construction Co., Ltd.	Kedge Construction Co., Ltd.	2	Contract assets	29,095	"	0.20%
2	"	"	2	Accounts receivable	22,833	"	0.15%
2	"	"	2	Operating revenue	115,050	"	0.73%

Note 1. The method of filling in the serial number is as follows:

1. 0 for the parent company.
2. Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: Relationships with counterparties are indicated as follows:

1. Parent company to subsidiaries.
2. Subsidiary to parent company.

Note 3: The above transactions have been eliminated when the consolidated financial statements were prepared.

(II) Information on investees

The consolidated company's reinvestment for the nine months ended September 30, 2025 is as follows:

Unit: NTD Thousand/Thousand shares

Name of Investment Company	Name of investee	Location of the Company	Main business items	Initial investment amount		Held at end of period			Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount:			
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	General investment	\$ 163,935	163,935	16,396	99.98%	628,942	31,913	31,906	Subsidiary
Kedge Construction	Kuan Ching Electromechanical	Taiwan	Electrical Appliance Installation and Fire Safety Equipment Installation Engineering	81,326	81,326	7,748	99.97%	320,211	21,563	21,557	"
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	16,500	16,500	-	30.00%	18,725	4,503	1,351	Sub-subsidiary
Kuan Ching Electromechanical	Dingtian Construction	Taiwan	Comprehensive Construction Activities, etc.	11,105	11,105	-	70.00%	43,693	4,503	3,152	"
Dingtian Construction	Readycom Information Services Co., Ltd.	Taiwan	IT software service and management consulting	15,000	15,000	1,400	46.67%	18,801	2,793	1,303	Investment under the equity method

Note: Transactions of the subsidiaries and sub-subsidiaries listed above have been eliminated when the consolidated financial statements were prepared.

(III) Investment information in Mainland China:

1. Name and principal business activities of investees in Mainland China: None.

Notes to the financial statements of KEDGE CONSTRUCTION CO., LTD. and subsidiaries (Continued)

2. Limit on investment in Mainland China: None.
3. Significant transactions with investee companies in Mainland China: None.

XIV. Segment Information

The consolidated company's reportable operating segment only has the construction segment. The construction department mainly manages the overall work of the construction and management of the projects and the department's income, department's assets and liabilities are consistent with the financial statements. Please refer to the consolidated balance sheet and consolidated statement of comprehensive income.