# Shareholders Report

Dear shareholders,

Looking back at 2025, the impact of global inflation has eased, major central banks have continued to gradually cut interest rates, and, together with the effect of early inventory stocking by enterprises and the development of innovative AI applications, global trade momentum has continued to expand, with the economy showing moderate growth. However, uncertainties in U.S. and China policies, rising geopolitical tensions, and increasing trade restrictions continue to pose numerous risks to the global economy and inflation. Meanwhile, in order to disperse the risk of supply chain disruption, various countries have developed localized and digital production models proactively. As a result, the economic growth rate was 2.8% only. Among them, the U.S. economy experienced a slowing recovery with 2.0% growth, the Eurozone saw modest growth of 1.3% due to rising energy prices, and Japan recorded growth of 1.3% as economic activities gradually recovered. As for China, the country only exhibited an economic growth rate of 4.8%. Taiwan's export sales were driven by the booming development of the AI supply chain, with the economic growth rate of 7.3%.

Foreign trade has been one of the important momentums to supporting Taiwan’s economic growth, with EU, the USA, Japan and China being the primary export/import trade markets; for this reason, performance of the above economies is critical to our import/export performance. For the time being, the high inflation and dispute over termination of the military conflict between Ukraine and Russia poses the main threats to the global economic and trade activities, whereas the rate of recovery varies significantly between regions and industries. Prolonged trade conflict between China and the USA and increased debt risk will all affect the growth of Taiwan’s export/import trade. With respect to investment activities, expansion of the local and overseas semiconductor supply chain combined with the AI chip industry and the return of Taiwanese enterprises will all stimulate domestic investments. As for exports, Taiwan should be able to maintain its export momentum thanks to the innovative technology applications and accelerated developments in digital transformations. Farglory Free Trade Zone will take the opportunity to respond to the impact posed by the international supply chain's reform and changes in consumers’ behavior structure and exerts its own strength and improves competitiveness.

Looking ahead to 2026, the U.S.A Central Bank and European Central Bank will continue to cut interest rates, and the price of major commodities such as international oil price is weak. The inflation becomes sluggish in various countries to help boost the demand. Besides, the global trade continues to grow. Therefore, the global economy is expected to grow steadily. Among the other things, the lowering of inflation in the US and a stable labor market will facilitate private investment. Japan is expected to continue loosening its monetary policy and expansionary fiscal policy, and Europe's economic performance is likely to remain weak due to the uncertainty of energy instability and weak external demand. As the pressure of inflation eases, the Fed and major central banks continue the cycle of interest rate cuts. However, the impact of supply chain bottlenecks, inflation pressure, labor shortage, rising geopolitical risks and China's economic slowdown must be closely monitored. According to S&P Global, the expected global economic growth rate is 2.7% this year. Country-wise, the growth rate was estimated as 1.7% for the USA, 1.2% for the Eurozone, and 0.9% for Japan. China’s economic growth rate is expected to be 4.3%. Benefiting from opportunities from increased investments in the semiconductor industry and emerging AI applications, Taiwan exhibited an economic growth rate of 3.5%.

The Free Trade Zone keeps growing, continues to strive for more refined services, and vigorously solicits investment from around the world to participate in the Taoyuan Aerotropolis project. It also continues inviting international and large-scale suppliers to join the Zone while taking advantage of customized warehouses to form industry clusters. Meanwhile, the Company will endeavor to solicit multinational companies and Taiwanese businesses to return through project contracts and strategic alliances, and strive to act as an agent for Chinese and foreign airlines to increase cargo quantity and market share. The Company will utilize its internal and external resources to provide technological and refined services in a bid to continue enhancing its structure and competitiveness. Furthermore, it will strive to make breakthroughs while maintaining stability in order to pursue breakthrough in the stable environment and create a new record for the operating revenue.

# I. 2025 Annual Operating Results

Farglory FTZ continued to help its subsidiary, Farglory Free Trade Zone Co., Ltd., solicit import, export, re-export, air cargo, courier and free-trade-zone cargo, and extend lease operations for customized dedicated warehouses, value-added park, cargo terminals and warehouse offices. As a result, it generated operating revenues of NT$4.143 billion, a net income of NT$1.03 billion, and EPS of NT$2.77. In the future, it will continue to optimize the business administration and develop a more efficient and stable business and profit-seeking model in order to increase the long-term interest vested in shareholders, customers, and employees.

(I) Results of business plan implementation (consolidated financial report):

Unit: NTD thousands

| Item | 2025 | 2024 | Increase (decrease) | Increase (decrease) by % |
|---|---|---|---|---|
| Operating revenue, net | 4,143,048 | 3,464,767 | 678,281 | 19.58 |
| Operating costs | 2,084,903 | 1,829,548 | 255,355 | 13.96 |
| Gross profit | 2,058,145 | 1,635,219 | 422,926 | 25.86 |
| Operating Expenses | 529,187 | 493,670 | 35,517 | 7.19 |
| Operating profit | 1,528,958 | 1,141,549 | 387,409 | 33.94 |
| Non-operating income and expenses | (316,576) | (313,579) | (2,997) | (0.96) |
| Net profit before tax | 1,212,382 | 827,970 | 384,412 | 46.43 |
| Net profit for the period | 1,027,805 | 717,959 | 309,846 | 43.16 |

(II) Budget Implementation Status:

According to the “Regulations Governing the Publication of Financial Forecasts of Public Companies,” it is not necessary for the Company to disclose financial forecasts for 2025. Therefore, no information about budget implementation in 2025 is available.

(III) Analysis on financial revenue and expenditure, and profitability (consolidated financial report):

Unit: NTD / %

| Item | | 2025 | 2024 |
|---|---|---|---|
| Financial position | Liability to total asset ratio (%) | 59.30 | 61.07 |
| | Ratio of long-term capital to property, plant and equipment (%) | 742.07 | 771.62 |
| Solvency | Current ratio (%) | 45.95 | 41.38 |
| | Quick ratio (%) | 45.04 | 40.60 |
| | Interest coverage ratio (time) | 4.64 | 3.49 |
| Profitability | Returns on assets (ROA) (%) | 4.80 | 3.79 |
| | Return on equity (ROE) (%) | 9.57 | 7.03 |
| | Income before tax to paid-capital ratio (%) | 32.72 | 22.79 |
| | Net profit margin (%) | 24.81 | 20.72 |
| | Earnings per share (NTD) (Note) | 2.77 | 1.93 |

Note: The effect of the capital increase out of issuance of new shares in 2024 has been retrospectively adjusted.

(IV) Performance in Research and Development

The company is an investment holding company. The two subsidiaries owned by it are primarily engaged in the free trade zone and logistics services, respectively, not like the general manufacturing industry which requires R&D and design of new products. Therefore, no dedicated R&D Department needs to be established.

## II. Summary of the 2026 Business Plan

(I) Business Policy:

The company transformed into an investment holding company in 2006. The two subsidiaries owned by it are primarily engaged in the free trade zone and logistics services, respectively, not like the general manufacturing industry which requires R&D and design of new products. The business plan is summarized as follows:

A. Farglory Free Trade Zone Co., Ltd.

1. Proactive solicitation for sources of cargo and tenancy of suppliers

A. In response to the “Taoyuan Aerotropolis project”, “Taoyuan Metro Green Line Construction and Planning” and “Airport Tour Bus”, the company will solidify the traffic network, and strengthen the traffic function in the zone to help solicit customers to reside in the zone for business operation.

B. Based on the “1002” logistics service policy as the core value, the company will help suppliers deliver 100% of the cargo to their customers all over the world within two days, in order to attract value-added suppliers and international courier service providers to reside in the Zone, increase the proportion of factory offices residing in the zone, the quantity of cargo and operating revenue.

C. Exercise the advantages vested in the Free Trade Zone, such as “Within National Territory but Outside Customs Territory,” “review, inspection and escort free,” “the processing base inside the airport," and "foreign shippers exempted from profit-seeking business income tax", in order to solicit Taiwanese businessmen to return to Taiwan, and foreign suppliers and the industries based in Taiwan to reside in the zone.

D. The company will strive for the business opportunities derived from the Cross-Strait direct flights, engage in the strategic alliance with international airlines and Mainland China-based airlines, and solicit for airline operations agency.

E. The company will work with Taipei Port Free Trade Zone to develop the compound transportation model, "connected air and sea logistics service", to speed up customs clearance and solicit for the sources of air and sea cargo.

F. In order to explore the new blue ocean for air cargo logistics, with the Free Trade Zone's exclusive advantages in intellectualization, automated hardware infrastructure and software service, the Company will create differentiated and fine-quality products and increase customers' dependence and market share of cargo.

G. The Company will exercise its advantages as a "domestic cargo hub" to market air cargo, courier, re-export, sea-to-air, and transit through free trade zone to create new sources of cargo.

H. The company will provide airlines with multiple agency services including customer support operations, billing, planning of aircraft units and applications thereof, acquiring, preparation of manifest, control over aircraft units ad processing of text, in order to solicit airlines and their cargo to reside in the zone, and improve the operating efficiency of front-office and back-office operations of the warehouse and then shorten the whole operating hours.

I. The Company will reproduce the successful customized business model for Courier Warehouse No. 2 exclusive for DHL, in order to solicit for the garrison of international and large-scale suppliers. The dedicated KWE warehouse, dedicated ASML warehouse and STARLUX's logistics center have operated officially. Now, the company is working on solicitation for the garrison of international leading suppliers.

J. Tenants have moved into Building H of the value-added zone, accelerating the development of a comprehensive high value-added industrial cluster.

2. Maintain safety and rapid circulation of cargo

A. Generally, air cargo is more expensive and requires timeliness and safety more strictly. With respect to customers who have executed contracts with the company, the company will provide them with fast dedicated warehouses and designate dedicated personnel to help them stock in and stock out. Meanwhile, the company will install a color CCTV system at each warehouse door and in each storage area to conduct the surveillance for 24 hours a day. Security personnel are stationed at various important locations. Automated gate controls are also planned to ensure that the cargo is safe without concerns at the factory premises.

B. The company also executes the contract with the ground staff company inside the “Taoyuan International Airport”, namely TIAS Taiwan Inc.. All of the cargo stock in the main warehouse may be transported to individual warehouses immediately after the plane is landing, and delivered to each customer shortly.

C. In 2009, the company has received the TAPA-A certification for the safety requirements of the Transported Assets Protection Association. According to the high cargo delivery operating standards, the company ensures the highest-level safety of high-value technological products in the supply chain.

D. The company has received the ISO 27001 international information security management certification. With its data protection, control room safety and anti-hacker mechanism, as well as complete internal procedures, the company passed the international certification standards and constructed the sound ISMS.

3. Upgrading customer service

A. The company delegates the personnel dedicated to customer service to accept customers’ inquiries about cargo status 24 hours a day. Any abnormal cargo will be notified to the shippers immediately. The company also provides complete data and photos about stock in of the abnormal cargo. In the event of any dispute arising, the company will provide the CCTV video to help identify the liability to be borne by each party.

B. The company also convenes the business review meeting about operations and services with customers periodically, in order to solve problems for customers and enhance understanding and confidence between both parties in the cooperation.

C. The company executes the customer satisfaction survey and visiting plan periodically, in order to collect customers’ suggestions to the company and potential needs, and improve the service quality and customer satisfaction.

D. The company sets up an information platform dedicated to processing customers’ complaints. It will control and sort out the customers’ complaints one by one, in order to improve the service quality.

B. Farglory Logistics Co., Ltd.

1. It establishes the integrated logistics supply chain platform, engages in expanding the business and service domain of Farglory Logistics, and also warehousing, logistics service, transshipment, contracting and customs declaration to provide the complete logistics services.
2. By exercising the complete logistics service base, it creates the vertical integration of

international logistics industries as the “Taoyuan Air Free Trade Zone”.

3. It provides domestic and foreign logistics services and arranges for the overall logistics operations.
4. As the freight forwarders’ logistics service platform, the company supports international logistics integration services.
5. It also engages in a strategic alliance with the delivery fleets to provide the fleets with warehousing management resources.
6. It also works with domestic and foreign logistics service providers to establish the strategic alliance of professional labor division and vertical integration in nature, in order to provide tailor-made, door-to-door and open all year round services, develop the service domain of Farglory Logistics, and provide end customers with the best logistics solutions.
7. It provides the elaboration services upholding “high quality and high efficiency,” including OCR and automatic volume measurement, to deepen the maintenance of relations with suppliers, thus driving the logistics agency services of its upstream and downstream dealers.

(II) Sales Volume Forecast and Supporting Basis

A. Farglory Free Trade Zone Co., Ltd.

Among the six sea free trade zones and one air free trade zone in Taiwan, Farglory FTZ takes the most critical position in the process of development. In 2025, the total price of cargo entering the zone amounted to NT$2.1835 trillion, accounting for 62.8%. The total price of cargo exiting the zone amounted to NT$6.3230 trillion, accounting for 81.0%, generating a total trade of NT$8.5065 trillion, making it a key factor in developing the country’s free trade zone. Also, benefiting from the return of Taiwanese businessmen, industry clusters and complete supply chains, and as driven by the domestic industries’ demand, the import/export cargo trade is expected to continue growing like last year and may develop and grow stably. Meanwhile, under the “Taoyuan Aerotropolis project” and “Compound Air and Sea Transport”, which were proactively boosted by the government, the company has more competitive strengths in the international market. The Company insists that by providing a fair operating environment, soliciting for the garrison of more international leading suppliers, and combining the connected air and sea transport and cargo charter operations, the Company may solicit for more cargo and increase its operating revenue.

B. Farglory Logistics Co., Ltd.

The company will continue to provide omnibus logistics services and use its best efforts to ally with domestic and foreign renowned logistics service providers, provide foreign companies with logistics and supply chain management services, and develop toward one-stop logistics services. Meanwhile, as a result of the increase in the occupancy rate of the value-added park, the related warehouse rental revenue, transport service revenue and tally service fees will increase significantly.

(III) Important Production and Marketing Policies

A. Farglory Free Trade Zone Co., Ltd.

1. The Company will practice employee training to deal with the cross-border business opportunities and air cargo market growth derived from the “cross-border e-commerce,” “Taoyuan Aerotropolis project” and “Open Skies Agreement Between Taiwan and the USA,”

and will strengthen workers' operations and ability in promoting business to train all employees to support marketing operations.

2. The Company will promote the TAPA-A certification, ISO27001 international information security management certification, "Gold Peak Award, OEMA" of 12th term, "Golden Thumb Awards for Private Management Team of 7th Term" conferred by Public Construction Commission, Executive Yuan and "Excellent Enterprise Award, Taoyuan County," in order to enhance the brand value and awareness of the free trade zone.
3. In response to the global solicitation for investment boosted by Executive Yuan, the company uses the best effort to solicit for investment domestically and overseas altogether, provides the free trade zone with operating niche, and markets the free trade zone.
4. The company solicits for the source of cargo under the "connected air and seal transport" at Taipei Port, and the tally and warehousing of international cargo at Taipei Songshan Airport, in order to increase the quantity, operating revenue and market share of cargo.
5. The Company will continue to provide fine-quality services to DHL, in order to speed up DHL's processing of courier service after it resided in the zone.
6. The Company will innovate its services, strengthen its competitiveness, and develop the air operation agency services. Meanwhile, by offering the incentive to cut airlines' labor costs, the Company uses the best effort to solicit outsourcing from airlines. So far, it has executed contracts with Aeroflot, Air Macau, Cargolux Airlines International, Polar Air Cargo, SF Airlines and Cebu Pacific. The Company will continue to solicit the other benchmarking airlines to create opportunities for a win-win situation.
7. The company will develop the omnibus service system dedicated to the processing of arrivals and pickup, increase customers' satisfaction, make adjustment per customers' need from time to time, demonstrate its professional service spirit, build its goodwill in the industry, and win support from customers via the other large-scale high-tech suppliers, in the spirit of Door to Door Service.
8. The Company also provide customers who designate the stock with professional services, provide the real-time cargo information via the online inquiry system, and utilize the stock-in email and e-fax to respond to the service system automatically, and provide suppliers with the service about cargo status notification for 24 hours, in order to increase customers' satisfaction and support.
9. The company will use the best to market professional warehousing management services, in order to solicit renowned large-scale enterprises and suppliers to take the company as their logistics location. Meanwhile, by combining the import/export and bonded operations, the company promotes the one-stop air cargo import/export alternative services to increase the scope of warehouses' operations.
10. Engage in strong marketing targeted at the 30 largest air freight forwarders in the market.
11. Engage in strong marketing targeted at small-size and medium-size air freight forwarders in the market.
12. Use the best efforts to solicit for re-export cargo stock-in to the main warehouse from airlines and air cargo companies.

B. Farglory Logistics Co., Ltd.

1. By claiming itself as the "Taoyuan Air Free Trade Port Zone" and the hub of the north to Taiwan's west coast, the company may solicit international physical logistics service providers to set up their operation centers in the north to Taiwan's west coast.
2. The freight forwarders undertake warehousing and delivery operations from their customers directly and then contract the same to the company.
3. The freight forwarders refer customers to the company directly, and the company pays the business development fees.
4. The company engages in the strategic alliance upholding professional labor division and vertical integration with domestic and foreign logistics service providers, in order to provide sounder services.
5. The company functions as a backup for logistics integrated service providers. The integrated service providers may utilize Farglory Logstics' complete services as their backup mechanism, at the same time when they are operating their main profession. Therefore, they don't need to invest large fixed costs any longer, but can enjoy the hedging functions returned by an investment of capital.

## III. Future development strategies

Farglory Free Trade Zone Investment Holding Co., Ltd. is committed to auditing and supervising its subsidiaries, namely "Farglory Free Trade Zone Co., Ltd." and "Farglory Free Trade Zone Co., Ltd.," and also exercising the parent company's resources to help its subsidiaries improve organization, sales marketing, operating quality, HR management, procurement management, financial management and computer information management, and integrating the subsidiaries' resources, in order to help the subsidiaries improve their competitiveness and upgrade their business performance.

Farglory Free Trade Zone Investment Holding Co., Ltd. consolidates resources and allocates them in the most effective manner internally, and develops elaboration services externally, in order to support the free-trade-zone enterprises to support global logistics, production, and marketing. Meanwhile, it helps international logistics integrated service providers develop their global logistics services by combining logistics, business flow, financial flow, and information flow, in order to enable the free trade zone to become the best choice where multinational enterprises and Taiwanese businessmen may set up their headquarters and regional operation centers and practice the holding company's vision. Further, following the business opportunities derived from the "Taoyuan Aerotropolis project," the company will evaluate the development of the air cargo logistics industry, and engage in diversified investment projects, in order to strengthen the comprehensive and international operations of Farglory Free Trade Zone Investment Holding Co., Ltd.

Looking forward to 2026, the global economy continues to grow. Taiwan's economic growth rate continues to be in first place among the Four Asian Tigers. Farglory Free Trade Zone will continue to challenge the operating revenue, quantity of cargo, and occupancy rate of the value-added park and offices, stably and based on its professional service quality, and also in combination with the growth momentum accumulated in the past, hoping to overtake peer companies in the same industry. In order to maintain its marketing force, it will solidify the existing customers and also open new sources of customers, strengthen the solicitation for the garrison of Mainland China/foreign airlines and courier service providers, projects and cross-industry alliance to increase the quantity of cargo and unit price.

Meanwhile, it will combine the “cross-border e-commerce” model, “connected air and sea cargo transport” at Taipei Port, “Taoyuan Aerotropolis project” and “21st Century Trade Initiate Between Taiwan and the USA” to build the omnibus logistics service and value-added operating environment. Further, it will provide tailor-made services in the areas not yet developed by it to satisfy residing suppliers’ need for exclusive services. It will also adjust the development orientation of the free trade zone to make the zone’s development more flexible and better in line with the international trend, and make the “1002” policy successful, which requires acceptance of orders in the morning and completion of customs clearance in the afternoon on the same day, and delivery of cargo to customers on next day, so as to urge Farglory’s overall operating revenue and earnings to grow year by year.

The related development strategies are explained as follows:

(I) In response to the return of Taiwanese businesses: Given the persistent trade and technology war between China and the US, in order to seize business opportunities derived from the return of Taiwanese businessmen to Taiwan, the Company has proactively established value-added zones.

(II) Zone-wide operation: The company adopts a diversified deployment policy, and will complete the development of the entire zone by late 2024. The fundraising and personnel deployment are planned simultaneously, and the Company will vigorously evaluate the feasibility of participating in the Taoyuan Aerotropolis project.

(III) Continuing bespoke services: After the DHL, KWE, ASML, and STARLUX logistics center, as well as the FedEx and AI chip dedicated warehouse collaborative projects, the Company has effectively bolstered the development strength of the entire zone and fostered more collaborative opportunities.

(IV) Insist on keeping up with the times with business models: The Company will include the new business models, including goods to pouch/pouch to pouch/transit through free trade zone, new retail, cross-border e-commerce, cold chain warehousing, smart logistics service, and value-added park, into its planning. Meanwhile, it also plans automatic drive identification, high-quality pallet/container management, full-temperature cold chain facilities, automated warehousing, conveyors ad and automatic towing services, in order to upgrade its services.

## IV. Impacts of the competitive environment, regulatory environment, and the overall business environment

As the world's major economies enter the interest rate cut cycle, the demand of the terminal market is expected to rise. With the continued popularity received by the emerging technologies, such as AI, the traditional industry will also recover gradually and is expected to boost Taiwan's exports and production momentum. Meanwhile, benefiting from semiconductor production expansion and capital expenditure expansion resulting from the net-zero transformation, the private investment expands the capital expenditure. Meanwhile, the international leading manufacturers continue to increase their investment in Taiwan. Besides, as driven by multiple factors, such as the stable performance of the labor market and domestic demand, and the expected sluggish inflation, Taiwan's economy is expected to keep growing steadily. The semiconductor manufacturers also continue their investment in advanced production processes. The return of Taiwanese businessmen and investment accelerated by foreign companies in Taiwan also help stabilize the increase in investment. Besides, the government also accelerates the execution of public works and optimizes the investment environment. All of these factors will maintain the entire investment momentum domestically.

Notwithstanding, the frequent extreme weather events caused by climate change not only destroy the infrastructure, but also directly cause property losses and indirectly affect the stability of the supply chain, thereby causing the increase in the commodity price and economic losses. The impact of climate change on the economy is both profound and far-reaching, requiring strengthened resilience and appropriate response measures.

In terms of external demand, Taiwan and the US have officially signed the “Agreement on Reciprocal Trade” and promoted a tax agreement. Business promising developments in 5G communications and AI, manufacturers continue to increase their production capacity allocation in Taiwan, which is expected to drive export growth. However, the unbalanced recovery of industries, the Russia-Ukraine war, the Red Sea crisis, and extreme weather continue to affect the global supply chain. Coupled with China's consumption freeze, the impact on Taiwan must be monitored closely.

Further, the Taoyuan Aerotropolis project is expected to improve the overall service quality at Taoyuan International Airport, build a denser flight network and route layout and also create opportunities for air cargo development. Following the Asian economies’ growth, the company will, based on the free trade zone, integrate resources to connect the business activities in the zone with the production and supply chains in industry parks domestically. Then, the company is expected to derive a considerable quantity of cargo and business opportunities and urge the “Farglory Free Trade Zone” to become the bridge for the cross-strait labor divisions in line with the world.

Currently, the “Farglory Free Trade Zone” Project (1st phase) developed by Farglory Group in response to the government’s economic development policy has been completed and operated for 21 years. The “Farglory Free Trade Zone” is the first air free trade zone in Taiwan dedicated to creating an excellent investment and operation environment and promoting engagement from multinational businesses into Taiwan. Upon the launch of the “Taoyuan Aerotropolis project”, Farglory Free Trade Zone will take the opportunity to shape itself as the best logistics, distribution, procurement, shipping, assembly, testing, production, and manufacturing base for sustainable operations.

Finally, I wish that all of you can continue to extend us the support and encouragement to help us create excellent results to be shared with you. We wish all our shareholders a prosperous future ahead

Chairman: Yeh Chun-Yao  Manager: Lai Chia-Ling  Chief of accountant: Hsu Chueh-Wei