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**TR Example Group
Financial Statements
December 31, 2025**

Independent Auditor's Report

[PLACEHOLDER]

Independent Auditor's Report

Independent Auditor's Report

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

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The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

TR Example Group
Consolidated Balance Sheet
for the years ended December 31, 2025 and 2024

	2025	2024
	\$000	\$000
Assets		
Current assets		
Cash and cash equivalents	7,231	6,231
Restricted cash	1,000	500
Accounts receivables, less allowance of \$XX in 2021 and \$XX in 2021	29,000	20,000
Notes receivable	5,600	12,600
Inventory	53,700	47,700
Prepaid expenses	1,500	500
Other current assets	-	-
Total current assets	98,031	87,531
Non-current assets		
Digital assets	XXX	XXX
Property, plant and equipment, net of accumulated depreciation of \$XX in 2021 and \$XX in 2020	65,230	53,230
Note receivable, related company	-	-
Goodwill	-	-
Intangible assets, net	3,300	1,900
Investment in nonconsolidated affiliates	6,700	4,600
Deferred income taxes	-	-
Operating lease right of use assets	-	-
Other non-current assets	-	-
Total non-current assets	75,230	59,730
Total assets	173,261	147,261
Liabilities and Retained Earnings		
Current liabilities		
Short-term debt, including current maturities of long-term debt	3,600	7,600
Trade and other payables	33,000	27,650
Current portion of [operating or finance] lease liabilities	-	-
Accrued expenses	731	731
Accrued income taxes	-	-
Other current liabilities	-	-
Total current liabilities	37,331	35,981
Non-current liabilities		
Long-term portion of lease liabilities	-	-
Long-term debt	35,500	21,500
Pension and post-retirement benefits	-	-
Government grants	-	-
[Operating or Finance] lease liabilities	17,000	15,400
Deferred income taxes	3,700	2,700
Commitments and contingencies	-	-
Other non-current liabilities	-	-
Total non-current liabilities	56,200	39,600

Commented [EY1]: Note to TR: Added for the purposes of ASU 2023-08.

TR Example Group
Consolidated Balance Sheet (continued)
for the years ended December 31, 2025 and 2024

	2025	2024
	\$000	\$000
Total liabilities	93,531	75,581
Equity		
Common stock	16,000	16,000
Additional paid capital	730	680
Treasury shares	-	-
Other capital reserves	-	-
Accumulated other comprehensive gain (loss)	-	-
Retained earnings	63,000	55,000
Noncontrolling interests	-	-
Total equity	79,730	71,680
Total liabilities and equity	173,261	147,261

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

TR Example Group
Consolidated Statement Of Income
for the years ended December 31, 2025 and 2024

	2025	2024
	\$000	\$000
Continuing operations		
Sale of goods	150,000	130,000
Service and rental revenue	10,000	20,000
Total Revenue	160,000	150,000
Cost of sales	122,000	115,000
Gross Profit	38,000	35,000
Other operating income	-	-
Selling, distribution, and administrative expenses	15,400	14,200
Depreciation and amortization	8,600	7,800
Engineering, research, and development	-	-
Goodwill impairment charges	-	-
Digital asset impairment losses (gains), net	XXX	XXX
Other operating expenses	-	-
Operating Profit	14,000	13,000
Other expenses (income)		
Loss on extinguishment of debt	-	1,000
Gain on sale of equipment	(2,500)	-
Share of (profit) loss of a joint venture	-	-
Equity in (earnings) losses of nonconsolidated affiliates	(3,000)	-
Other expense (income), net	-	(6,000)
	5,500	5,000
Income before interest expense, income taxes, and noncontrolling interests from continuing operations	19,500	18,000
Interest expense	(5,500)	(5,000)
Income before income taxes and noncontrolling interests from continuing operations	14,000	13,000
Income tax expense (benefit)	(6,000)	(5,500)
Net income for [Company Name] from continuing operations	8,000	7,500
Less: Net income attributable to noncontrolling interests	-	-
Net income attributable to [Company Name] from continuing operations	8,000	7,500
Discontinued operations		
Loss from operations of discontinued component [name] (including loss on disposal of \$XXX)	-	-
Income tax benefit / expense	-	-
Loss on discontinued operations	-	-
Net income attributable to [Company Name]	8,000	7,500

Commented [EY2]: Note to TR: Added for the purposes of ASU 2023-08.

TR Example Group
Consolidated Statement Of Income (continued)
for the years ended December 31, 2025 and 2024

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

TR Example Group
Consolidated Statement Of Comprehensive Income
for the years ended December 31, 2025 and 2024

	2025	2024
	\$000	\$000
Net income	8,000	7,500
Other comprehensive income/(loss) - before tax		
Defined benefit plans	(100)	-
Unrealized holding gain/(loss) on available-for-sale securities and reclassification adjustments	-	(250)
Foreign exchange translation adjustment	100	-
Net (loss)/gain on cash flow hedges	-	250
Net (loss)/gain on debt instruments designated at fair value through other comprehensive income	-	-
Other comprehensive income for the year, before tax	8,000	7,500
Less: Income Tax Expense or (Benefit)	-	-
Defined benefit plans		
Unrealized holding gain / (loss) on available-for-sale securities and reclassification adjustments	-	-
Foreign currency translation adjustment	-	-
Net (loss) gain on cash flow hedges	-	-
Net (loss) gain on debt instruments designated at fair value through other comprehensive income	-	-
Other comprehensive income/(loss) for the year, net of tax	-	-
Less: Comprehensive income attributable to noncontrolling interests	-	-
Total comprehensive income for the year, net of tax	8,000	7,500

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

TR Example Group
Consolidated Statement Of Cash Flows
for the years ended December 31, 2025 and 2024

[Indirect Method]

	2025	2024
	\$000	\$000
Operating activities		
Net profit before tax from continuing operations	8,000	7,500
Net profit/(loss) before tax from discontinued operations	-	-
Net Profit before tax	8,000	7,500
Adjustments to reconcile net profit before tax to net cash flows:		
Goodwill impairment charges	-	-
Depreciation and impairment of property, plant and equipment	8,600	7,800
Provision for losses on accounts receivable	750	700
Provision for deferred income taxes	1,000	1,500
Undistributed earnings (losses) of nonconsolidated affiliates	(2,100)	(1,800)
Depreciation and impairment of right-of-use assets	-	-
Amortization and impairment of intangible assets	-	-
Share-based payment expense	-	-
Decrease in investment properties	-	-
Net foreign exchange differences	-	-
(Gain) Loss on disposal of property, plant and equipment	(2,500)	-
Payment received on instalment sale	2,000	-
Finance income	-	-
Finance costs	-	-
Digital asset impairment losses (gain), net	-	-
Changes in assets and liabilities, net of effects from purchase of Target company:		
(Increase) decrease in accounts receivable	(7,750)	(5,500)
(Increase) decrease in inventories	(3,000)	(2,750)
(Increase) decrease in prepaid expenses	(1,000)	1,300
Increase (decrease) in accounts payable and accrued expenses	3,850	(1,750)
Increase (decrease) in accrued interest and income taxes	-	-
Increase (decrease) in other assets and liabilities	-	-
Net cash flows provided by (used in) operating activities	7,850	7,000
Investing activities		
Proceeds from sale of property, plant and equipment	6,500	3,000
Purchase of property, plant and equipment	(12,000)	(4,400)
Purchase of investment properties	-	-
Purchase of Target company, net of cash acquired	(7,700)	-
Payment received on note for sale of plant	4,500	-
Research and development expenditures	-	-
Receipt of government grants	-	-
Purchases of digital assets	-	-
Proceeds from sale of digital assets	-	-
Net cash flows provided by (used in) investing activities	(8,700)	(1,400)
Financing activities		
Proceeds from revolving line of credit and long-term debt	14,500	11,600
Principal payments on revolving line of credit, long-term debt and finance lease liabilities	(11,700)	(14,000)
Proceeds from sale of common stock	2,000	-
Dividends paid	(2,950)	(2,200)

TR Example Group
Consolidated Statement Of Cash Flows (continued)
for the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	<u>\$000</u>	<u>\$000</u>
Net cash flows from/(used in) financing activities	1,850	(4,600)
Net increase in cash and cash equivalents	1,000	1,000
Net foreign exchange difference	-	-
Cash and cash equivalents at January 1	6,231	5,231
Cash and cash equivalents at December 31	7,231	6,231

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

TR Example Group
Consolidated Statement Of Changes In Equity
for the years ended December 31, 2025 and 2024

	Attributable to the equity holders of the parent							
	Issued capital (Note XX)	Additional paid in capital (Note XX)	Treasury shares (Note XX)	Accumulated other comprehensive income/(loss) (Note XX)	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Asset revaluation surplus
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
As at January 1, 2024	16,000	680	-	-	47,500	-	-	-
Income for the period	-	-	-	-	7,500	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Defined benefit plan	-	-	-	-	-	-	-	-
Unrealized holding gain/(loss) on available- for-sale securities and reclassification adjustments	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	-
Net (loss) gain on cash flow hedges	-	-	-	-	-	-	-	-
Net (loss) gain on debt instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	7,500	-	-	-
Discontinued operations	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Exercise of options	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Transactions costs	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-
At December 31, 2024	16,000	680	-	-	55,000	-	-	-

TR Example Group
Consolidated Statement Of Changes In Equity (continued)
for the years ended December 31, 2025 and 2024

	Attributable to the equity holders of the parent		
	Total [Company Name] Shareholders' Equity	Noncontrolling interests	Total equity
	\$000	\$000	\$000
As at January 1, 2024	64,180	-	64,180
Income for the period	7,500	-	7,500
Other comprehensive income	-	-	-
Defined benefit plan	-	-	-
Unrealized holding gain/(loss) on available-for-sale securities and reclassification adjustments	-	-	-
Foreign currency translation	-	-	-
Net (loss) gain on cash flow hedges	-	-	-
Net (loss) gain on debt instruments designated at fair value through other comprehensive income	-	-	-
Total comprehensive income	7,500	-	7,500
Discontinued operations	-	-	-
Issue of share capital	-	-	-
Exercise of options	-	-	-
Share-based payments	-	-	-
Transactions costs	-	-	-
Cash dividends	-	-	-
At December 31, 2024	71,680	-	71,680

TR Example Group
Consolidated Statement Of Changes In Equity (continued)
for the years ended December 31, 2025 and 2024

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

	Attributable to the equity holders of the parent							Total
	Issued	Additional	Treasury	Accumulated	Retained	Cash	Foreign	Asset
	capital	paid in	shares	other	earnings	flow	currency	revaluation
	(Note XX)	(Note XX)	(Note XX)	comprehensive		hedge	translation	surplus
				income/(loss)		reserve	reserve	
				(Note XX)				Shareholders'
								Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At December 31, 2024	16,000	680	-	-	55,000	-	-	-
Income for the period	-	-	-	-	8,000	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Defined benefit plan	-	-	-	-	-	-	-	-
Unrealized holding gain/(loss) on available-for-sale securities and reclassification adjustments	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	-
Net (loss) gain on cash flow hedges	-	-	-	-	-	-	-	-
Net (loss) gain on debt instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-

TR Example Group
Consolidated Statement Of Changes In Equity (continued)
for the years ended December 31, 2025 and 2024

At December 31, 2024
Income for the period
Other comprehensive income
Defined benefit plan
Unrealized holding gain/(loss) on available-for-sale securities and reclassification adjustments
Foreign currency translation
Net (loss) gain on cash flow hedges
Net (loss) gain on debt instruments designated at fair value through other comprehensive income

Attributable to the equity holders of the parent	
Noncontrolling interests	Total equity
\$000	\$000
-	71,680
-	8,000
-	-
-	-
-	-
-	-
-	-
-	-

TR Example Group
Consolidated Statement Of Changes In Equity (continued)
for the years ended December 31, 2025 and 2024

	Attributable to the equity holders of the parent								Total
	Issued	Additional	Treasury	Accumulated	Retained	Cash	Foreign	Asset	[Company
	capital	paid in	shares	other	earnings	flow	currency	revaluation	Name]
	(Note XX)	(Note XX)	(Note XX)	comprehensive		hedge	translation	surplus	Shareholders'
				income/(loss)		reserve	reserve		Equity
	\$000	\$000	\$000	(Note XX)	\$000	\$000	\$000	\$000	\$000
Total comprehensive income	-	-	-	-	8,000	-	-	-	8,000
Discontinued operations	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-
Exercise of options	-	-	-	-	-	-	-	-	-
Adoption of ASU 2020-06	-	-	-	-	-	-	-	-	-
Share-based payments	-	50	-	-	-	-	-	-	50
Transactions costs	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-
At December 31, 2025	16,000	730	-	-	63,000	-	-	-	79,730

TR Example Group
Consolidated Statement Of Changes In Equity (continued)
for the years ended December 31, 2025 and 2024

Total comprehensive income

Discontinued operations

Issue of share capital

Exercise of options

Adoption of ASU 2020-06

Share-based payments

Transactions costs

Cash dividends

At December 31, 2025

Attributable to the equity holders of the parent	
Noncontrolling interests	Total equity
\$000	\$000
-	8,000
-	-
-	-
-	-
-	-
-	50
-	-
-	-
-	-
-	79,730

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

TR Example Group

Consolidated Statement Of Changes In Accumulated Other Comprehensive Income
for the years ended December 31, 2025 and 2024

	Defined Benefit Plans	Unrealised holding gain/ (loss) on AFS securities and reclas	Foreign currency translation adjustment	Net (loss) gain on cash flow hedges	Net (loss) gain on debt instruments designated at fair value
	\$000	\$000	\$000	\$000	\$000
Beginning Balance	-	-	-	-	-
Other comprehensive income/(loss) before reclassifications	-	-	-	-	-
Amounts reclassified from Accumulated comprehensive income	-	-	-	-	-
Net current period other comprehensive income	-	-	-	-	-
Ending Balance	-	-	-	-	-

	Defined Benefit Plans	Unrealised holding gain/ (loss) on AFS securities and reclas	Foreign currency translation adjustment	Net (loss) gain on cash flow hedges	Net (loss) gain on debt instruments designated at fair value
	\$000	\$000	\$000	\$000	\$000
Beginning Balance	-	-	-	-	-
Other comprehensive income/(loss) before reclassifications	-	-	-	-	-
Amounts reclassified from Accumulated comprehensive income	-	-	-	-	-
Net current period other comprehensive income	-	-	-	-	-
Ending Balance	-	-	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
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TR Example Group
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The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

1. Nature of operations

TR Example Group is a [corporation, partnership, single member llc] created in the state of [Name of State] which began operations on [Date]. The Company is engaged in [insert explanation of the business].

2. Basis of presentation

Statement of compliance

The consolidated financial statements of the Company have been prepared on a basis consistent with accounting principles generally accepted by the United States of America ("U.S. GAAP").

Principles of consolidation

The consolidated financial statements of the Company include the financial statements of the Company and its subsidiary as of [date].

Subsidiaries are fully consolidated from the date of acquisition, which is defined as the date on which the Company obtains control and continues to be consolidated until the date that such control ceases. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess cost over the fair values of the identifiable net assets acquired is recognized as goodwill. The financial statements for the subsidiary have been prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany balances, income and expenses, unrealized gains and losses and dividends resulting from intercompany transactions are eliminated in full.

Functional and presentation currency

The consolidated financial statements are reported in U.S. dollars which is the functional currency of the Company. All assets and liabilities of foreign subsidiaries and affiliates are translated at period-end exchange rates. All revenue and expenses are translated using weighted average rates for the period.

Revision of previously issued financial statements

The Company identified a [insert reason for revision].

Reclassifications

There are certain amounts in the prior years that have been [changed, aggregated or disaggregated] to conform to current year presentation. These reclassifications have no effect on previously reported income before income taxes and noncontrolling interests or net income, other comprehensive income (loss), current or total assets, current or total liabilities, and the cash provided (used) by operating, investing or financing activities within the consolidated statement of cash flows.

TR Example Group

Notes To The Consolidated Financial Statements

December 31, 2025

2. Basis of presentation (continued)

Revision of previously issued financial statements (continued)

Reclassifications (continued)

[State the effect of the reclassifications on the specific financial statement line items]

3. Significant accounting judgments, estimates, and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities as of the dates presented, the reported amounts of revenues and expenses during the periods presented, and any associated disclosures. Actual results could differ from these estimates and such differences could be material.

4. Accounting changes

Change in accounting principle

[for a change that requires retrospective adjustments]

For the year ended December 31, 2025, the Company has elected to change their accounting principle on [insert nature of change]. The Company has chosen to change the accounting principle for the following reason(s) [insert reasoning as to why new method is preferable]. As a result of the change in accounting principle, the following periods have been retroactively adjusted.

The below tables detail the change from continuing operations, net income, and other affected financial statement line items.

Income statement

Year ended December 31, 2025

Sales
Cost of sales
Selling, distribution and administrative expenses
Income before income taxes
Income taxes
Net income

As adjusted	As reported	Effect of change
\$000	\$000	\$000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
4. Accounting changes (continued)

Change in accounting principle (continued)

Balance sheet

Year ended December 31, 2025

	As adjusted	As reported	Effect of change
	\$000	\$000	\$000
Cash	-	-	-
Inventory	-	-	-
Total assets	-	-	-
Accrued income tax	-	-	-
Total liabilities	-	-	-
Additional paid in capital	-	-	-
Retained earnings	-	-	-
Total equity	-	-	-
Total liabilities and equity	-	-	-

Statement of cash flows

Year ended December 31, 2025

	As adjusted	As reported	Effect of change
	\$000	\$000	\$000
Net profit before tax from continuing operations	-	-	-
Adjustments to reconcile net profit before tax to net cash flows:			
(Increase) decrease in inventories	-	-	-
Increase (decrease) in income taxes	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

4. Accounting changes (continued)

Change in accounting principle (continued)

Statement of cash flows

Year ended December 31, 2025

Net cash provided by (used in) operating activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents, January 1, 2025
Cash and cash equivalents, December 31, 2025

As adjusted	As reported	Effect of change
\$000	\$000	\$000
-	-	-
-	-	-
-	-	-
-	-	-

[or for a change which retrospective adjustment was not practicable]

For the year ended December 31, 2025, the Company has elected to change their accounting principle on [insert nature of change]. The Company has chosen to change the accounting principle for the following reason(s) [insert reasoning as to why new method is preferable]. The company has chosen to apply the changes by [insert description of alternative method used to report change] as this method [insert explanation as to why this method is preferable to retrospective adoption].

Due to the change in accounting principle, the following indirect effects were noted

Income statement

Year ended December 31, 2025

Sales
Cost of sales
Selling, distribution and administrative expenses
Income before income taxes

As adjusted	As reported	Effect of change
\$000	\$000	\$000
-	-	-
-	-	-
-	-	-
-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
4. Accounting changes (continued)

Change in accounting principle (continued)

Income statement

Year ended December 31, 2025

Income taxes

Net income

As adjusted	As reported	Effect of change
\$000	\$000	\$000
-	-	-
-	-	-

Balance sheet

Year ended December 31, 2025

Cash

Inventory

Total assets

Accrued income tax

Total liabilities

Additional paid in capital

Retained earnings

Total equity

Total liabilities and equity

As adjusted	As reported	Effect of change
\$000	\$000	\$000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

4. Accounting changes (continued)

Change in accounting principle (continued)

Statement of cash flows

Year ended December 31, 2025

Net profit before tax from continuing operations
Adjustments to reconcile net profit before tax to net cash flows:
(Increase) decrease in inventories
Increase (decrease) in income taxes
Net cash provided by (used in) operating activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents, January 1, 2025
Cash and cash equivalents, December 31, 2025

As adjusted	As reported	Effect of change
\$000	\$000	\$000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

Change in accounting estimate

As noted above, in preparing the consolidated financial statements in conformity with U.S. GAAP, it requires management to make certain estimates and assumptions. For the year ended December 31, 2025, management is revising the estimate related to [specify which estimate is being revised] due to [insert reasoning for revision to estimate].

The below tables detail the effect of the change in estimate:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

4. Accounting changes (continued)

Change in accounting estimate (continued)

Year ended December 31, 2025

	As adjusted	As reported	Effect of change
	\$000	\$000	\$000
Depreciation and amortization	-	-	-
Income before income taxes	-	-	-
Income taxes	-	-	-
Net income	-	-	-

Change in reporting entity

For the year ended December 31, 2025, there has been a change in reporting entity. [Insert nature of change and reason for it].

Correction of an error

On [date], the Company issued financial statements which require restatement. [Insert explanation regarding source of error].

The error was determined to have a material effect on the prior period consolidated financial statements and has thus been corrected retrospectively. Consistent with the retrospective correction of an error that relates to prior periods, the Company has restated the comparative figures as well as the opening balances of the comparative year.

The affected consolidated financial statement line items that have been restated in the prior periods, are as follows:

Impact on equity (increase/(decrease) in equity)

	December 31, 2025	December 31, 2024
	\$000	\$000
Inventories	-	-
Trade receivables	-	-
Total assets	-	-
Income taxes payable	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

4. Accounting changes (continued)

Impact on equity (increase/(decrease) in equity) (continued)

Total liabilities

Net impact on equity

Impact on Consolidated Statement of Profit or Loss (increase/(decrease) in profit)

Sale of goods

Cost of sales

Income tax expense

Net impact on profit for the year

Attributable to

Equity holders of the Company

December 31, 2025	December 31, 2024
\$000	\$000
-	-
-	-

December 31, 2025	December 31, 2024
\$000	\$000
-	-
-	-
-	-
-	-
-	-
-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
5. Significant accounting policies

Pronouncements adopted – Segment Reporting

In November 2024, the FASB issued Accounting Standards Update 2023-07 ("ASU 2023-07"), Segment Reporting, which improves reportable segment disclosure requirements. ASU 2023-07 primarily enhances disclosures about significant segment expenses by requiring that a public entity disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss. This ASU also (i) requires that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment, and a description of its composition; (ii) requires that all annual disclosures are provided in the interim periods; (iii) clarifies that if the CODM uses more than one measure of profitability in assessing segment performance and deciding how to allocate resources, that one or more of those measures may be reported; (iv) requires disclosure of the title and position of the CODM and a description of how the reported measures are used by the CODM in assessing segment performance and in deciding how to allocate resources; (v) requires that an entity with a single segment provide all new required disclosures. ASU 2023-07 is effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025 and requires retrospective application. Early adoption is permitted.

The amendments under ASU 2023-07 relate to financial disclosures and its adoption will result in additional segment disclosures. The Company will adopt ASU 2023-07 for the annual reporting period ending December 31, 2025 and for interim reporting periods thereafter.

Refer to Note 21 - Segment and geographic information for more information.

Pronouncements adopted – Leases: Common Control Arrangements

In March 2024, FASB issued ASU No. 2023-01, Leases (Topic 842) - "Common Control Arrangements." This ASU requires entities to determine whether a related party arrangement between entities under common control is a lease. If the arrangement is determined to be a lease, an entity must classify and account for the lease on the same basis as an arrangement with a related party. The ASU requires all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group. This guidance is effective for the Company January 1, 2025, and [did/did not] have a material impact on the Company's financial statements.

Refer to Note 23 - Related Party Transactions for more information.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
5. Significant accounting policies (continued)

Pronouncements adopted – Derivatives and Hedging

On March 28, 2023, the FASB issued ASU 2022-01, "Fair Value Hedging - Portfolio Layer Method" ("ASU 2022-01"), which expands the current last-of-layer method to allow multiple hedged layers to be designated for a single closed portfolio. To reflect that expansion, the last-of-layer method was renamed the portfolio layer method. In addition, ASU 2022-01: (i) expands the scope of the portfolio layer method to include nonprepayable financial assets, (ii) specifies eligible hedging instruments in a single-layer hedge, (iii) provides additional guidance on the accounting for and disclosure of hedge basis adjustments under the portfolio layer method, and (iv) specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio.

For public business entities, ASU 2022-01 is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted. Upon adoption, any entity may designate multiple hedged layers of a single closed portfolio solely on a prospective basis. All entities are required to apply the amendments related to hedge basis adjustments under the portfolio layer method on a modified retrospective basis by means of a cumulative-effect adjustment to the opening balance of retained earnings on the initial application date.

The Company adopted ASU 2022-01 on [month date, year]. The adoption of this standard did not have a material effect on the Company's financial statements.

Pronouncements adopted – Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08"), which provides an exception to fair value measurement for contract assets and contract liabilities related to revenue contracts acquired in a business combination. ASU 2021-08 requires an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The Company adopted this guidance effective [month date, year]. The adoption of this standard did not have a material effect on the Company's financial statements.

TR Example Group

Notes To The Consolidated Financial Statements

December 31, 2025

5. Significant accounting policies (continued)

Pronouncements adopted – Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

In August 2020, the FASB issued ASU No. 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"). ASU 2020-06 was issued to reduce the complexity associated with accounting for certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and redeemable convertible preferred stock and improves the disclosures for convertible instruments and related earnings per share guidance. ASU 2020-06 also amends the guidance for the derivatives scope exception for contracts in an entity's own equity and improves and amends the related earnings per share guidance. For public entities that qualify as a filer with the Securities and Exchange Commission, excluding entities eligible to be smaller reporting companies, ASU 2020-06 is effective for fiscal annual periods beginning after December 15, 2021, including interim periods within those fiscal years. For nonpublic entities, ASU 2020-06 is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. ASU 2020-06 must be adopted as of the beginning of a Company's annual fiscal year. The Company adopted this standard on [month date, year]. The adoption of this standard did/did not have a material effect on the Company's financial statements.

Refer to Note 10 - Loans, notes, trade and other receivables for more information.

Pronouncements adopted – Revenue

On [date of adoption], the Company adopted ASC Topic 606, *Revenue from Contracts with Customers*, a five-step revenue recognition model which supersedes all previous revenue recognition requirements. The core principle of the five-step model is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

We adopted the standard using the modified retrospective method for all contracts not completed as of adoption, which resulted in a cumulative effect adjustment of \$XXX to increase/decrease the opened retained earnings balance for our 2024 fiscal year. The following tables present the amount each applicable financial statement line item on our consolidated statements of income and retained earnings and consolidated balance sheet:

TR Example Group

Notes To The Consolidated Financial Statements

December 31, 2025

5. Significant accounting policies (continued)

Pronouncements adopted – Revenue (continued)

Consolidated Statements of Income and Retained Earnings

Consolidated Balance Sheet

Assets

Receivables, net

Inventory, net

Prepaid and other assets

Other assets

Liabilities and Equity:

Accrued expenses

Participants' share and residuals

Other liabilities (current)

Deferred revenue

Other liabilities (non-current)

Retained earnings

See Note 20 - *Revenue* for additional detail.

Year ended	
December	December
31, 2025	31, 2024
\$000	\$000

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

Pronouncements adopted - Leases

In February 2016, the FASB issued ASC Topic 842, *Leases*. ASC 842 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The right of use ("ROU") asset will be based on the lease liability adjusted for certain costs such as initial direct costs, prepaid lease payments, and lease incentives received.

The Company adopted this guidance when it became effective in fiscal 2025 using the [modified retrospective] transition approach for leases that existed at the period of adoption and will not restate the prior comparative periods. Under this method, the Company was required to assess the remaining future payments and lease terms of existing leases as of the beginning of January 1, 202X.

TR Example Group

Notes To The Consolidated Financial Statements

December 31, 2025

5. Significant accounting policies (continued)

Pronouncements adopted - Leases (continued)

The Company also elected the following practical expedients: [package of practical expedients (no need to reassess whether expired or existing contracts are or contain leases; no need to reassess lease classification of expired or existing leases, no need to reassess initial direct costs), easements practical expedient, to not separate lease and non-lease components, hindsight practical expedient].

Based on the current evaluation efforts, the Company believes that this standard will have a significant impact on its consolidated balance sheets but will have no material impact on the consolidated statements of income, other comprehensive income, or cash flows. The Company expects to recognize lease liabilities of [\$XX] based on the present value of future minimum lease commitments as of date. The Company expects to record a corresponding ROU asset with various adjustments of [\$XX].

See Note 18 - *Leases* for additional detail.

Intangible Assets – Impairment of Goodwill

The Company has made an accounting policy election to apply the accounting alternative which allows the Company to evaluate goodwill impairment triggering events only as of the end of each reporting period. The policy election to apply the accounting alternative was added through the ASU 2021-03.

Pronouncements adopted - Equity Method and Joint Ventures

In January 2023, the FASB issued Accounting Standards Update (“ASU”) 2020-01, *Investments-Equity Securities* (Topic 321), *Investments-Equity Method and Joint Ventures* (Topic 323), and *Derivatives and Hedging* (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.

The guidance clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321. The standard also includes scope considerations for entities that hold certain non-derivative forward contracts and purchased options to acquire equity securities that, upon settlement of the forward contract or exercise of the purchase option, would be accounted for under the equity method of accounting. This guidance is effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years.

The prospective adoption of this guidance from January 1, 2025 [did/did not] have a material impact on our consolidated financial statements.

In March 2023, the FASB issued ASU 2023-02, *Investments - Equity Method and Joint Ventures* (Topic 323), Accounting for Investments in Tax Credit Structures using the Proportional Amortization Method, which permits reporting entities to elect to account for certain tax equity investments using the proportional amortization method, if certain criteria are met. The election can be made for each qualifying tax credit investment. Under the proportional amortization method, the initial cost of an investment is amortized in proportion to the amount of tax credits and other tax benefits received, with the amortization and tax credits recognized as a component of income tax expense. To qualify for the proportional amortization method, all of the following conditions must be met: (1) It is probable that the income tax credits allocated to the tax equity investor will be available; (2) The tax equity investor does not have the ability to exercise significant influence over the operating and financial policies of the underlying project; (3) Substantially all of the projected benefits are from income tax credits and other income tax benefits; (4) The tax equity investor's projected yield is based solely on the cash flows from the income tax credits and other income tax benefits is positive; and (5) The tax equity investor is a limited liability investor in the limited liability entity for legal and tax purposes, and the tax equity investor's liability is limited to its capital investment. A reporting entity that applies the proportional amortization method to qualifying tax equity investments must account for the receipt of the investment tax credits using the flow-through method under Topic 740, *Income Taxes*. The amendments also require the application of the delayed equity contribution guidance to all tax equity investments, and require specific disclosures that must be applied to all investments that generate income tax credits and other income tax benefits from a tax credit program for which the entity has elected to apply the proportional amortization method in accordance with Subtopic 323-740. Under the proportional amortization method, the investment shall be tested for impairment when events or changes in circumstances indicate that it is more likely than not that the carrying amount of the investment will not be realized. An impairment loss shall be measured as the amount by which the carrying amount of the investment exceeds its fair value. A previously recognized impairment loss shall not be reversed. The Company adopted ASU 2023-02 [month date, year]. The Company's adoption of this standard [did/did not] have a material impact on the consolidated financial statements. See footnote 27 for more information.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
5. Significant accounting policies (continued)

Pronouncements adopted – Nonrefundable fees and other costs

In October 2023, the FASB issued ASU No. 2020-08, *Receivables* (Topic 310) - Nonrefundable Fees and Other Costs ("ASU 2020-08"), to provide further clarification and update the previously issued guidance in ASU 2017-08, "Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20) Premium Amortization on Purchased Callable Debt Securities" ("ASU 2017-08"). ASU 2017-08 shortened the amortization period for certain callable debt securities purchased at a premium by requiring that the premium be amortized to the earliest call date. ASU 2020-08 is effective for fiscal years ending after December 15, 2024 and early adoption was permitted for all other entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2025. The provisions under ASU 2020-08 are applied prospectively. The Company adopted the provision of ASU 2020-08 effective January 1, 2025 and the adoption [did/did not] have a material impact on the consolidated financial statements.

Pronouncements adopted – Fair Value Measurement (Topic 820)

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement* (Topic 820): *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This guidance also requires certain disclosures for equity securities subject to contractual sale restrictions. [The new guidance is required to be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption. [The Company has evaluated and concluded that there's [no/a] material impact of the new guidance on the consolidated financial statements. The Company adopted ASU 2022-03 since [adoption date]. See Footnote 8 for more details.

Pronouncements adopted – Compensation – Stock Compensation

In October 2024, the FASB issued ASU No. 2021-07, *Compensation - Stock Compensation* (Topic 718), Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards, to offer nonpublic companies a practical expedient to determine the current price of a share-based payment transaction by utilizing a "reasonable application of a reasonable valuation method." The practical expedient describes several characteristics of a reasonable valuation method and will include 1) consideration of the value of all tangible and intangible assets, 2) the present value of future anticipated cash flows, 3) the market value of similar entities, 4) recent arm's-length transactions involving the sale or transfer of stock/equity interests, and 5) other relevant factors that affect the valuation or have a material economic effect on the entity. ASU 2021-07 is effective prospectively for all qualifying awards granted or modified during fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. The provisions under ASU 2021-07 are applied prospectively. The Company adopted the provision of ASU 2021-07 effective January 1, 2025 and the adoption [did/did not] have a material impact on the consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01, which clarifies how an entity determines whether a profits interest or similar award is a share-based payment arrangement that is within the scope of ASC 718, *Compensation - Stock Compensation*. This accounting standard is effective for fiscal years beginning after December 15, 2024, including interim periods within those years. ASU 2024-01 can be applied retrospectively to all prior

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Commented [EY3]: Note to TR: ASU 2022-03 was effective for public entities beginning after 12/15/2023 however is now effective for all other entities beginning 12/15/2025. The ASU has different transition guidance for investment companies as follows: Investment Companies:

- 1) For equity securities with a contractual sale restriction entered into or modified on or after the adoption date, apply the ASU on a prospective basis.
- 2) For equity securities with a contractual sale restriction entered into or modified before the adoption date:
 - continue to apply the existing accounting policy until the restrictions expire or are modified; and
 - disclose (1) the fair value of the equity securities subject to a contractual sale restriction to which the entity continues to apply a discount, (2) the nature and remaining duration of the restriction and (3) the circumstances that could cause a lapse in the restriction.
- 3) Any adjustments resulting from applying the ASU will be recognized as an adjustment to current-period earnings when the restrictions expire or are modified.

All other entities:

- 1) Apply the ASU on a prospective basis to all equity securities with a contractual sale restriction as an adjustment to current-period earnings. This amount must also be disclosed in the period that the entity first applies the amendments.

periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies this accounting standard. We adopted ASU 2024-01 effective [month date, year] and will apply the amendments [prospectively/retrospectively] to profits interest and similar awards granted or modified on or after [adoption date]. The adoption of this accounting standard [did/did not] have a material impact on our consolidated financial statements.

Pronouncements adopted – Codification improvements

In October 2023, the FASB issued ASU No. 2020-10, *Codification Improvements*. The amendments in this ASU affect a wide variety of topics in the Accounting Standards Codification by either clarifying the codification or correcting unintended application of guidance. The amendments do not change U.S. GAAP and, therefore, are not expected to result in a significant change in current accounting practice. The Company adopted this ASU on January 1, 2025. Adoption of this standard [did not] not have a material impact on the Company's consolidated financial statements or related disclosures.

Commented [EY4]: Note to TR: ASU 2024-01 provides illustrative examples for ASC 718 and does not require additional disclosures.

In March 2024, the FASB issued ASU 2024-02 *Codification Improvements – Amendments to Remove References to the Concepts Statements*, which contains amendments to the Codification to remove references to various FASB Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. Generally, ASU 2024-02 is not intended to result in significant accounting changes for most entities. ASU 2024-02 is effective for the Company for fiscal years beginning after December 15, 2024. The company adopted ASU 2024-02 effective [month date, year]. The ASU [did/did not] have a material impact on the consolidated financial statements. [The guidance will be applied prospectively to all new transactions recognized on or after [date of adoption]./The guidance has been applied retrospectively for all transactions beginning with [earliest date of comparative period presented].]

In December of 2023, the FASB issued ASU 2023-09 *Improvements to Income Tax Disclosures*. ASU 2023-09 intends to improve the transparency of income tax disclosures through the disclosure of specific categories in the tax rate reconciliation, provide additional information for reconciling items that meet a quantitative threshold, and disclose additional information about income taxes paid on an annual basis. The Accounting Standards Update is effective for fiscal years beginning after December 15, 2024 and is to be adopted on a prospective basis with the option to apply retrospectively. The company adopted the ASU on [date, year]. The ASU [did/did not] have a material impact on the consolidated financial statements. See footnote 16 for more information.

Commented [EY5]: Note to TR: No specific disclosure required as a result of this ASU.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
5. Significant accounting policies (continued)

Pronouncements adopted – Reference Rate Reform

In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848", to extend the temporary accounting rules under Topic 848 from December 31, 2022 to December 31, 2024. These ASUs are effective for all entities upon their respective issuance dates through December 31, 2024. The adoption of the guidance [did/did not] have a material impact on our financial statements.

Pronouncements adopted – Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which introduces an impairment model based on expected, rather than incurred, losses. Additionally, it requires expanded disclosures regarding (a) credit risk inherent in a portfolio and how management monitors the portfolio's credit quality; (b) management's estimate of expected credit losses; and (c) changes in estimates of expected credit losses that have taken place during the period. Following the issuance of FASB's ASU 2016-13, several subsequent updates and revisions have been introduced to address various aspects of Topic 326. These updates are as follows:

- In November 2018, the FASB issued ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses." This ASU clarifies receivables from operating leases are accounted for using the lease guidance and not as financial instruments.
- In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments." This ASU clarifies various scoping and other issues arising from ASU 2016-13.
- In May 2019, the FASB issued ASU 2019-05, "Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief", which granted targeted transition relief by allowing entities to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost.
- In November 2019, the FASB issued ASU 2019-10, "Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)", and ASU 2019-11, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses", which addressed certain aspects of the guidance related to effective dates, expected recoveries, troubled debt restructurings, accrued interest receivables, and financial assets secured by collateral.
- In March 2020, the FASB issued ASU 2020-03, "Codification Improvements to Financial Instruments." This ASU improves the Codification and amends the interaction with Topic 842 and Topic 326.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

5. Significant accounting policies (continued)

Pronouncements adopted – Credit Losses (continued)

- In March 2022, the FASB issued Accounting Standards Update (“ASU”) 2022-02, “Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosure”, which addresses areas identified by the FASB as part of its post-implementation review of the current expected credit losses model or “CECL” previously issued in ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326)”. The amendments in this ASU eliminate the accounting guidance for troubled debt restructurings by creditors while enhancing the disclosure requirements for loan refinancing and restructurings made with borrowers experiencing financial difficulty. Amendments in this ASU should be applied prospectively except for the transition method related to the accounting for troubled debt restructurings in which an entity has the option to apply a modified retrospective transition method resulting in a cumulative-effect adjustment to retained earnings in the period of adoption.

ASU 2016-13 and related amendments are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company has adopted these accounting standards update under [modified retrospective transition method/ full retrospective transition method] effective Month Date, 2025. Refer to Note 7 - Investments - in the consolidated financial statements for more information on the Company’s adoption of ASU 2016-13 and related amendments.

Pronouncements adopted – Intangibles - Goodwill and other (Topic 350), ~~Simplifying the Test for Goodwill Impairment~~

In January 2017, the FASB issued ASU 2017-04, “Intangibles - Goodwill and other (Topic 350), Simplifying the Test for Goodwill Impairment”. To simplify the subsequent measurement of goodwill, ASU 2017-04 eliminates Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, under the amendments in ASU 2017-04, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. ASU 2017-04 also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The Company adopted this ASU on Month Date, 2025. The provisions of ASU 2017-04 [did/did not] have a material effect on the company’s financial condition, results of operations, cash flows or disclosures.

Pronouncements adopted – Intangibles - Goodwill and other (Topic 350)- Continued

In December 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-08, *Intangibles-Goodwill and Other-Crypto Assets* (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets (“ASU 2023-08”). ASU 2023-08 is intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity’s crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. ASU 2023-08 is effective for annual and interim reporting periods beginning after December 15, 2024. Early adoption is permitted for both interim and annual financial statements that have not yet been issued. The Company adopted this new guidance on [month date, year] with [no] material impact on its financial statements and disclosures. For more information see footnote 8.

Digital Assets- Cryptocurrencies

Digital assets or cryptocurrencies are included in current assets in the accompanying balance sheets. Cryptocurrencies purchased are recorded at cost and cryptocurrencies obtained by the Company through its sale of common stock are accounted for based on the value of the specific digital asset on the date received.]

Digital assets are included in current assets in the consolidated balance sheets due to the Company’s ability to sell bitcoin in a highly liquid marketplace and the sale of bitcoin to fund operating expenses to support operations. Following the adoption of ASU 2023-08 on [month date, year], the Company measures digital assets at fair value with changes recognized in operating expenses in the consolidated statement of operations

Commented [EY6]: Note to TR: This is an illustrative example of a potential digital asset policy.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
5. Significant accounting policies (continued)

Pronouncements adopted – Liabilities—~~Supplier Finance Programs (Subtopic—(Topic 405-50): Disclosure of Supplier Finance Program Obligations):~~

In September 2022, the FASB issued ASU 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations", which requires a buyer in a supplier finance program to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. To achieve that objective, the buyer should disclose qualitative and quantitative information about its supplier finance programs. The amendments in this update do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance programs. The Company adopted this ASU retrospectively on Month Date, 2025 except for the amendment on roll-forward information which is effective for fiscal years beginning after December 15, 2025. The provisions of the new guidance [did/ did not] have an [material/ immaterial impact] on its financial statements.

Refer to Note 10 - Loans, notes, trade and other receivables for more information.

In March 2025, the FASB issued ASU 2025-02, Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122 which rescinds the interpretive guidance previously provided in SAB No. 121 ("SAB 121"). SAB 121 had required entities to recognize a liability and corresponding asset for their obligation to safeguard crypto-assets held for platform users. With the issuance of SAB 122, entities are no longer mandated to recognize such liabilities and assets solely based on safeguarding responsibilities. Instead, entities should assess whether to recognize a liability related to the risk of loss under such obligations by applying the recognition and measurement requirements for contingencies as outlined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 450-20, Loss Contingencies. The Company adopted SAB 122 and ASU 2025-02 during the year ended [month date, year] on a fully retrospective basis.

Pronouncements adopted – Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." ASU 2019-12 amends ASC 740 to simplify the accounting for income taxes by removing certain exceptions for investments, intraperiod allocations and interim calculations, and adding guidance to reduce complexity in the accounting standard under the FASB's simplification initiative. ASU 2019-12 is effective for non-public entities for fiscal years beginning after December 15, 2024. Most amendments within this ASU are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted the new guidance under ASU 2019-12 on January 1, 2025 and the adoption [did/did not] have a material impact on the consolidated financial statements. Refer to Note 16 - Income Taxes - in the consolidated financial statements for more information on the Company's adoption of ASU 2019-12.

6. Cash and cash equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments with original maturities of three months or less. Cash equivalents are invested in money market funds and guaranteed investment certificates, are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

Commented [EY7]: ASU 2025-02 did not have a specific disclosure impact, rather suggest that companies assess the completeness of any required disclosures under ASC 450-20 and ASC 275.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
7. Investments

The Company's investment objectives include capital preservation, maintaining adequate liquidity, asset diversification, and achieving appropriate returns.

Financial Instruments – Investments – Available for Sale

The Company holds securities which are classified as available for sale securities. These investments are classified as available-for-sale, with any temporary difference between the cost and fair value of an investment presented as a separate component of accumulated other comprehensive income (loss) ("AOCI").

We classify our investments in fixed income securities as available-for-sale debt investments. Our available-for-sale investments primarily consist of Security type A, B and C. These available-for-sale investments are primarily held in the custody of a major financial institution. A specific identification method is used to determine the cost basis of available-for-sale debt investments sold. These investments are recorded in the Consolidated Balance Sheets at fair value. Unrealized gains and losses on these investments are included as a separate component of accumulated other comprehensive income (loss) (AOCI), net of tax. We classify our investments as current based on the nature of the investments and their availability for use in current operations.

As of December 31, 2025	Amortized cost basis	Aggregate fair value	Other than temporary impairment (recognized in AOCI)	Gains/(losses) (net gains/(losses) recognized in AOCI)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Fair value
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Security type									
Security type A	-	-	-	-	-	-	-	-	-
Security type B	-	-	-	-	-	-	-	-	-
Security type C	-	-	-	-	-	-	-	-	-
Total AFS securities	-	-	-	-	-	-	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
7. Investments (continued)

Financial Instruments – Investments – Available for Sale (continued)

As of December 31, 2024	Amortized cost basis	Aggregate fair value	Other than temporary impairment (recognized in AOCI)	Gains/(losses) (net gains/(losses) recognized in AOCI)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Fair value
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Security type									
Security type A	-	-	-	-	-	-	-	-	-
Security type B	-	-	-	-	-	-	-	-	-
Security type C	-	-	-	-	-	-	-	-	-
Total AFS securities	-	-	-	-	-	-	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

7. Investments (continued)

Financial Instruments – Investments – Available for Sale (continued)

As of December 31, 2025, the above security types have the following contractual maturities:

- Security type A
- Security type B
- Security type C

[Applicable if the Company holds any callable debt securities]. The cost of [fixed maturity] securities classified as available-for-sale is adjusted for amortization of premiums and accretion of discounts, which are included in interest income on the consolidated statement of income. The amortization of premium and accretion of discount for fixed maturity securities is recognized utilizing the effective yield method that takes into consideration call and maturity dates. As per ASU 2020-08, premiums are amortized to the next call date and discounts are accreted to the stated maturity date.

The fair value and gross unrealized losses of fixed maturity AFS securities (dollars in thousands) for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
7. Investments (continued)

Financial Instruments – Investments – Available for Sale (continued)

	Less Than or Equal to Twelve Months		Greater than Twelve Months		Total	
	Gross unrealized		Gross unrealized		Gross unrealized	
As of December 31, 2025	Fair value1	losses1	Fair value2	losses2	Fair value	gains/losses ⁽¹⁾
	\$000	\$000	\$000	\$000	\$000	\$000
Fixed maturity						
AFS securities:						
Security type A	-	-	-	-	-	-
Security type B	-	-	-	-	-	-
Security type C	-	-	-	-	-	-
Total fixed maturity AFS securities	-	-	-	-	-	-
Total number of fixed maturity AFS securities in an unrealized loss position	-	-	-	-	-	-

	Less Than or Equal to Twelve Months		Greater than Twelve Months		Total	
	Gross unrealized		Gross unrealized		Gross unrealized	
As of December 31, 2024	Fair value1	losses1	Fair value2	losses2	Fair value	gains/losses ⁽¹⁾
	\$000	\$000	\$000	\$000	\$000	\$000
Fixed maturity						
AFS securities:						
Security type A	-	-	-	-	-	-
Security type B	-	-	-	-	-	-
Security type C	-	-	-	-	-	-
Total fixed maturity AFS securities	-	-	-	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
7. Investments (continued)

Financial Instruments – Investments – Available for Sale (continued)

	Less Than or Equal to Twelve Months		Greater than Twelve Months		Total	
		Gross unrealized losses1		Gross unrealized losses2		Gross unrealized gains/losses ⁽¹⁾
As of December 31, 2024	Fair value1		Fair value2		Fair value	
	\$000	\$000	\$000	\$000	\$000	\$000
Total number of fixed maturity AFS securities in an unrealized loss position	-	-	-	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

7. Investments (continued)

Financial Instruments – Investments – Available for Sale (continued)

⁽¹⁾ As of December 31, 2025 and 2024, we recognized \$[XXX] and \$[XXX] of gross unrealized losses, respectively, in OCI for fixed maturity AFS securities for which an allowance for credit losses has been recorded.

As of December 31, 2025, the gross unrealized losses on fixed maturity AFS securities [increased/decreased] by \$XX attributable primarily to [management to update factors]. The unrealized loss position as of December 31, 2025, [did/ did not] require an impairment recognized in earnings as [management to update factors]. Based upon this evaluation as of December 31, 2025, management believes we have the ability to generate adequate amounts of cash from our normal operations (e.g., XX) to meet cash requirements with a prudent margin of safety without requiring the sale of our impaired securities.

Credit ratings express opinions about the credit quality of a security. Securities rated investment grade (those rated BBB- or higher by S&P Global Ratings ("S&P") or Baa3 or higher by Moody's Investors Service ("Moody's")) are generally considered by the rating agencies and market participants to be low credit risk. As of December 31, 2025, XX% of the fair value of [Security type] was rated investment grade. As of December 31, 2025, the portion of our [Security type] rated below investment grade had an amortized cost of \$XX, and a fair value of \$XX. Based upon the analysis discussed above, we believe that as of December 31, 2025, we [would/ would not] have recovered the amortized cost of [Security type].

As of December 31, 2025, the unrealized losses associated with our [Security type] were attributable primarily to [management to update factors]. We assessed for credit impairment using a [management to update the model] that incorporates key assumptions including [XX]. We estimated losses for a security by [management to update methodology].

As of December 31, 2025, the unrealized losses associated with our [Security type] were attributable primarily to [management to update factors]. For our [Security type], we evaluated the financial performance of the underlying issuers based upon credit performance and investment ratings and determined that we expected to recover the entire amortized cost of each impaired security.

Credit Loss Impairment on Fixed Maturity AFS Securities

We regularly review our fixed maturity AFS securities for declines in fair value that we determine to be impairment-related, including those attributable to credit risk factors that may require an allowance for credit losses. See Note XX for a detailed discussion regarding our accounting policy relating to the allowance for credit losses on our fixed maturity AFS securities.

Changes in the allowance for credit losses on fixed maturity AFS securities (in thousands), aggregated by investment category, were as follows:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
7. Investments (continued)

Financial Instruments – Investments – Available for Sale (continued)

For the year ended December 31, 2025

	Security A	Security B	Security C	Total
	\$000	\$000	\$000	\$000
Balance as of beginning-of-year	-	-	-	-
Additions from purchases	-	-	-	-
Additions for securities for which credit losses were not previously recognized	-	-	-	-
Reductions for securities disposed	-	-	-	-
Reductions for securities charged-off	-	-	-	-
Balance as of end-of-year ⁽¹⁾	-	-	-	-

For the year ended December 31, 2024

	Security A	Security B	Security C	Total
	\$000	\$000	\$000	\$000
Balance as of beginning-of-year	-	-	-	-
Additions from purchases	-	-	-	-
Additions for securities for which credit losses were not previously recognized	-	-	-	-
Reductions for securities disposed	-	-	-	-
Reductions for securities charged-off	-	-	-	-
Balance as of end-of-year ⁽¹⁾	-	-	-	-

As of December 31, 2025, accrued investment income on fixed maturity AFS securities totaled \$XX, and was excluded from the estimate of credit losses.

Financial Instruments – Investments – Held to Maturity

The Company holds securities which are classified as securities held to maturity because the Company has the positive intent and ability to hold these securities to maturity. The Company evaluates investments held in unrealized loss positions for other-than-temporary impairment on a quarterly basis.

	Amortized cost basis	Aggregate fair value	Unrecognized holding gain/(loss)	Net carrying amount	Other than temporary impairment (recognized in AOCI)	Gains/(losses) (net gains/(losses) recognized in AOCI)
	\$000	\$000	\$000	\$000	\$000	\$000
Security type						
Security type A	-	-	-	-	-	-
Security type B	-	-	-	-	-	-
Security type C	-	-	-	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

7. Investments (continued)

Financial Instruments – Investments – Held to Maturity (continued)

	Amortized cost basis	Aggregate fair value	Unrecognized holding gain/(loss)	Net carrying amount	Other than temporary impairment (recognized in AOCI)	Gains/(losses) (net gains/(losses) recognized in AOCI)
	\$000	\$000	\$000	\$000	\$000	\$000
Security type						
Security type A	-	-	-	-	-	-
Security type B	-	-	-	-	-	-
Security type C	-	-	-	-	-	-

	Amortized cost	Gross Unrecognized Holding Gains	Gross Unrecognized Holding Losses	Estimated Fair value
	\$000	\$000	\$000	\$000
As of December 31, 2025				
Security type A	-	-	-	-
Security type B	-	-	-	-
Security type C	-	-	-	-
Total	-	-	-	-

	Amortized cost	Gross Unrecognized Holding Gains	Gross Unrecognized Holding Losses	Estimated Fair value
	\$000	\$000	\$000	\$000
As of December 31, 2024				
Security type A	-	-	-	-
Security type B	-	-	-	-
Security type C	-	-	-	-
Total	-	-	-	-

(1) Amortized cost includes [management to update] of \$XX at December 31, 2025.

(2) Gross unrecognized holding gains/(losses) represent the difference between estimated fair value and net carrying value.

As of December 31, 2025, the above security types have the following contractual maturities:

- Security type A
- Security type B

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

7. Investments (continued)

Financial Instruments – Investments – Held to Maturity (continued)

- Security type C

[Applicable if the Company holds any callable debt securities]. The cost of [fixed maturity] securities classified as Held to Maturity is adjusted for amortization of premiums and accretion of discounts, which are included in interest income on the consolidated statement of income. The amortization of premium and accretion of discount for fixed maturity securities is recognized utilizing the effective yield method that takes into consideration call and maturity dates. As per ASU 2020-08, premiums are amortized to the next call date and discounts are accreted to the stated maturity date.

Allowance for Credit Losses on HTM Securities: The following table presents a roll forward of the allowance for credit losses on investment securities classified as HTM for the years ended December 31, 2025 and 2024.

Balance, end of the period

To evaluate investment securities for credit loss as at December 31, 2025 and 2024, the company employed the following methodologies, based on the type of security.

[Methodology to evaluate investment securities for credit losses]

For our available-for-sale debt securities in an unrealized loss position, we determine whether a credit loss exists. In this assessment, among other factors, we consider the extent to which the fair value is less than the amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security. If factors indicate a credit loss exists, an allowance for credit loss is recorded to other income (loss), net, limited by the amount that the fair value is less than the amortized cost basis. The amount of fair value change relating to all other factors will be recognized in other comprehensive income (OCI).

We hold non-marketable equity and other investments which are included in other assets in the Consolidated Balance Sheets. We monitor these investments for impairments and make reductions in carrying values if we determine that an impairment charge is required based primarily on the financial condition and near-term prospects of these companies.

Financial Instruments – Investments – Equity

Investments in the common stock of privately-held companies in which the Company has significant influence, but less than a controlling financial interest, are accounted for under the equity method of accounting.

The Company holds equity securities for which fair value is not readily determinable. To compensate, the Company has provided additional disclosures regarding these securities.

[TABLE - provide carrying amount of investment, amount of impairments/downward adjustments), amount of upward adjustments]

[TABLE - provide net gains and losses recognized during the period of equity securities]

During the period ended December 31, 20XX, the Company transitioned to ASC 321, *Investments - Equity Securities* for investments it does not continue to hold significant influence in due to a decline in its share of equity investments below 20%. As per ASU 2020-01, the Company will remeasure its investment immediately by applying the measurement alternative in accordance with Topic 321 immediately upon discontinuing the equity method.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

7. Investments (continued)

Financial Instruments – Investments – Equity (continued)

[Please provide the following: 1. The nature of and reason for the change in accounting principle - *to the extent not already covered above*

2. The transition method - *to the extent not already covered above*

3. A qualitative description of the financial statement line items affected by the change].

Also, the non-derivative forward contracts or purchased call options to acquire equity securities that the Company holds will be measured using the fair value principles of ASC 321 before settlement or exercise. Based on the ASU 2020-01, the Company will not consider how it will account for the resulting investments on eventual settlement or exercise but will only assess the accounting for these arrangements under the remaining characteristics in paragraph 815-10-15-141(b) through 151-141(d):

b) The contract's terms require physical settlement of the contract by delivery of the securities.

c) The contract is not a derivative instrument otherwise subject to this Subtopic.

d) The contract, if a purchased option, has no intrinsic value at acquisition.

8. Fair value measurements

The Company records certain financial assets and liabilities at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The Company maximizes the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at measurement. The inputs are unobservable in the market and significant to the instrument's valuation.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents assets and liabilities included in the Company's consolidated balance sheet as of December 31, 2025 and 2024 which are recognized at fair value on a recurring basis:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (continued)

	Level 1	Level 2	Level 3
	\$000	\$000	\$000
Assets			
Financial statement line item 1	-	-	-
Financial statement line item 2	-	-	-
Total	-	-	-
Liabilities			
Financial statement line item 1	-	-	-
Financial statement line item 2	-	-	-
Total	-	-	-

	Level 1	Level 2	Level 3
	\$000	\$000	\$000
Assets			
Financial statement line item 1	-	-	-
Financial statement line item 2	-	-	-
Total	-	-	-
Liabilities			
Financial statement line item 1	-	-	-
Financial statement line item 2	-	-	-
Total	-	-	-

The table below presents a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (continued)

	Mortgage- Backed Securities - Residential	Collateralized Debt Obligations
	\$000	\$000
Balance of recurring Level 3 assets at January 1	-	-
Total gains or losses for the period:	-	-
Included in earnings <provide f/s line item>	-	-
Included in other comprehensive Income <provide f/s line item>	-	-
Purchases	-	-
Sales	-	-
Issuances	-	-
Settlements	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Balance of recurring Level 3 assets at December 31	-	-

	Mortgage- Backed Securities - Residential	Collateralized Debt Obligations
	\$000	\$000
Balance of recurring Level 3 assets at January 1	-	-
Total gains or losses for the period:	-	-
Included in earnings <provide f/s line item>	-	-
Included in other comprehensive Income <provide f/s line item>	-	-
Purchases	-	-
Sales	-	-
Issuances	-	-
Settlements	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Balance of recurring Level 3 assets at December 31	-	-

Note: Under ASU 2018-13, instead of the tabular rollforward of activity above, non-public entities are only required to separately disclose for these Level 3 fair value measurements changes during the period attributable to (1) purchases and issues (each type separately) and (2) transfers into or out of Level 3 (each type separately, and the reasons for those transfers must also be disclosed).

Two residential mortgage-backed securities with a fair value of \$<> as of December 31, 2025 were transferred from Level 3 to Level 2 because observable market data became available for the securities. All of the Company's collateralized debt obligations with a fair value of \$<> as of December 31, 2025 were transferred out of Level 2 and into Level 3 because of a lack of observable market data for these investments due to a decrease in the market activity for these securities.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (continued)

Note: The two paragraphs and table that follow are examples of what could be disclosed to address the requirements of ASC 820-10-55-103 and ASC 820-10-55-105.

The Company's mortgage-backed security (MBS) valuations were supported by an analysis prepared by an independent third party and approved by management. The approach to determining fair value involved several steps: 1) detailed collateral analysis of the underlying mortgages, including consideration of geographic location, original loan-to-value and weighted average FICO score of the borrowers; 2) collateral performance projections for each pool of mortgages underlying the MBS (probability of default, severity of default, and prepayment probabilities) and 3) discounted cash flow modelling. Assumptions are back tested on a quarterly basis as a comparison of the actual performance and liquidation activity is compared to the assumed collateral performance and liquidation activity utilized in the prior quarters' valuations.

The fair value of the Company's collateralized-debt obligations (CDO) are determined internally by calculating discounted cash flows using swap and LIBOR curves plus spreads that adjust for loss severities, volatility, credit risk and optionality. When available, broker quotes are used to validate the model. Rating agency and industry research reports as well as assumptions about specific-issuer defaults and deferrals are reviewed and incorporated into the calculations. Assumptions are back-tested on a quarterly basis as specific-issuer deferral and defaults that occurred are compared to those that were projected and ongoing assumptions are adjusted in accordance with the level of unexpected deferrals and defaults that occurred.

The following table presents quantitative information about recurring Level 3 fair value measurements at December 31, 2025 and 2024:

	Fair Value	Valuation Technique(s)	Unobservable Input(s)
December 31, 2025			
Mortgage-backed securities – residential	-		
Collateralized debt obligations	-		

	Fair Value	Valuation Technique(s)	Unobservable Input(s)
December 31, 2024			
Mortgage-backed securities – residential	-		
Collateralized debt obligations	-		

The significant unobservable inputs used in the fair value measurement of the Company's residential mortgage-backed securities are prepayment rates, probability of default, and loss severity in the event of default. Significant increases/ (decreases) in any of those inputs in isolation would have resulted in a significantly lower/(higher) fair value measurement. Generally, a change in the assumption used for the probability of default would have been accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (continued)

The significant unobservable inputs used in the fair value measurement of the Company's collateralized debt obligations are probabilities of specific-issuer defaults and deferrals and specific-issuer recovery assumptions. Significant increases in specific-issuer default assumptions or decreases in specific-issuer recovery assumptions would have resulted in a significantly lower fair value measurement. Conversely, decreases in specific-issuer default assumptions or increases in specific-issuer recovery assumptions would have resulted in a higher fair value measurement.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company measures the following assets [long lived assets, intangible assets, goodwill] at fair value on a nonrecurring basis.

[Insert the Company's process of assessing fair value for the specific asset group].

[Insert the Company's process in evaluating goodwill and intangible lived assets for impairment].

	Fair Value	Valuation Technique(s)	Unobservable Input(s)
December 31, 2025			
Impaired loans – commercial real		-	
Impaired loans – commercial		-	
Real estate owned – residential		-	
Real estate owned – commercial		-	

	Fair Value	Valuation Technique(s)	Unobservable Input(s)
December 31, 2024			
Impaired loans – commercial real		-	
Impaired loans – commercial		-	
Real estate owned – residential		-	
Real estate owned – commercial		-	

Real estate owned loans

Real estate owned loans consist of commercial and residential real estate owned loans and are generally carried at unpaid principal balances adjusted for amortization of premiums and accretion of discounts and are net of allowance for credit losses. We carry certain commercial real estate owned loans at fair value where the fair value option has been elected. Interest income is accrued on the principal balance of the loan based on the loan's contractual interest rate. Premiums and discounts are amortized using the effective yield method over the life of the loan. Interest income and amortization of premiums and discounts are reported in net investment income on the Consolidated Statements of Comprehensive Income (Loss) along with mortgage loan fees, which are recorded as they are incurred.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Real estate owned loans (continued)

Our policy for commercial real estate owned loans is to report loans that are [XX] or more days past due, which equates to two or more payments missed, as delinquent. Our policy for residential real estate owned loans is to report loans that are [XX] or more days past due, which equates to three or more payments missed, as delinquent. We do not accrue interest on loans [XX] days past due, and any interest received on these loans is either applied to the principal or recorded in net investment income on the Consolidated Statements of Comprehensive Income (Loss) when received, depending on the assessment of the collectability of the loan. We resume accruing interest once a loan complies with all of its original terms or restructured terms. These loans deemed uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are likewise credited to the allowance for credit losses. Accrued interest on real estate owned loans is written-off when deemed uncollectible.

In connection with our recognition of an allowance for credit losses for real estate owned loans, we perform a quantitative analysis using a probability of default/loss given default/exposure at default approach to estimate expected credit losses in our real estate owned loan portfolio as well as unfunded commitments related to commercial real estate owned loans, exclusive of certain real estate owned loans held at fair value. Our model estimates [management to update the estimate model].

The allowance for credit losses for pooled loans of similar risk (i.e., commercial and residential real estate owned loans) is estimated [management to update the method to estimate].

Loans are considered impaired when it is probable that, based upon current information and events, we will be unable to collect all amounts due under the contractual terms of the loan agreement. When we determine that a loan is impaired, a specific credit loss allowance is established for the excess carrying value of the loan over its estimated value. The loan's estimated value is based on: the present value of expected future cash flows discounted at the loan's effective interest rate; the loan's observable market price; or the fair value of the loan's collateral.

Allowance for credit losses are maintained at a level we believe is adequate to absorb current expected lifetime credit losses. Our periodic evaluation of the adequacy of the allowance for credit losses is based on historical loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of future payments), the estimated value of the underlying collateral, composition of the loan portfolio, current economic conditions, reasonable and supportable forecasts about the future and other relevant factors.

Real estate owned loans are presented [management to update presentation style].

Our commercial loan portfolio is primarily comprised of [to be updated]. We believe all of the commercial loans in our portfolio share three primary risks: [risks to be updated by management]; therefore, our methods of monitoring and assessing credit risk are consistent for our entire portfolio.

For our commercial mortgage loan portfolio, trends in market vacancy and rental rates are incorporated into the analysis that we perform for monitored loans and may contribute to the establishment of (or an increase or decrease in) an allowance for credit losses. In addition, we review each loan individually in our [loan type] loan portfolio on an [annual/monthly/any other period] basis to identify emerging risks. We focus on properties that experienced a reduction in debt-service coverage or that have significant exposure to tenants with deteriorating credit profiles. Where warranted, we establish or increase a credit loss allowance for a specific loan based upon this analysis.

We measure and assess the credit quality of our commercial real estate owned loans by using [ratios to be updated]. [Description of ratio analysis to be provided by management]. These credit quality metrics are monitored and reviewed at least [annual/monthly/any other period].

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Real estate owned loans (continued)

We have off-balance sheet commitments related to commercial real estate owned loans. As such, an allowance for credit losses is developed based on the commercial mortgage loan process outlined above, along with an internally developed conversion factor.

Our residential loan portfolio is primarily comprised of [to be updated]. In contrast to the [XX] loan portfolio, [XX] loans are primarily smaller-balance homogenous loans that share similar risk characteristics. Therefore, these pools of loans are collectively evaluated for inherent credit losses. Such evaluations consider numerous factors, including, but not limited to borrower credit scores, collateral values, loss forecasts, geographic location, delinquency rates and economic trends. These evaluations and assessments are revised as conditions change and new information becomes available, including updated forecasts, which can cause the allowance for credit losses to increase or decrease over time as such evaluations are revised. Generally, residential mortgage loan pools exclude loans that are nonperforming, as those loans are evaluated individually using the evaluation framework for specific allowance for credit losses described above.

For [XX] loans, our primary credit quality indicator is whether the loan is performing or nonperforming. We generally define nonperforming [XX] loans as those that are [XX] or more days past due and/or in nonaccrual status. There is generally a higher risk of experiencing credit losses when a residential mortgage loan is nonperforming. We monitor and update aging schedules and nonaccrual status on a monthly basis.

Under the Company's nonaccrual methodology, loans continued to accrue interest, including in periods of forbearance, until they are charged off, at which time, the loans are placed on non-accrual status and all previously accrued interest is reversed against income in the month of charge-off. The allowance for loan losses provides for a portion of the probable losses in accrued interest receivable prior to charge-off.

Balances are considered delinquent when contractual payments on the loan become past due. We write-off financing receivable balances after they have been sent to a third-party collector, the timing of which varies by the institution granting the loan, but in most cases is when the financing agreement is at least 181 days past due. Payments are applied first to outstanding interest and then to the unpaid principal balance.

The following provides the current and past due composition of our real estate owned loans (in thousands):

As of December 31, 2025

	Commercial	Residential	Total
	\$000	\$000	\$000
Current	-	-	-
30 to 59 days past due	-	-	-
60 to 89 days past due	-	-	-
90 or more days past due	-	-	-
Allowance for credit losses	-	-	-
Unamortized premium (discount)	-	-	-
Mark-to-market gains (losses) ⁽¹⁾	-	-	-
Total carrying value	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Real estate owned loans (continued)

As of December 31, 2024

	Commercial	Residential	Total
	\$000	\$000	\$000
Current	-	-	-
30 to 59 days past due	-	-	-
60 to 89 days past due	-	-	-
90 or more days past due	-	-	-
Allowance for credit losses	-	-	-
Unamortized premium (discount)	-	-	-
Mark-to-market gains (losses) ⁽¹⁾	-	-	-
Total carrying value	-	-	-

⁽¹⁾ Represents the mark-to-market on certain real estate owned loans for which we have elected the fair value option. See Note [XX] for additional information.

Our commercial real estate owned loans portfolio had the largest concentrations in [Place], which accounted for [XX]% and [XX]% of commercial real estate owned loans as of December 31, 2025 and 2024, respectively, and [Place], which accounted for [XX]% of commercial real estate owned loans as of December 31, 2025 and 2024.

As of December 31, 2025, our residential real estate owned loans portfolio had the largest concentrations in [Place] and [Place], which accounted for [XX]% and [XX]% of residential real estate owned loans, respectively. As of December 31, 2024, our residential real estate owned loans portfolio had the largest concentrations in [Place] and [Place], which accounted for [XX]% and [XX]% of residential real estate owned loans, respectively.

As of December 31, 2025 and 2024, we had [XX] and [XX] residential real estate owned loans, respectively, that were either delinquent or in foreclosure. As of December 31, 2025 and 2024, we had [XX] and [XX] residential real estate owned loans in foreclosure, respectively, with an aggregate carrying value of \$[XX] million and \$[XX] million, respectively.

As of December 31, 2025 and 2024, there were two and four specifically identified impaired commercial real estate owned loans, respectively, with an aggregate carrying value of less than \$[XX] million and \$[XX] million, respectively.

As of December 31, 2025 and 2024, there were [XX] and [XX] specifically identified impaired residential real estate owned loans, respectively, with an aggregate carrying value of \$[XX] million and \$[XX] million, respectively.

Additional information related to impaired real estate owned loans (in thousands) was as follows:

The amortized cost of real estate owned loans on nonaccrual status (in thousands) was as follows:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Real estate owned loans (continued)

	Nonaccrual with no Allowance for Credit Losses	Nonaccrual
	\$000	\$000
As of December 31, 2025		
Commercial real estate owned loans	-	-
Residential real estate owned loans	-	-
Total	-	-

	Nonaccrual with no Allowance for Credit Losses	Nonaccrual
	\$000	\$000
As of December 31, 2024		
Commercial real estate owned loans	-	-
Residential real estate owned loans	-	-
Total	-	-

We use [XX] and [XX] ratios as credit quality indicators for our commercial real estate owned loans. The amortized cost of commercial real estate owned loans (dollars in thousands) by year of origination and credit quality indicator was as follows:

As of December 31, 2025	Less than 65%	Debt- Service Coverage Ratio 1	65% to 75%	Debt- Service Coverage Ratio 2	Greater than 75%	Debt- Service Coverage Ratio 3	Total
	\$000	%	\$000	%	\$000	%	\$000
Origination							
Year							
2023	-	-%	-	-%	-	-%	-
2022	-	-%	-	-%	-	-%	-
2021	-	-%	-	-%	-	-%	-
2020	-	-%	-	-%	-	-%	-
2019	-	-%	-	-%	-	-%	-
2018 and prior	-	-%	-	-%	-	-%	-
Total	-	-%	-	-%	-	-%	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Real estate owned loans (continued)

As of December 31, 2024	Less than 65%	Debt-Service Coverage Ratio 1 65% to 75%	Debt-Service Coverage Ratio 2	Greater than 75%	Debt-Service Coverage Ratio 3	Total
	\$000					
Origination Year	TNS1SBP	%	\$000	%	\$000	%
2023	-	-%	-	-%	-	-%
2022	-	-%	-	-%	-	-%
2021	-	-%	-	-%	-	-%
2020	-	-%	-	-%	-	-%
2019	-	-%	-	-%	-	-%
2018 and prior	-	-%	-	-%	-	-%
Total	-	-%	-	-%	-	-%

We use loan performance status as the primary credit quality indicator for our residential real estate owned loans. The amortized cost of residential real estate owned loans (in thousands) by year of origination and credit quality indicator was as follows:

As of December 31, 2025

	Performing	Nonperforming	Total
	\$000	\$000	\$000
Origination Year			
2023	-	-	-
2022	-	-	-
2021	-	-	-
2020	-	-	-
2019	-	-	-
2018 and prior	-	-	-
Total	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Real estate owned loans (continued)

As of December 31, 2024

	Performing	Nonperforming	Total
	\$000	\$000	\$000
Origination			
Year			
2023	-	-	-
2022	-	-	-
2021	-	-	-
2020	-	-	-
2019	-	-	-
2018 and prior	-	-	-
Total	-	-	-

Credit Losses on Real estate owned loans

In connection with our recognition of an allowance for credit losses for real estate owned loans, we perform a quantitative analysis using a probability of default/loss given default/exposure at default approach to estimate expected credit losses in our [XX] loan portfolio as well as unfunded commitments related to commercial real estate owned loans, exclusive of certain mortgage loans held at fair value. See Note [XX] for a detailed discussion regarding our accounting policy relating to the allowance for credit losses on our real estate owned loans.

Changes in the allowance for credit losses on real estate owned loans (in thousands) were as follows:

As of December 31, 2025

	Commercial	Residential	Total
	\$000	\$000	\$000
Balance as of beginning-of-year	-	-	-
Additions (reductions) from provision for credit loss expense ⁽¹⁾	-	-	-
Additions from purchases of PCD real estate owned loans	-	-	-
Balance as of end-of-year⁽²⁾	-	-	-

As of December 31, 2024

	Commercial	Residential	Total
	\$000	\$000	\$000
Balance as of beginning-of-year	-	-	-
Additions (reductions) from provision for credit loss expense ⁽¹⁾	-	-	-
Additions from purchases of PCD real estate owned loans	-	-	-
Balance as of end-of-year⁽²⁾	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

8. Fair value measurements (continued)

Credit Losses on Real estate owned loans (continued)

(1) We did not recognize any credit loss benefit (expense) related to unfunded commitments for real estate owned loans for the year ended December 31, 2025. We recognized \$[XX] thousand and \$[XX] thousand of credit loss benefit (expense) related to unfunded commitments for real estate owned loans for the years ended December 31, 2024 and 2023, respectively.

(2) Accrued investment income on real estate owned loans totaled \$[XX] thousand, \$[XX] thousand and \$[XX] thousand as of December 31, 2025, 2024 and 2024, respectively, and was excluded from the estimate of credit losses.

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at December 31, 2025 and 2024 are as follows:

		Fair Value Measurements at December 31, 2025 Using:			
	Carrying Amount	Level 1	Level 2	Level 3	Total
(Dollars in thousands)					
Financial assets					
Cash, due from banks, federal funds sold and money market investments					
Securities held-to-maturity					
Loans held for sale					
Loans, net	-	-	-	-	-

Financial liabilities					
Deposits (excluding demand deposits)					
Short-term borrowings	-	-	-	-	-
Other borrowings					

		Fair Value Measurements at December 31, 2025 Using:				
	Carrying Amount	Level 1	Level 2	Level 3	Total	
(Dollars in thousands)						
Financial assets						
Cash, due from banks, federal funds sold and money market investments						
Securities held-to-maturity						
Loans held for sale						
Loans, net						
	-	-	-	-	-	

Financial liabilities

Deposits (excluding demand deposits)
Short-term borrowings Other
borrowings

- - - - -

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
8. Fair value measurements (continued)
Fair Value of Financial Instruments (continued)

Off-Balance-Sheet Credit Exposures

The Company has [off-balance-sheet loan commitments/standby letters of credit/financial guarantees] as of December 31, 2025 and 2024, respectively. The liability for off-balance-sheet credit exposures and related charges are estimated [management to update the method to estimate and factors for judgement (historical losses, existing economic conditions, and reasonable and supportable forecasts)]. The risk elements involved for [off-balance-sheet loan commitments/standby letters of credit/financial guarantees] are [management to update].

Accrued interest

The allowance for credit losses for financial assets measured at amortized cost including [receivables, HTM debt securities and net investments in leases] is presented separately on the balance sheet under [FSLI name] and the allowance for credit losses is deducted from the asset's amortized cost.

The Company excludes the accrued interest included in the amortized cost basis of [financing receivables and held-to-maturity securities]. The amount of accrued interest excluded from the disclosed amortized cost basis totaled [\$XX] and [\$XX] for the year ended December 31, 2025 and 2024, respectively.

The Company elected not to measure an allowance for credit losses for accrued interest receivables of [financing receivables and held-to-maturity securities] for the [management to update the time period which is considered timely].

Accrued interest receivables was written-off by reversing [interest income or recognizing credit loss expense or a combination of both]. The amount of accrued interest receivables written off by reversing interest income for the year ended December 31, 2024 and 2023 was as follows (in thousands):

	2025	2024
	\$000	\$000
Security type A	-	-
Security type B	-	-
Security type C	-	-
Total	-	-

Fair Value of Equity Securities in [XX] subject to Contractual Sale Restrictions

As of [month date, year] we held [XXX] and [XXX], with a combined fair value of approximately \$X,XXX. The [XXX] and [XXX] presented on the consolidated balance sheets were measured at fair value using Level [X] market prices, taking into account the adoption of ASU 2022-03 *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The restrictions on the equity securities expire [month date, year] and restrict the [input the nature of the specific restrictions]. However, the following circumstances could cause a lapse in the restriction, [insert any circumstances that could cause a lapse in the restriction(s)].

Commented [EY8]: Note to TR: This will be based on the nature of the equity investment held. Examples include: public common stock warrants, private common stock warrants

Fair Value of Investment in Digital Assets

[As a result of the adoption of ASU 2023-08, the Company recorded a \$XXX increase in [financial statement line item] and a \$XX decrease in [financial statement line item] on the consolidated balance sheet as if [month date, year]. Additionally, impairment of digital assets within [financial statement line

item] [decreased/increased] to \$XX for the year ended [month date, year] from \$XX for the year ended [(prior) Month date, year]. The [decrease/increase] was due to the implementation of ASU 2023-08. Finally, for the year ended [month date, year], the Company recognized a \$XX unrealized [gain/loss] in the fair market value of its digital asset holdings.] The Company measures the fair value of its digital assets based on [XXX]. The Company uses the [XX] methodology to assign costs to digital assets for purposes of the digital assets held and realized gains and losses disclosure below [which are realized within the [income statement line item]].

Commented [EY9]: Note to TR: Example methodologies include: First-in-first-out, average cost, specific identification, etc.

Commented [EY10]: Note to TR: Required to disclose the line item in which gains or losses are reported in the income statement if not broken out separately.

The following table sets forth the units held, cost basis, and fair value of its investments in digital assets, as shown on the consolidated balance sheets as of [month date, year]:

	Units	Cost Basis	Fair Value
(Dollars in thousands)			
Investments in digital assets:			
Bitcoin	XX	\$XX	\$XX
[XXX]	XX	\$XX	\$XX
Total	XX	\$XX	\$XX

Commented [EY11]: Note to TR: Categories are illustrative in nature.

The following table presents a reconciliation of the fair values of the Company's investments in digital assets for the year ended [month date, year]

	Bitcoin	[XXX]
(Dollars in thousands)		
Balance [month date, year]	\$XX	\$XX
Additions	\$XX	\$XX
Dispositions	\$XX	\$XX
Unrealized [gain/loss], net	\$XX	\$XX
Balance [month date, year]	\$XX	\$XX

[Define the composition of additions and dispositions]

[Disclose digital assets subject to contractual sale restrictions]

Commented [EY12]: Note to TR: The Company is required to describe the nature of the activity that resulted in the additions or dispositions during the period. For example:
Additions are a result of the Company [purchasing, mining, etc.] Bitcoin while dispositions are the results of [sales, payment for services] of Bitcoin.

If applicable, under 350-60-50-6 the Company is required to disclose the fair value of crypto assets subject to contractual sale restrictions, nature and remaining duration of restriction, and circumstances that could cause the restriction to lapse.

9. Accounts receivable

Basis of measurement

Accounts receivable, net is stated net of the allowance for doubtful accounts and customer deductions. The allowance for doubtful accounts is based upon the evaluation of accounts receivable aging, specific exposures and historical trends.

We estimate our allowances for credit losses using relevant available information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. When assessing for credit losses, we determine collectibility by pooling our assets with similar characteristics.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

9. Accounts receivable (continued)

Basis of measurement (continued)

The allowances for credit losses are each measured on a collective basis when similar risk characteristics exist. Assets that do not share risk characteristics are evaluated on an individual basis. The allowances for credit losses are each measured by multiplying the exposure probability of default, the probability the asset will default within a given time frame, by the loss given default rate, the percentage of the asset not expected to be collected due to default, based on the pool of assets.

Probability of default rates are published quarterly by third-party credit agencies. Adjustments to our internal credit risk ratings may take into account including, but not limited to, various customer-specific factors, the potential sovereign risk of the geographic locations in which the customer is operating and macroeconomic conditions. These factors are updated regularly or when facts and circumstances indicate that an update is deemed necessary.

The Company measures expected credit losses using a discounted cash flow method and report the change in present value attributable to the passage of time as interest income. The amount recorded to interest income was [XX] and [XX] for the years ended December 31, 2024 and 2023, respectively.

10. Loans, notes, trade and other receivables

Basis of measurement

Loans, notes and trade receivables are measured at amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Accounting for the Convertible Notes

In accounting for the initial issuance of the 202X Notes, the Company separated such notes into liability and equity components. The carrying amount of the equity component representing the conversion option was \$XXX million and \$XXX million for the 202X Notes, respectively. The amounts were determined by deducting the fair value of the liability component from the par value of each of the 202X Notes. Upon adoption of ASU 2020-06 on [date, month, year], the unamortized discounts on the 202X Notes were eliminated and the liability and equity components relating to the debt issuance costs for the 202X Notes are now presented as a single liability. Debt issuance costs for the 202X Notes are amortized to interest expense over their respective terms at an effective annual interest rate of XXX%.

The net carrying amount of the liability component of the 202X Notes is as follows:

	2025	2024
	\$000	\$000
Principal	-	-
Unamortized discount and issuance costs	-	-
Net carrying amount	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
10. Loans, notes, trade and other receivables (continued)

Supplier Finance Program:

Under a supplier finance program, the Company agrees to pay the [bank name] the stated amount of confirmed invoices from its designated suppliers on the original maturity dates of the invoices, an annual subscription fee for the supplier finance platform, and service fees for related support. The Company or [bank] may terminate the agreement upon at least [XX] days' notice. The supplier invoices that have been confirmed as valid under the program require payment in full within [XX] days of the invoice date. These obligations are presented in the Balance Sheet in XXX financial caption.

The roll forwards of the Company's outstanding obligations confirmed as valid under its supplier finance program for year ended December 31, 2025, and 2024, are as follows (in thousands):

	2025	2024
	\$000	\$000
Confirmed obligations outstanding at the beginning of the year	-	-
Invoices confirmed during the year	-	-
Confirmed invoices paid during the year	-	-
Confirmed obligations outstanding at the end of the year	-	-

11. Inventory

Basis of measurement

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Purchase cost is determined on a first-in, first-out basis, and includes the purchase price, import duties and taxes, and handling and transportation costs.
- Finished goods and work in progress: Costs directly related to the production of inventory such as the carrying cost of materials used, labour, and a proportionate share of variable and fixed production overhead expenses allocated based on normal operating levels.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

12. Property, plant and equipment and depreciation

Basis of measurement

Plant and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are expensed as incurred.

Property is measured at fair value less any impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
12. Property, plant and equipment and depreciation (continued)

Depreciation

Property, plant and equipment, excluding land and assets not yet available for use, are depreciated using the straight-line method, over their estimated useful lives, to residual value as follows:

Type	Useful life
Buildings	10 – 30 years
Manufacturing equipment	5 – 20 years
Office and automotive equipment	5 – 10 years

The estimated useful lives, residual values and depreciation method used for property, plant and equipment are reviewed at each year-end and are adjusted prospectively, if appropriate.

Impairment

The Company's property, plant and equipment are reviewed for indicators of impairment at each reporting date. If an indication of impairment exists, the Company assesses whether an impairment loss should be recognized by comparing the sum of future undiscounted cash flows is less than the assets carrying value. If it is determined that the long-lived asset is not recoverable, an impairment loss is calculated based on the excess of carrying amount over the long-lived asset's fair value.

[for any long-lived asset that is impaired]

During this reporting period, the Company has noted that [long-lived asset] has been impaired. The cause of the impairment [provide facts and circumstances leading to impairment]. The Company assessed the asset's fair value by [describe method used to assess fair value]. In comparing the asset's carrying value to its fair value, the Company determined that the impairment loss is [\$XX] which is presented separately on the face of the income statement.

Disposal

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition is included in the consolidated statement of income when the asset is derecognized.

[for any long-lived asset that has been disposed or is classified for held for sale and does not meet criteria to be reported as a discontinued operation]

The Company has designated [long-lived asset] as [held for sale or disposed]. The long-lived asset is being disposed due to [explanation of fact/circumstances leading to disposal/expected disposal]. The Company anticipates that the [long-lived asset] will be [sold/disposed] over the [provide detail over timing]. This results in the expected [gain/loss].

13. Goodwill and Intangible assets and amortization

Intangible assets are assets that are developed internally or acquired from third parties that lack physical substance and that meet the specified criteria for recognition apart from goodwill.

TR Example Group
Notes To The Consolidated Financial Statements
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13. Goodwill and Intangible assets and amortization (continued)

Development costs

Costs that are capitalized as internally developed intangible assets include those development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company and for which the following criteria are demonstrated:

- The technical feasibility of completing the intangible asset so it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally developed assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally developed intangible asset can be recognized, development expenditures are recognized as an expense in the period in which they are incurred. Subsequent to initial recognition, internally developed intangible assets are reported at cost less accumulated amortization and impairment losses, if any. Amortization of development costs begins when sales of the related product commence.

Acquired intangible assets include licences, patents and non-contractual customer relationships, and their cost is equal to their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Licences and patents

The Company has developed and purchased licenses and patents. The patents have been granted for 10 years with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the licences. The licences may be renewed at little or no cost to the Company and, therefore, those licences are assessed as having an indefinite useful life.

Non-contractual customer relationships

The Company acquired non-contractual customer relationships upon the purchase of a business unit which are amortized over the estimated life of the relationship.

The estimated useful lives and amortization methods of the Company's intangible assets are as follows:

Development costs	20 years straight-line
Licences	Indefinite - no amortization
Patents	10 years straight-line
Non-contractual customer relationships	3 - 10 years straight-line

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

13. Goodwill and Intangible assets and amortization (continued)

Non-contractual customer relationships (continued)

Intangible assets with finite lives are reviewed for indicators of impairment at each reporting date. If indication of impairment exists, the intangible asset's recoverable amount is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognized when the estimate of the recoverable amount of the intangible assets is less than the carrying value. Impairment losses can be subsequently reversed if an asset recovers in value. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount to which the asset belongs.

Intangible assets with indefinite lives are not subject to amortization and are tested for impairment annually, or more frequently if an event or circumstance occurs that more likely than not reduces the recoverable amount of the asset below its carrying value. When the carrying value of the asset exceeds the estimated recoverable amount, an impairment loss, measured as the difference, is recognized in profit or loss.

The amortization period and method for an intangible asset with a finite useful life is reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits derived from the asset are accounted for by changing the amortization period or method, as appropriate, and are adjusted for prospectively.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the Company will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* is measured at fair value, with the changes in fair value recognized in the consolidated statement of income.

Goodwill is the excess of the cost of a business acquisition over the fair value of the identifiable assets acquired and liabilities assumed. If this cost is lower than the fair value of the identifiable net assets of the business acquired, the difference is recognized as a gain for the period.

As a policy election, the Company evaluates the triggering event for goodwill impairment only as of the end of reporting period.

As part of the Company's [annual review] of goodwill impairment, it was determined that recent unfavorable trends [management to update factors] indicated goodwill was impaired as of December 31, 2025. The estimated fair value of a reporting unit is determined [management to update the method - quoted market prices, prices of comparable businesses or nonprofit activities, a present value or other valuation technique, or a combination thereof] and the assumptions used were [management to update].

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
13. Goodwill and Intangible assets and amortization (continued)

Business combinations and goodwill (continued)

The composition of goodwill at December 31, 2025 is as follows:

	Year ended December 31, 2025			
	Segment 1	Segment 2	Segment 3	Total
	\$000	\$000	\$000	\$000
Goodwill - beginning of year	-	-	-	-
Acquisitions	-	-	-	-
Adjustments	-	-	-	-
Impairments	-	-	-	-
Goodwill - end of year	-	-	-	-

	Year ended December 31, 2024			
	Segment 1	Segment 2	Segment 3	Total
	\$000	\$000	\$000	\$000
Goodwill - beginning of year	-	-	-	-
Acquisitions	-	-	-	-
Adjustments	-	-	-	-
Impairments	-	-	-	-
Goodwill - end of year	-	-	-	-

14. Impairment

Impairment of property, plant and equipment

Impairment of property plant and equipment exists when the carrying value exceeds the recoverable value. Recoverable value is the higher of the fair value less costs of disposal and the asset's value in use. Fair value less costs of disposal calculation is based on available data from binding sales transactions with parties at arm's length for similar assets or observable market prices less incremental costs from the disposal of the assets. The value-in-use calculation used estimated future cash flows that are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are disclosed and further explained in Note 20.

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Notes To The Consolidated Financial Statements
December 31, 2025

15. Other assets and liabilities

16. Income taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company calculates its current income taxes using tax rates and tax laws enacted at the reporting date in the jurisdictions where the Company operates and generates taxable income.

Deferred tax

Deferred tax is accounted for using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying value for financial reporting purposes as at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, the carry forward of unused tax credits, or the unused tax losses can be utilized.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither the accounting nor taxable profit or loss;
- Taxable temporary differences arising on the initial recognition of goodwill; and
- Temporary differences related to investments in subsidiaries and joint ventures to the extent that is probable that they will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recorded for all temporary differences other than where the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

As of January 1, 2025, the Company adopted ASU No. 2019-12, *Income Taxes* (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). Following are the changes made in line with ASU 2019-12:

- ASU No. 2019-12 removes the exception to the basic intraperiod model in ASC 740-20-45-7. The benefit from income taxes from continuing operations, reported for fiscal year 2024, are offset by taxes on the gain on sale and taxes from operations of discontinued operations.

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TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

16. Income taxes (continued)

Deferred tax (continued)

- During fiscal year 2024, the Company had a loss from continuing operations and income from discontinued operations/foreign continuing operations. The Company did not elect to early adopt ASU 2019-12 for the 2024 fiscal year; therefore, the income from discontinued operations was considered a source of taxable income to realize a partial tax benefit for the loss generated by continuing operations. As such, the financial statements for the 2024 fiscal year reflects tax expense in discontinued operations and a tax benefit in continuing operations. Applying the change on a prospective basis, this did not occur during the 2025 fiscal year and as such created a difference in the effective tax rate presentation for continuing operations between fiscal years 2024 and 2025.
- ASU 2019-12 requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that the Company assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Because of the Company's recent history of operating losses, the Company believes that recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently not likely to be realized and, accordingly, has provided a valuation allowance.
- The Company has recorded franchise taxes not based on income outside of income tax expense. The income tax expense of \$XX in fiscal 2025 and \$XX in fiscal 2024, was removed as it represented non-income-based taxes.
- Based on the factors given in ASU 2019-12, the Company determined that the step-up in tax basis of goodwill, with respect to its transaction with Government, should be considered as a part of business combination as the step-up results in a deferred tax asset which exceeds the remaining balance of book goodwill recognized in the business combination.
- The Company did not allocate any portion of the consolidated amount of current and deferred tax expense to a [XX legal entity] which is not subject to tax in its separate financial statements. However, the Company elected to do so for an [individual entity] which was also not subject to tax and is disregarded by the taxing authority.
- During the FYXX, Company transitioned from the equity method to consolidation for its foreign investment - [XX]. In line with ASU 2019-12 adoption, the Company derecognized its existing deferred tax liability for a taxable outside basis difference in its equity method investment as it asserts indefinite reversal of the outside basis difference in the newly consolidated subsidiary.
- During the FYXX, Company transitioned from consolidation to equity method for its foreign investment - [XX]. In line with ASU 2019-12 adoption, the Company recognized deferred tax liability for a taxable outside basis difference in its equity method investment as it no longer asserts indefinite reversal.

The components of income before provision for income taxes are as follows:

	Year Ended [Month date]	
	202X	202X
Domestic	\$000	\$000
Foreign	\$000	\$000
Total	\$000	\$000

The components of the provision for income taxes are as follows:

	Year Ended [Month date]	Year Ended [Month date]	Year Ended [Month date]
	202X	202X	202X
Current			
Federal	\$000	\$000	\$000
Foreign	\$000	\$000	\$000
State and Local	\$000	\$000	\$000
Total	\$000	\$000	\$000
Deferred			
Federal	\$000	\$000	\$000
Foreign	\$000	\$000	\$000
State and Local	\$000	\$000	\$000
Total	\$000	\$000	\$000
Total income tax provision	\$000	\$000	\$000

The below table shows the principal reasons for the difference between the effective income tax rate and the statutory income tax rate.

Commented [EY13]: Note to TR: The approach shown here reflects a retrospective approach, which is permitted but not required. However, this approach is common amongst early adopters of ASU 2023-09

	Year Ended [Month date]		Year Ended [Month date]		Year Ended [Month date]	
	Amount	Percent	Amount	Percent	Amount	Percent
US Federal Statutory Tax Rate	\$000	XX%	\$000	XX%	\$000	XX%
State and Local Income Taxes, Net of Federal¹						
Income Tax Effect						
Foreign Tax Effects	\$000	XX%	\$000	XX%	\$000	XX%
Foreign Jurisdiction (country) A	\$000	XX%	\$000	XX%	\$000	XX%
Statutory tax rate difference between Foreign Jurisdiction A and United States	\$000	XX%	\$000	XX%	\$000	XX%
Share-based payment awards	\$000	XX%	\$000	XX%	\$000	XX%
Research and development tax credits	\$000	XX%	\$000	XX%	\$000	XX%
Other	\$000	XX%	\$000	XX%	\$000	XX%
Foreign Jurisdiction (country) B	\$000	XX%	\$000	XX%	\$000	XX%
Statutory tax rate difference between Foreign Jurisdiction B and United States	\$000	XX%	\$000	XX%	\$000	XX%
Changes in valuation allowances	\$000	XX%	\$000	XX%	\$000	XX%
Enacted changes in tax laws or rates	\$000	XX%	\$000	XX%	\$000	XX%
Other	\$000	XX%	\$000	XX%	\$000	XX%
Foreign Jurisdiction (country) C	\$000	XX%	\$000	XX%	\$000	XX%
Foreign Jurisdiction (country) D	\$000	XX%	\$000	XX%	\$000	XX%
Other foreign jurisdictions	\$000	XX%	\$000	XX%	\$000	XX%
Effect of Changes in Tax Laws or Rates Enacted in the Current Period	\$000	XX%	\$000	XX%	\$000	XX%
Effect of Cross-Border Tax Laws	\$000	XX%	\$000	XX%	\$000	XX%
Global intangible low-taxed income	\$000	XX%	\$000	XX%	\$000	XX%
Foreign- derived intangible income	\$000	XX%	\$000	XX%	\$000	XX%
Base erosion and anti-abuse tax	\$000	XX%	\$000	XX%	\$000	XX%
Other	\$000	XX%	\$000	XX%	\$000	XX%
Tax Credits	\$000	XX%	\$000	XX%	\$000	XX%
Research and development tax credits	\$000	XX%	\$000	XX%	\$000	XX%
Energy-related tax credits	\$000	XX%	\$000	XX%	\$000	XX%
Other	\$000	XX%	\$000	XX%	\$000	XX%
Changes in Valuation Allowances	\$000	XX%	\$000	XX%	\$000	XX%
Nontaxable or Nondeductible Items	\$000	XX%	\$000	XX%	\$000	XX%
Share- based payment awards	\$000	XX%	\$000	XX%	\$000	XX%
Goodwill impairment	\$000	XX%	\$000	XX%	\$000	XX%
Other	\$000	XX%	\$000	XX%	\$000	XX%
Changes in Unrecognized Tax Benefits	\$000	XX%	\$000	XX%	\$000	XX%
Other Adjustments	\$000	XX%	\$000	XX%	\$000	XX%
Effective Tax Rate	\$000	XX%	\$000	XX%	\$000	XX%

Commented [EY14]: Note to TR: The countries displayed in this table are for illustrative purposes only.

¹ State taxes in [State] and [state] made up the majority (greater than [XX] percent) of the tax effect in this category.

The amounts of cash taxes paid are as follows:

	<u>Year Ended December</u> <u>31, 202X</u>	<u>Year Ended</u> <u>December 31, 202X</u>	<u>Year Ended</u> <u>December 31,</u> <u>202X</u>
Federal	\$000	\$000	\$000
State	\$000	\$000	\$000
Foreign	\$000	\$000	\$000
Foreign Jurisdiction (country) A	\$000	\$000	\$000
Foreign Jurisdiction (country) B	\$000	\$000	\$000
Foreign Jurisdiction (country) C	\$000	\$000	\$000
Foreign Jurisdiction (country) D	\$000	\$000	\$000
All other foreign	\$000	\$000	\$000
<u>Income taxes, net of amounts refunded</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

17. Accounts and notes payable

Accounts payable includes \$XX for [accrued compensation, bank overdrafts,

18. Leases

[General description of the lease] The Company has entered into [insert type: operating and finance] lease agreements primarily for [insert type of lease: office space, data center, land, etc.] in [insert geographic location] with the lease periods expiring between [2024 and 2025].

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
18. Leases (continued)

The Company determines if an arrangement is a lease at inception. The Company has included operating lease assets and liabilities on the consolidated balance sheet beginning January 1, 2024. [Insert if not presented on the face of the financial statements] The current portion of the Company's operating lease liabilities are included in [insert financial statement line item, i.e. accrued expenses, other current liabilities] and the long-term portion of the liabilities are included in operating lease liabilities. Finance lease assets are included in [insert financial statement line item, i.e. property and equipment, net, other assets]. Finance lease liabilities are included in [insert financial statement line item, i.e. accrued expenses, other current liabilities, long-term debt].

The Company recognizes operating lease assets and liabilities at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is [insert discount rate used at commencement of lease, i.e. interest rate implicit in the lease or if not readily determinable, the incremental borrowing rate or risk free rate (this is an accounting policy election)]. [Insert if rate is not readily determinable: The Company's incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located]. Operating lease assets also include any prepaid lease payments and lease incentives. Our lease terms include periods under options to extend or terminate the lease when it is reasonably certain that we will exercise that option. We generally use the base, non-cancelable, lease term when determining the lease assets and liabilities. Operating lease expense is recognized on a straight-line basis over the lease term.

Our lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. We combine fixed payments for non-lease components with our lease payments and account for them together as a single lease component which increases the amount of our lease assets and liabilities.

Additional items for disclosure, if applicable:

1. Basis terms and conditions on which variable lease payments are determined

Payments under our lease arrangements are primarily fixed, however, certain lease agreements contain variable payments, which are expensed as incurred and not included in the operating lease assets and liabilities. These amounts include payments affected by the Consumer Price Index, payments contingent on wind or solar production for power purchase arrangements, and payments for maintenance and utilities.

2. Terms and Conditions re: options to extend or terminate lease
3. Residual value guarantees
4. Restrictions or covenants
5. Leases that have not yet commenced

As of December 31, 20XX, the Company has entered into XX leases that have not yet commenced with future lease payments of \$X million, that have not yet been recorded on the consolidated balance sheets. These leases will begin between 202X and 202X [insert additional relevant lease terms].

6. Significant assumptions and judgments
7. Discount rate
8. Finance lease cost
9. Operating lease cost
10. Variable lease cost
11. Lease transactions with related parties

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12. Practical expedients taken
13. Weighted average of remaining lease terms

14. Weighted average of discount rate

As of December 31, 20XX, the Company's operating leases had a weighted average remaining lease term of XX years and weighted average discount rate of X.X%.

15. Maturity analysis of liabilities

Future lease payments under [operating or finance] leases as of December 31, 20XX were as follows:

	Finance leases	Operating leases
	\$000	\$000
Remainder of 20XX	-	-
202X	-	-
202X	-	-
202X	-	-
202X	-	-
Thereafter	-	-

	Finance leases	Operating leases
	\$000	\$000
Remainder of 20XX	-	-
202X	-	-
202X	-	-
202X	-	-
202X	-	-
Thereafter	-	-

19. Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Consolidated statement of income reflects the Company's share of the results of operations of the joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Company recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the associate or joint venture.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

19. Investment in joint venture (continued)

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as "Share of profit of a joint venture" in the consolidated statement of income.

Upon loss of joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

20. Revenue

The Company is in the business of [insert description of business, particularly how revenue is generated manufacturing and distribution of building construction products and storage tanks and the management of investment property. The manufacturing, distribution and services are sold both on their own in separate identified contracts with customers and together as a bundled package of goods and/or services.

Revenue is recognized when performance obligations have been met. Revenue recognition for multiple-element arrangements requires judgement to determine if multiple elements exist, whether elements can be accounted for as separate units of accounting, and if so, the fair value for each of the elements. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes, and allocated to each performance obligation.

The specific recognition criteria for each revenue stream are described below.

Performance obligations

The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's sales have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. One specific section of the Company's sales has a multiple performance obligation as the promise to transfer the individual goods or services is separately identifiable from other promises in the contracts and, therefore, is distinct. Therefore, revenue from the sale of goods is recognized upon the delivery of goods in each performance obligation. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rights of return, incentives, and other forms of variable consideration

As contracts allow the customer to return the products, the consideration received from the customer is variable. The Company uses the expected value method to estimate the goods that will be returned because this method better predicts the amount of variable consideration to which the Company will be entitled. The Company applied the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
20. Revenue (continued)

Rights of return, incentives, and other forms of variable consideration (continued)

Rendering of services

The Company's Clearwater Developments division provides investment property management services. These services are sold either on their own in contracts with the customers or bundled together with the sale of equipment to a customer. The Company concluded that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Company.

Advances received from customers

Generally, the Company receives only short-term advances from its customers. They are presented as part of Trade and other payables. No interest is accrued on the long-term advances received.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as designated at fair value through OCI ("FVOCI"), interest income is recorded using the effective interest rate ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature.

Service income

Revenue related to property management services pertains to the ongoing maintenance of properties managed and is recognized on a straight-line basis over the term of the contract and is included in revenue in the consolidated statement of income due to its operating nature.

Contract balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the consolidated statement of financial position. Amounts are billed as work progresses in accordance with contractual terms, either at periodic intervals (e.g., monthly) or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Company sometimes receives advances or deposits from customers before revenue is recognized, resulting in contract liabilities. These assets and liabilities are reported on the consolidated statement of financial position on a contract-by-contract basis at the end of each reporting period.

Transaction price allocated to performance obligations

The following table includes revenue that the Company estimates to be recognized in future periods related to performance obligations that are unsatisfied [partially satisfied] at the end of the reporting period.

The Company applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

21. Segment and geographic information

In accordance with ASC 280, Segment Reporting ("ASC 280"), the Company has identified [number of segments XXX] operating segments [names of segments XXX] that also represent our reportable segments and reflect the CODM's internal view of analyzing results and allocating resources. [add any other info related to segments]

General corporate expenses consist of general and administrative costs that management does not attribute to any of our operating segments. These costs primarily relate to corporate administration, information and technology resources, finance and human resources functional and organizational costs, depreciation and amortization of corporate assets, and other general and administrative expenses resulting from corporate-level activities and projects.

Our CODM [title/position] analyzes segment results and allocates resources between segments based on [profitability criteria XXX and XXX]. Information related to our reportable segments and our consolidated results for the year ended December 31, 2025 and 2024 is presented below.

	December 31, 2025		
	Segment 1	Segment 2	Total
	\$000	\$000	\$000
Revenue			
Revenue from external customers	-	-	-
Intersegment revenue	-	-	-
Interest Income	-	-	-
	-	-	-
Operating expenses			
Cost of sales	-	-	-
Selling, distribution & administrative expenses	-	-	-
Depreciation & amortization	-	-	-
Engineering, research, and development	-	-	-
	-	-	-
Profit/(loss) from operations	-	-	-
Assets	-	-	-
Equity in earnings of nonconsolidated affiliates	-	-	-
Capital expenditures	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
21. Segment and geographic information (continued)

	December 31, 2025		
	Segment 1	Segment 2	Total
	\$000	\$000	\$000
Revenue			
Revenue from external customers	-	-	-
Intersegment revenue	-	-	-
Interest Income	-	-	-
	-	-	-
Operating expenses			
Cost of sales	-	-	-
Selling, distribution & administrative expenses	-	-	-
Depreciation & amortization	-	-	-
Engineering, research, and development	-	-	-
	-	-	-
Profit/(loss) from operations	-	-	-
Assets	-	-	-
Equity in earnings of nonconsolidated affiliates	-	-	-
Capital expenditures	-	-	-

A reconciliation of total segment income from operations to consolidated income before income taxes is as follows:

	2025	2024
	\$000	\$000
Income from operations	-	-
Interest expense	-	-
Other income, net	-	-
Significant items	-	-
Income before income taxes	-	-

Revenue is attributed to geographic regions based on customer location; long-lived assets are attributed to geographic regions based on asset location.

	2025	2024
	\$000	\$000
Revenue by Geographic Region		
United States	-	-
Other countries/regions	-	-
Total	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
21. Segment and geographic information (continued)

	December 31, 2025	December 31, 2024
	\$000	\$000
Long-lived assets by Geographic Region		
United States	-	-
Other countries/regions	-	-
Total	-	-
Major customer		

The Company has relationships with customers that exceed 10% of aggregated total net revenue for the years ended December 31, 2025 and 2024. XXX domestic customer accounted for \$XXX or XXX% of total net revenue for the year ended December 31, 2025. XXX domestic customer accounted for \$XXX or XXX% of total net revenue for the year ended December 31, 2024.

22. Other income/expenses

Other operating income

	2025	2024
	\$000	\$000
Net gain on financial instruments at fair value through profit or loss	-	-
Net gain on disposal of property, plant and equipment	-	-
Total other operating income	-	-

The net gain on financial instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives that have been separated.

No ineffectiveness has been recognized on foreign exchange and interest rate hedges.

Other operating expenses

	2025	2024
	\$000	\$000
Equipment rental charges	-	-
Change in fair value of investment properties	-	-
Net loss on financial instruments at fair value through profit or loss	-	-
Ineffectiveness on forward commodity contracts designated as cash flow hedges	-	-
Total other operating expenses	-	-

Net loss on financial instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives that have been separated.

Ineffectiveness resulting from cash flow hedges on the commodity forward contracts was incurred in the [insert segment name] segment. Ineffectiveness on forward commodity contracts due to the change in forward points was \$X.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

23. Related party transactions

On [date, month, 20XX], the Company leased a showroom in [XXX] from [XXX]. The lease is renewable and has been renewed each year since 20XX. On [date, month, 20XX], the Company renewed the lease for an additional [XXX] term at a cost of \$[XXX]. During the year ended December 31, 2025 and 2024, the Company recorded rental amounts of \$[XXX] and \$[XXX], respectively.

For the years ended December 31, 2024 and 2025, the Company was engaged in a related party transaction. The transaction consisted of [describe nature of transaction and with whom the transaction is with/how this party is a related party]. The below tables summarize the transactions:

	December 31, 2025	December 31, 2024
	\$000	\$000
Consolidated Statement of Income and Retained Earnings		
Revenue	-	-
Operating expenses	-	-
	December 31, 2025	December 31, 2024
	\$000	\$000
Consolidated Balance Sheet		
Accounts receivable	-	-
Accounts payable	-	-
Other liabilities	-	-

24. Commitment and contingencies

Operating lease commitments – Company as a lessee

The Company has entered into operating leases on certain motor vehicles and items of machinery, with lease terms between three and five years. The Company has the option, under some of its leases, to lease the assets for additional terms of three to five years.

Future minimum rentals payable under non-cancellable operating leases as at December 31 are as follows:

	2025	2024
	\$000	\$000
Within one year	-	-
1-2 years	-	-
3-5 years	-	-
More than five years	-	-
	-	-

Other commitments

At December 31, 2025, the Company had commitments of \$XX, including \$X relating to the completion of the production facility and \$X relating to trade purchase commitments by the Company's interest in the joint venture.

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025

24. Commitment and contingencies (continued)

Legal contingency

An overseas customer has commenced an action against the Company in respect of storage tanks claimed to be defective. The estimated payout is \$XX should the action be successful. A trial date has not yet been set. Therefore, it is not practicable to state the timing of the payment, if any.

The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these consolidated financial statements.

Guarantees

The Company has provided the following guarantees at December 31, 2025:

- Guarantee of XX% of the bank overdraft of the joint venture to a maximum amount of \$XX, which is incurred jointly with the other venturer (carrying amounts of the related financial guarantee contracts were \$X and \$X at December 31, 2025 and 2024, respectively).
- Guarantee to an unrelated party for the performance in a contract by the joint venture. No liability is expected to arise.

25. Subsequent events

On [date], [describe subsequent event]. The Company evaluate the impact as of [date of financial statement issuance or date financial statements were available to be issued]. [Describe impact as assessed].

[if the company has a non-recognized subsequent event]

On [date], [describe non-recognized subsequent event]. The Company estimates that the financial effect of this event is [describe financial impact]. [Consider whether the non-recognized subsequent event is so significant that pro-forma financial data is required].

26. Pension and other post retirement plans

The Company has a funded non-contributory defined benefit pension plan that covers substantially all of its employees. The plan provides defined benefits based on years of service and final average salary. The Company uses December 31 as the measurement date for its pension plans.

Information about changes in obligations and plan assets of the defined benefit pension plan follows:

	Year ended	
	December	December
	31, 2025	31, 2024
	\$000	\$000
Change in benefit obligation:		
Beginning benefit obligation	-	-
Service cost	-	-
Interest cost	-	-
Amendments	-	-
Actuarial loss (gain)	-	-
Benefits paid	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
26. Pension and other post retirement plans (continued)

	Year ended	
	December 31, 2025	December 31, 2024
	\$000	\$000
Ending benefit obligation	-	-
Change in plan assets, at fair value:		
Beginning plan assets	-	-
Actual return	-	-
Employer contribution	-	-
Benefits paid	-	-
Ending plan assets	-	-
Funded status at end of year (benefit obligations less plan assets)	-	-

[Entity-specific narrative description of the reasons for significant gains and losses related to changes in the defined benefit obligations for the period would be disclosed.]

Amounts recognized in accumulated other comprehensive income at December 31 consist of:

	December 31, 2025	December 31, 2024
	\$000	\$000
Net actuarial loss (gain)	-	-
Prior service cost (credit)	-	-
	-	-

The accumulated benefit obligation was \$XXX and \$XXX at year-end 2024 and 2023.

Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Income:

	December 31, 2025	December 31, 2024
	\$000	\$000
Service cost	-	-
Interest cost	-	-
Expected return on plan assets	-	-
Amortization of prior service cost	-	-
Amortization of net (gain) loss	-	-
Net periodic benefit cost	-	-
Net loss (gain)	-	-
Prior service cost (credit)	-	-
Amortization of prior service cost	-	-
Total recognized in other comprehensive income	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
26. Pension and other post retirement plans (continued)

	December 31, 2025	December 31, 2024
	\$000	\$000
Total recognized in net periodic benefit cost and other comprehensive income	-	-

The components of net periodic benefit cost other than the service cost component are included in the line item "other income/expense" in the income statement.

Assumptions

Weighted-average assumptions used to determine pension benefit obligations at year-end:

	December 31, 2025	December 31, 2024
	\$000	\$000
Discount rate	-	-
Rate of compensation increase	-	-
Weighted-average interest crediting rate	-	-

Weighted-average assumptions used to determine net periodic pension cost:

	December 31, 2025	December 31, 2024
	\$000	\$000
Discount rate	-	-
Expected return on plan assets	-	-
Rate of compensation increase	-	-
Weighted-average interest crediting rate	-	-

Investment Strategy and Allocation

The Company's overall investment strategy is to achieve a mix of approximately <>% of investments for long-term growth and <>% for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are shown in the table below. Equity securities primarily include investments in <>. Debt securities include <>. Investment funds include hedge funds, private equity funds, collective trust, and mutual funds that follow several different strategies. Other investments consist of <>.

The weighted average expected long term rate of return is estimated based on current trends in the plan assets as well as projected future rates of returns on those assets. The following assumptions were used in determining the long-term rate of return: <>. The long-term rate of return considers historical returns. Adjustments were made to historical returns in order to reflect expectations of future returns. These adjustments were due to [insert management's assertion as to the reasons for the adjustments].

The plan is prohibited from investing in the following investments; [insert prohibited investments]. All other investments not prohibited by the plan are permitted.

The Company's pension plan asset allocation at year-end 2025 and 2024, and expected long-term rate of return by asset class are as follows:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
26. Pension and other post retirement plans (continued)

Investment Strategy and Allocation (continued)

Asset Class	Percentage of Plan Assets at Year-End			Weighted-Average Expected Long-Term Rate of Return
	Target Allocation	2025	2024	
	\$000	\$000	\$000	\$000
Equity securities	-	-	-	-
U.S. large cap	-	-	-	-
Emerging markets growth	-	-	-	-
Debt securities	-	-	-	-
Corporate bonds	-	-	-	-
U.S. treasuries	-	-	-	-
Investment Funds	-	-	-	-
Mutual funds	-	-	-	-
Private equity funds	-	-	-	-
Hedge funds	-	-	-	-
Collective Trust	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Asset Class	Percentage of Plan Assets at Year-End			Weighted-Average Expected Long-Term Rate of Return
	Target Allocation	2025	2024	
	\$000	\$000	\$000	\$000
Equity securities	-	-	-	-
U.S. large cap	-	-	-	-
Emerging markets growth	-	-	-	-
Debt securities	-	-	-	-
Corporate bonds	-	-	-	-
U.S. treasuries	-	-	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
26. Pension and other post retirement plans (continued)

Investment Strategy and Allocation (continued)

Asset Class	Percentage of Plan Assets at Year-End			Weighted-Average Expected Long-Term Rate of Return
	Target Allocation	2025	2024	
	\$000	\$000	\$000	\$000
Investment Funds	-	-	-	-
Mutual funds	-	-	-	-
Private equity funds	-	-	-	-
Hedge funds	-	-	-	-
Collective Trust	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Fair Value of Plan Assets:

The Company used the following valuation methods and assumptions to estimate the fair value of assets held by the plan:

Equity Securities and Mutual Funds:

The fair values for equity securities and mutual funds are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2).

Debt Securities

Certain debt securities are valued at the closing price reported in the active market in which the bond is traded (Level 1 inputs). Other debt securities are valued based upon recent bid prices or the average of recent bid and asked prices when available (Level 2 inputs) and, if not available, they are valued through matrix pricing models developed by sources considered by management to be reliable. Matrix pricing, which is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Discounted cash flows are calculated using spread to swap and LIBOR curves that are updated to incorporate loss severities, volatility, credit spread and optionality. During times when trading is more liquid, broker quotes are used (if available) to validate the model. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated into the calculations.

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Notes To The Consolidated Financial Statements
December 31, 2025
26. Pension and other post retirement plans (continued)

Private Equity and Hedge Funds

The fair values of the plan's hedge funds have been estimated using the net asset value per share of the investments, as reported by the fund managers. Generally, these investments are redeemable on a _____ basis, with a _____ redemption notification requirement. Funds which have redemption restrictions of indefinite duration or that exceed a six-month time period are classified as Level 3 measurements. All other hedge fund investments of the plan are classified as Level 2 measurements.

Collective Trusts

Fair values of units of participation in collective trusts are based upon the net asset values of the funds reported by the fund managers as of the plan's financial statement dates and recent transaction prices (Level 2 inputs). Each collective trust provides for daily redemptions by the plan with no advance notice requirements.

The fair value of the plan assets at December 31, 2025, by asset class, is as follows:

Asset Class	Fair Value Measurements at December 31, 2025 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observabl e Inputs (Level 2)	Significant Unobserva ble Inputs (Level 3)
	\$000	\$000	\$000	\$000
Equity securities	-	-	-	-
U.S. large cap	-	-	-	-
Emerging markets growth	-	-	-	-
Debt securities	-	-	-	-
Corporate bonds	-	-	-	-
U.S. treasuries	-	-	-	-
Investment Funds	-	-	-	-
Mutual funds	-	-	-	-
Private equity funds	-	-	-	-
Hedge funds	-	-	-	-
Collective Trust	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

The fair value of the plan assets at December 31, 2024, by asset class, is as follows:

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
26. Pension and other post retirement plans (continued)
Collective Trusts (continued)

Asset Class	Fair Value Measurements at December 31, 2024 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observabl e Inputs (Level 2)	Significant Unobserva ble Inputs (Level 3)
	\$000	\$000	\$000	\$000
Equity securities	-	-	-	-
U.S. large cap	-	-	-	-
Emerging markets growth	-	-	-	-
Debt securities	-	-	-	-
Corporate bonds	-	-	-	-
U.S. treasuries	-	-	-	-
Investment Funds	-	-	-	-
Mutual funds	-	-	-	-
Private equity funds	-	-	-	-
Hedge funds	-	-	-	-
Collective Trust	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

The table below presents purchases and any transfers into or out of Level 3:

	December 31, 202X	December 31, 202X
	\$000	\$000
Purchases	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
	-	-

TR Example Group
Notes To The Consolidated Financial Statements
December 31, 2025
26. Pension and other post retirement plans (continued)

Health Care Plan

The Company also has other unfunded post retirement benefit plans covering substantially all of its employees. The health care plans are contributory with participants' contributions adjusted annually; the life insurance plans are non-contributory. The accounting for the health care plans anticipates future cost-sharing changes to the written plans that are consistent with the Company's expressed intent to increase retiree contributions each year by XX% of health care cost increases in excess of XX%. The post retirement health care plans include a limit on the Company's share of costs for recent and future retirees.

Assumptions used to determine net periodic cost and benefit obligations:

	December 31, 2025	December 31, 2024
	\$000	\$000
Discount rate	-	-
Assumed health care cost trend rates at year-end:		

	December 31, 2025	December 31, 2024
	\$000	\$000
Health care cost trend rate assumed for next year	-	-
Rate that the cost trend rate gradually declines to	-	-
Year that the rate reaches the rate it is assumed to remain at	-	-

Pension and Other Benefit Plans (as applicable):

Contributions

The Company expects to contribute \$_____ to its pension plan and \$_____ to other plans in 2024.

Estimated Future Payments

The following benefit payments, which reflect expected future service, are expected:

	Pension Benefits	Other Benefits
	\$000	\$000
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-
Following 5 years	-	-

TR Example Group
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27. Investments in Tax Credit Structures Using the Proportional Amortization Method

The company implemented ASU 2023-02 on [month date, year], [description of the nature of investments inclusive of the financial statement line item in which they are included].

An analysis of the [proportional amortization] method is as follows:

Year	Net Investment (a)	Amortization of Investment (b)	Income Tax Credits (c)	Net Losses / Tax Depreciation (d)	Pension/Other Income Tax Benefits from Tax Depreciation (e)	Income Tax Credits and Other Income Tax Benefits (f)	Income Tax Credits and Other Income Tax Benefits, Net of Amortization (g)	Non-Income Tax-Related Cash Returns (h)
1	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX
2	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
3	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
4	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
5	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
6	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
7	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
8	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
9	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
10	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Commented [EY15]: Note to TR: The proportional amortization method is not required for all entities, however ASU 2023-02 expends the use of the proportional amortization method of accounting. The proportional versus other tax credit structures should be elected on a program by program basis.

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(a) End-of-year carrying amount of the investment net of amortization in Column (b).

(b) Initial investment of \$XX x (total income tax credits and other income tax benefits received during the year in Column (f))/total anticipated income tax credits and

other income tax benefits over the life of the investment of \$XX).

(c) Represents the income tax credits allocated to the investor

(d) Represents the income tax credits allocated to the investor

(e) Column (d) x XX% tax rate.

(f) Column (c) + Column (e).

(g) Column (f) - Column (b).

(h) Non-income-tax-related benefits recognized in current-period pre-tax earnings when received. This represents the cash proceeds received Income tax losses, principally from depreciation, passed on to the investor by the investor based on the cash generated from the project.

The company [did/did not] recognize impairment losses[in the amount of \$XX] resulting from the forfeiture or ineligibility of income tax credits or other circumstances during the period ending [month date, year].