

**TSH BIOPHARM CORPORATION LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024**

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For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

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To the Board of Directors of TSH Biopharm Corporation Ltd.

Opinion

We have audited the financial statements of TSH Biopharm Corporation Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2025 and 2024, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years ended December 31, 2025 and 2024, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the parent company only financial statements in the current period are stated as follow:

1. Sales Revenue

Please refer to Note 4(13) of the financial statements for the accounting principles on revenue recognition. Please refer to Note 6(16) of the financial statements for the details on revenue

recognition.

Description of key audit matter:

The Company 's sales is mainly from the selling of pharmaceuticals and chemical drugs. Because the customers are diversity and numerous, it takes longer time to verify sales transactions. Therefore, the occurrence is sales transactions is one of the important issue in performing our audit procedures.

How the matter was addressed in our audit:

Auditing procedures performed include testing the effectiveness of the design and implementing the internal control system of sales and collection operation ; testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue and inspecting the related documents to ensure the adequacy and reasonableness of revenue recognition.

2. Valuation of Inventories

Please refer to notes 4(7), 5 and 6(4) of the notes to the parent company only financial statement for the accounting policies on measuring inventory, assumptions used and uncertainties considered in determining net realizable value, allowances for impairment loss and obsolescence and balances of impairment loss and obsolescence, respectively.

Description of key audit matter:

Inventories are stated at of cost and net realizable value. Due to fierce competition in pharmaceutical industry and the declining prices of health insurance drugs every year, which will affect the sales prices of related products, resulting in a risk that the cost of inventories to exceed its net value. Therefore, inventory evaluation is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our audit procedures for the above key audit matters included assessing the Company's inventory allowance amount based on the nature of the inventories; performing audit to check the correctness of the inventory age report; reviewing the company's past inventory allowances and assessing whether the estimation methods and assumptions are appropriate; observe the inventory count and check the inventory status to assess whether the inventory is expired or damaged; sampling the latest sales prices of inventory and assessing the reasonableness of net realizable value; assessing whether disclosure items for inventory allowances are appropriate.

3. Impairment on investments accounted for using equity method

Please refer to notes 4(12) "Impairment of Non-Financial Assets", 5(2) and 6(5) of the notes to the parent company only financial statement for the accounting policies for impairment of investments accounted for using the equity method, assumptions used and uncertainties considered, and details, respectively.

Description of key audit matters:

The investments accounted for using the equity method in Top Pharma Medical-wares Co., Ltd. represent 21.59% of the total assets of TSH Biopharm Co., Ltd. The primary risk lies in the management's assessment of the subsidiaries' future operating performance and cash flow assumptions, which involve subjective judgment. These assumptions have a high degree of uncertainty, which may

affect the assessment of the recoverable amount. Therefore, the impairment test of these investments accounted for using the equity method is one of the most critical areas of assessment in our audit of the financial statements of TSH Biopharm Co., Ltd.

How the matter was addressed in our audit:

The key audit procedures performed regarding the above-mentioned key audit matter included obtaining externally available information to validate management's assumptions and performing professional evaluations of the key parameters applied by management, including the projected growth rate, discount rate, and gross margin. In addition, we assessed the accuracy of management's historical forecasts and performed sensitivity analyses on the assumptions used in the impairment testing calculations.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Yilien Han and Shin-Ting Huang.

KPMG
Taipei, Taiwan (Republic of China)
March 5, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
TSH Biopharm Corporation Ltd.
Balance Sheets
December 31, 2025 and 2024
(Expressed in thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (notes 6(1) and 6(19))	269,294	17	243,727	16	2150	Notes payable (note 6(19))	\$ 351	-	451	-
1120	Current financial assets at fair value through other comprehensive income (notes 6(2)、(19) and 13)	30,743	2	77,015	5	2170	Accounts payable (note 6(19))	9,126	1	7,218	-
1150	Notes receivable, net (notes 6(3)、(16) and (19))	8,147	1	8,567	1	2180	Accounts payable to related parties (notes 6(19) and 7)	10,915	1	9,269	1
1161	Notes receivable from related parties (notes 6(3)、(16)、(19) and 7)	7,712	-	6,603	-	2200	Other payables (notes 6(10)、(19) and 7)	61,927	4	55,598	4
1170	Accounts receivable, net (notes 6(3)、(16) and (19))	112,341	7	97,080	6	2230	Current income tax liabilities	20,257	1	22,697	2
1180	Accounts receivable from related parties (notes 6(3)、(16)、(19) and 7)	9,719	1	8,868	1	2280	Current lease liabilities (notes 6(11)、(19)、(22) and 7)	4,851	-	4,765	-
1200	Other receivables (notes 6(19) and 7)	1,983	-	1,746	-	2300	Other current liabilities	24,585	2	1,232	-
130x	Inventories (note 6(4))	99,540	6	117,152	8			<u>132,012</u>	<u>9</u>	<u>101,230</u>	<u>7</u>
1476	Other financial assets-current (notes 6(1)、(9) and (19))	250,000	16	200,000	13	Non-current liabilities:					
1479	Other current assets –other (notes 6(9))					2580	Non-current lease liabilities (notes 6(11)、(19)、(22) and 7)	-	-	4,851	-
		<u>18,368</u>	<u>1</u>	<u>10,323</u>	<u>1</u>	2645	Deposits received (note 6(19))	271	-	271	-
		<u>807,847</u>	<u>51</u>	<u>771,081</u>	<u>51</u>			<u>271</u>	<u>-</u>	<u>5,122</u>	<u>-</u>
Non-current assets:						Total liabilities		<u>132,283</u>	<u>9</u>	<u>106,352</u>	<u>7</u>
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(2)、(19) and 13)	179,145	11	186,213	13	Equity (note 6(2) and (14)) :					
1550	Investments accounted for using equity method (note 6(5))	538,203	34	491,401	33	3100	Capital stock	383,981	24	383,981	26
1600	Property, plant and equipment (note 6(6))	13,354	1	15,163	1	3200	Capital surplus	459,613	29	459,554	31
1755	Right-of-use assets (note 6(7))	4,808	1	9,616	1		Retained earnings				
1780	Intangible assets (note 6(8))	10,506	-	3,610	-	3310	Legal reserve	158,200	10	126,073	8
1840	Deferred income tax assets (note 6(13))	2,189	-	3,586	-	3350	Unappropriated retained earnings	423,000	27	354,605	23
1915	Prepayment for equipment	7,192	1	4,030	-	3400	Other equity	17,815	1	67,579	5
1920	Refundable deposits paid (notes 6(9)、(19) and 7)	8,723	1	7,027	1	Total equity		<u>1,442,609</u>	<u>91</u>	<u>1,391,792</u>	<u>93</u>
1995	Other non-current financial assets (notes 6(9) and (19))	2,925	-	6,417	-						
		<u>767,045</u>	<u>49</u>	<u>727,063</u>	<u>49</u>	Total liabilities and equity		<u>\$ 1,574,892</u>	<u>100</u>	<u>1,498,144</u>	<u>100</u>
Total assets		<u>\$ 1,574,892</u>	<u>100</u>	<u>1,498,144</u>	<u>100</u>						

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
TSH Biopharm Corporation Ltd.
Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2025		2024	
	AMOUNT	%	AMOUNT	%
4000 Operating revenue (notes 6(16) and 7)	\$ 656,947	100	\$ 628,508	100
5000 Operating costs (notes 6(4) and 7)	305,439	46	269,273	43
5910 Less: Unrealized profit or loss on sales	682	-	1,139	-
5920 Add: Realized profit or loss on sales	1,139	-	-	-
Gross profit	351,965	54	358,096	57
6000 Operating expenses (notes 6(3) 、(11) 、(12) 、(17) 、7 and 12):				
6100 Selling expenses	159,590	24	145,173	23
6200 Administrative expenses	59,958	9	68,894	11
6300 Research and development expenses	23,094	4	26,654	4
6450 Expected credit loss	169	-	111	-
	242,811	37	240,832	38
Operating income	109,154	17	117,264	19
Non-operating income and expenses (notes 6(6) 、(8) 、(11) 、(18) and 7):				
7100 Interest income	5,084	1	2,900	-
7010 Other income	1,765	-	565	-
7020 Other gains and losses	7,412	1	2,484	(-)
7050 Finance costs	(137)	-	55	(-)
7070 Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	51,208	8	21,930	3
	65,332	10	22,856	3
Profit before tax	174,486	27	140,120	22
7950 Income tax expense (note 6(13))	(35,226)	(5)	(27,027)	(4)
Profit for the year	139,260	22	113,093	18
8300 Other comprehensive income				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8316 Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(7,293)	(1)	220,157	35
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	(7,293)	(1)	220,157	35
8360 Components of other comprehensive income that may be reclassified subsequently to profit or loss				
8380 Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - components that may be reclassified to profit or loss	195	-	38	-
8399 Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	195	-	38	-
8300 Other comprehensive income (after tax)	(7,098)	(1)	220,195	35
8500 Total comprehensive income	\$ 132,162	21	\$ 333,288	53
8600 Profit attributable to:				
8610 Equity holders of the parent company	\$ 139,260	22	\$ 113,093	18
8710 Total comprehensive income attributable to:				
Equity holders of the parent company	\$ 132,162	21	\$ 333,288	53
Earnings per share (note 6(15))				
9750 Basic earnings per share	\$ 3.63		\$ 2.95	
9850 Diluted earnings per share	\$ 3.62		\$ 2.94	

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
TSH Biopharm Corporation Ltd.
Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity Interest			Equity attributable to former owner of business combination under common control	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Equity attributable to owners of the parent company		
Balance at January 1, 2024	\$ 383,981	459,435	121,910	4,417	82,232	(233)	55,793	1,107,600	-	1,107,600
Net income for the year	-	-	-	-	113,093	-	-	113,093	-	113,093
Other comprehensive income for the year	-	-	-	-	-	38	220,157	220,195	-	220,195
Total comprehensive income for the year	-	-	-	-	113,093	38	220,157	333,288	-	333,288
Distribution of retained earnings										
Legal reserve	-	-	4,163	-	(4,163)	-	-	-	-	-
Cash dividends	-	-	-	-	(49,150)	-	-	(49,150)	-	(49,150)
Special reserve	-	-	-	(4,417)	4,417	-	-	-	-	-
Other changes in capital surplus	-	54	-	-	-	-	-	54	-	54
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	208,176	-	(208,176)	-	-	-
Balance at December 31, 2024	383,981	459,554	126,073	-	354,605	(195)	67,774	1,391,792	-	1,391,792
Net income for the year	-	-	-	-	139,260	-	-	139,260	-	139,260
Other comprehensive income for the year	-	-	-	-	-	195	(7,293)	(7,098)	-	(7,098)
Total comprehensive income for the year	-	-	-	-	139,260	195	(7,293)	132,162	-	132,162
Distribution of retained earnings										
Legal reserve	-	-	32,127	-	(32,127)	-	-	-	-	-
Cash dividends	-	-	-	-	(81,404)	-	-	(81,404)	-	(81,404)
Other changes in capital surplus	-	59	-	-	-	-	-	59	-	59
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	42,666	-	(42,666)	-	-	-
Balance at December 31, 2025	\$ 383,981	459,613	158,200	-	423,000	-	17,815	1,442,609	-	1,442,609

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

TSH Biopharm Corporation Ltd.

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Profit before tax	\$ 174,486	140,120
Adjustments:		
Adjustments to reconcile profit		
Depreciation	6,922	8,607
Amortization	2,790	3,146
Expected credit loss	169	111
Interest expense	137	55
Interest income	(5,084)	(2,900)
Dividend income	(6,557)	(6,528)
Share of loss (profit) of associates accounted for using equity method	(51,208)	(21,930)
Loss on disposal of property, plant and equipment	-	190
Unrealized gain on sales	(457)	1,139
Impairment loss	-	8,799
Total adjustment to reconcile profit	<u>(53,288)</u>	<u>(9,311)</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(689)	(699)
Increase in accounts receivable(including related parties)	(16,281)	(12,317)
(Increase) decrease in other receivables	(253)	(154)
Increase in inventories	17,612	(41,881)
Increase in prepayments	(6,681)	-
Increase in other current assets	(1,364)	(1,072)
Increase (decrease) in notes payable (including related parties)	(100)	5
Increase (decrease) in accounts payable(including related parties)	3,554	3,241
Increase (decrease) in other payables	6,329	8,140
Increase (decrease) in other current liabilities	23,412	(182)
Total changes in operating assets and liabilities	<u>25,539</u>	<u>(44,919)</u>
Total adjustments	<u>(27,749)</u>	<u>(54,230)</u>
Cash flows from operations	146,737	85,890
Interest received	5,101	3,368
Interest paid	(137)	(55)
Income tax paid	<u>(36,269)</u>	<u>(9,379)</u>
Net cash flows from operating activities	<u>115,432</u>	<u>79,824</u>

(Continued)

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

TSH Biopharm Corporation Ltd.

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(2,489)
Proceeds from disposal of financial assets at fair value through other comprehensive income	46,047	221,121
Acquisition of investments accounted for using the equity method	-	(301,451)
Acquisition of property, plant and equipment	(305)	(493)
Disposal of property, plant and equipment	-	250
Increase in deposits paid	(1,696)	(1,556)
Acquisition of intangible assets	(3,564)	-
Decrease (increase) in other financial assets - current	(50,000)	(83,691)
Increase in other assets - non-current	(2,631)	-
Increase in prepayment for equipment	(3,162)	(879)
Dividends received	11,615	6,528
Net cash flows from (used in) investing activities	<u>(3,696)</u>	<u>(162,660)</u>
Cash flows used in financing activities:		
Increase in deposit received	-	271
Payments of lease liabilities	(4,765)	(4,557)
Cash dividends paid	(81,404)	(49,150)
Net cash flows used in financing activities	<u>(86,169)</u>	<u>(53,436)</u>
Net decrease in cash and cash equivalents	25,567	(136,272)
Cash and cash equivalents at beginning of year	243,727	379,999
Cash and cash equivalents at end of year	<u>\$ 269,294</u>	<u>243,727</u>

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
TSH BIOPHARM CORPORATION LTD.

**Notes to the Parent Company Only Financial Statements
December 31, 2025 and 2024**

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

1. History and organization

TSH Biopharm Corporation Ltd. (the “Company”) was incorporated on September 21, 2010. The Company's registered office address is 3F.-1, No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.). The shares of the Company have been listed on the Taipei Exchange (“TPEX”) since April 2012. The main activity of the Company is in sale of a variety of pharmaceuticals, chemical drugs and engaged in biotechnology services.

2. Approval date and procedures of the financial statements

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 5, 2026.

3. Application of new standards, amendments and interpretations

(1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company believes that the adoption of the following IFRSs from January 1, 2025 would not have any material impact on its consolidated financial statements.

- Amendments to IAS 21 “Lack of Exchangeability”

(2) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have not been adopted.

The assessment of the Company’s application of the newly amended IFRSs, effective from January 1, 2026, indicates that it will not have a significant impact on the consolidated financial statements.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts for Renewable Electricity”

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The IASB has issued standards and interpretations that have not yet been endorsed by the FSC. The potential impact on the Company is as follows:

<u>Newly issued or revised standards</u>	<u>Major revisions</u>	<u>Effective Date of the Council's Publication</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three types of income and expenses, two subtotal items in the income statement, and a single note regarding management performance measurement. These three amendments strengthen guidance on how information is disaggregated in financial statements, providing users with better and more consistent information, and will impact all companies.	January 1, 2027

Newly issued or revised standards	Major revisions	Effective Date of the Council's Publication
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> • More Structured Income Statement: Under current standards, companies use different formats to express their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introducing a subtotal of "operating profit" based on new definitions and stipulating that all income and expenses be classified into three new distinct categories based on the company's primary operating activities. • Management Performance Measurement (MPMs): The new standard introduces the definition of Management Performance Measurement and requires companies to explain in a single note to the financial statements for each performance measure why it provides useful information, how it is calculated, and how the measure is adjusted to reconcile with the amounts recognized under International Financial Reporting Standards accounting standards. • More Detailed Information: The new standard includes guidance on how companies should enhance the grouping of information in financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes. 	<p>January 1, 2027</p> <p>Note: On September 25, 2025, the FSC announced in a press release that publicly traded companies will be required to adopt IFRS 18 starting from fiscal year 2028. Furthermore, enterprises that wish to early adopt IFRS 18 may do so—subject to FSC approval—once IFRS 18 has been formally endorsed by the FSC.</p>

The Company is currently assessing the impact of the aforementioned standards and interpretations on the financial position and operating results of the consolidated company. Relevant impacts will be disclosed upon completion of the assessment.

The Company anticipates that the following additional yet to be endorsed new releases and amendments will not have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 21 “Translation to a Hyperinflationary Presentation Currency”

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these parent company only financial statements are summarized as follows. The significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(1) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(2) Basis of preparation

A. Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income are measured at fair value.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand unless otherwise stated.

(3) Foreign currency

A. Foreign currencies transactions

Transactions in foreign currencies are translated into the respective functional currencies using the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are re-translated at the exchange rate prevailing at reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (i) an investment in equity securities designated as at fair value through other comprehensive income;
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign Operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollar at average exchange rate of the period. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss in current period. When the Group disposes of only part of its interest in a

subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss in current period.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprise cash and cash in bank. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(6) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(A) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(B) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(C) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held

within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

(D) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features)

(E) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment, as well as forward looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(F) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instrument

(A) Classification of debt or equity

Debt and or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(B) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(C) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(D) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investments accounted for using equity method / subsidiaries

The subsidiaries, which are controlled by the Company, are evaluated using the equity method when preparing their financial statements. Under the equity method, the net income, other comprehensive income and equity of parent-company-only financial statements are the same as those of the net income, other comprehensive income and equity in the equity attributable to the owners of the parent company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are

accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings and structures	14 ~20 years
(b) Machinery and equipment	3 ~ 10 years
(c) Furniture and fixtures	3 ~ 10 years
(d) Other equipment	5 ~ 10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (A) fixed payments, including in-substance fixed payments;
- (B) variable lease payments that depend on an index or a rate, initially measured using the index

or rate as at the commencement date;

(C) amounts expected to be paid under a residual value guarantee; and

(D) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(A) there is a change in future lease payments arising from the change in an index or rate; or

(B) there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee; or

(C) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(D) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

(E) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, transportation equipment, furniture and fixtures equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(11) Intangible assets

A. Recognition and measurement

The goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company including patents, computer software and drug permit licenses and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Except for goodwill, amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|--------------------------------------|------------|
| (A) Patents and drug permit licenses | 5~8 years |
| (B) Computer software cost | 5~10 years |

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(12) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses are recognized immediately in the current period's profit or loss and are first allocated to reduce the carrying amount of the goodwill allocated to the cash-generating unit. Any remaining impairment loss is then allocated to reduce the carrying amounts of the other assets within

the unit on a pro-rata basis.

Goodwill impairment losses are not reversed. Non-financial assets other than goodwill are reversed only to the extent that the carrying amount does not exceed the amount that would have been determined had no impairment loss been recognized in prior years, adjusted for depreciation or amortization.

(13) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

A. Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Testing revenue

The company provides blood tests and other related services. This service is priced separately. When the service is provided according to the contract and has the right to collect the consideration unconditionally, the Company recognized revenue and accounts receivable.

C. Services revenue

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company.

The Company provides consulting and related management services to its customers. Revenue from providing services is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided. The proportion of services provided is determined based on the rendered services to date as a proportion of the total estimated rendered services of the transaction.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are provided by employees.

B. Defined benefit plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the

obligation can be estimated reliably.

(15) Income taxes

Income taxes include both current taxes and deferred taxes. Except for items related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable profits (losses) for the year calculated using the statutory tax rate on the reporting date, tax payables that are calculated based on the part of the prior-year's earnings that have been decided during the shareholders' meeting in the current year which have not been distributed to the shareholders using the statutory tax rate, as well as and the tax adjustments related to prior years.

Deferred taxes will be recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial purposes and their tax base, and will not be recognized for:

- A. temporary differences on the initial recognized of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or losses;
- B. temporary differences related the investments in subsidiaries, associates and joint arrangement to the extent that the Company is able to control the timing of the reverse of the temporary differences and its probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which is the tax rate that had been enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (A) the same taxable entity; or
 - (B) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(16) Business Combinations

The Company accounts for business combinations using the acquisition method except for the group restructuring under common control. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that

amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(17) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

(18) Operating segment information

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates (including climate-related risks and opportunities), and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions to ensure alignment with the Company's risk management and climate-related commitments. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period. Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows: None

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

A. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. Please refer to note 6(4) for further description of the valuation of inventories.

B. Impairment assessment of investments accounted for using the equity method

The impairment assessment process for investments accounted for using the equity method relies on the company's subjective judgment. Management evaluates impairment based on the investee company's projected future cash flows, including sales growth rates estimated by the investee's internal management. The Company also considers relevant market and industry conditions to determine the reasonableness of these assumptions.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash	\$ 180	\$ 170
Demand and checking deposits	269,114	243,557
	<u>\$ 269,294</u>	<u>\$ 243,727</u>

A. The above cash and cash equivalents were not pledged as collateral.

B. Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets-current. As of December 31, 2025 and 2024, the amount of time deposits were \$250,000 thousand and \$200,000 thousand, respectively.

C. Please refer to note 6(19) for the foreign currency risk and sensitivity analysis of the financial assets of the Company.

(2) Financial assets at fair value through other comprehensive income

Items	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Equity instruments at fair value through other comprehensive income :		
Current	\$ 30,743	\$ 77,015
Non - current	179,145	186,213
	<u>\$ 209,888</u>	<u>\$ 263,228</u>

A. Equity instruments at fair value through other comprehensive income

The Company holds such equity investments as long-term strategic investment that is not held for trading purposes; thus, they are designated as equity investment measured at fair value through other comprehensive income.

In 2025 and 2024, the Company had sold part of the financial instruments at fair value through other comprehensive income with the fair value of \$46,047 thousand, and \$221,121 thousand, respectively, when the cumulative gain on disposal amounted to \$42,666 thousand and \$208,176 thousand, respectively, which has been transferred to retained earnings from other equity.

B. Please refer to note 6(19) for credit and market risk information.

C. The above financial assets were not pledged as collateral.

(3) Notes receivable and accounts receivable (including related parties)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	\$ 15,859	\$ 15,170
Accounts receivable-measured at amortized cost	123,453	107,172
Less: Allowance for expected credit losses	(1,393)	(1,224)
	<u>\$ 137,919</u>	<u>\$ 121,118</u>

The Company applies the simplified approach to provide for its expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses,

notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information. The loss allowance provision was determined as follows:

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 136,860	1%	\$ 1,369
Past due 1~60 days	2,430	1%	24
Past due 61~120 days	13	1%	-
Past due 121~180 days	9	2%	-
Past due over 365 days	-	100%	-
	\$ 139,312		\$ 1,393

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 122,132	1%	\$ 1,222
Past due 1~60 days	210	1%	2
Past due 121~180 days	-	2%	-
Past due over 365 days	-	100%	-
	\$ 122,342		\$ 1,224

The movement in the allowance for notes and accounts receivable was as follows:

	For the years ended December 31,	
	2025	2024
Balance on January 1	\$ 1,224	\$ 1,113
Expected credit losses recognized	169	111
Balance on December 31	\$ 1,393	\$ 1,224

As of December 31, 2025 and 2024, the above note receivables and account receivables were not pledged as collateral.

(4) Inventories

	December 31, 2025	December 31, 2024
Merchandise	\$ 74,272	\$ 96,690
Raw materials and supplies	28,172	27,818
Less: Allowance for inventory market decline and obsolescence	(2,904)	(7,356)
	\$ 99,540	\$ 117,152

The details of cost of goods sold were as follows:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 307,304	266,736
Losses on inventory market decline and obsolescence (Gain on reversal)	(4,452)	803
Inventory write off loss	2,587	1,734
	\$ 305,439	269,273

A. In the fiscal year 2025, previously recognized inventory write-downs were reversed as the net realizable value of inventories increased due to market demand for existing inventories.

B. As of December 31, 2025 and 2024, the aforesaid inventories were not pledged as collateral.

(5) Investment accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	<u>\$ 538,203</u>	<u>\$ 491,401</u>

A. Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2025.

B. Acquisition of subsidiary

On April 9, 2024, the Company acquired 51% of the outstanding shares of Top Pharma Medical-wares Co., Ltd. and TOP Biological Technology Company Limited. for \$257,121 thousand, and NT\$44,330 thousand, respectively, thereby gaining control over these companies. Consequently, the Company's equity interest in Top Pharma Medical-wares Co., Ltd. and TOP Biological Technology Company Limited. increased to 51%. Both companies are engaged in the manufacturing and promotion of health supplements. Adjustments to the provisional amounts or recognition of any additional liabilities existing as of the acquisition date will be made within one year from the acquisition date.

The acquisition of control over Top Pharma Medical-wares Co., Ltd. and TOP Biological Technology Company Limited. has allowed the Company to expand its operational scale, enhance its operational performance, and increase its competitiveness.

To strengthen the integration of group resources, the Company's Board of Directors approved the merger of Top Pharma Medical-wares Co., Ltd. and TOP Biological Technology Company Limited on November 8, 2024, with Top Pharma Medical-wares Co., Ltd. as the surviving company and TOP Biological Technology Company Limited as the dissolved company. The merger effective date was set on January 1, 2025, and the change was approved by the competent authority on March 3, 2025.

As of December 31, 2025, and 2024, the recoverable amount of the cash-generating unit exceeded its carrying value; therefore, no impairment loss was recognized.

C. Collateral

For the years ended December 31, 2025 and 2024, the Company's investments under equity method has not been pledged as collaterals.

(6) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2025 and 2024, were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost						
Balance on January 1, 2025	\$ 5,846	\$ 14,195	\$ 12,158	\$ 5,277	\$ 10,641	\$ 48,117
Additions	-	-	305	-	-	305
Disposals	-	-	(145)	-	-	(145)
Balance on December 31, 2025	<u>\$ 5,846</u>	<u>\$ 14,195</u>	<u>\$ 12,318</u>	<u>\$ 5,277</u>	<u>\$ 10,641</u>	<u>\$ 48,277</u>

Balance on January 1, 2024	\$	5,846	\$	14,195	\$	12,401	\$	5,202	\$	10,641	\$	48,285
Additions		-		-		391		102		-		493
Disposals		-		-		(634)		(27)		-		(661)
Balance on December 31, 2024	\$	5,846	\$	14,195	\$	12,158	\$	5,277	\$	10,641	\$	48,117
Accumulated depreciation and impairment:												
Balance on January 1, 2025	\$	-	\$	10,756	\$	9,456	\$	4,835	\$	7,907	\$	32,954
Depreciation for the year		-		393		1,081		273		367		2,114
Disposals		-		-		(145)		-		-		(145)
Balance on December 31, 2025	\$	-	\$	11,149	\$	10,392	\$	5,108	\$	8,274	\$	34,923
Balance on January 1, 2024	\$	-	\$	5,619	\$	7,911	\$	4,296	\$	6,997	\$	24,823
Depreciation for the year		-		871		1,739		566		910		4,086
Impairment loss		-		4,266		-		-		-		4,266
Reclassification		-		-		(194)		(27)		-		(221)
Balance on December 31, 2024	\$	-	\$	10,756	\$	9,456	\$	4,835	\$	7,907	\$	32,954
Carrying amounts:												
Balance on December 31, 2025	\$	5,846	\$	3,046	\$	1,926	\$	169	\$	2,367	\$	13,354
Balance on January 1, 2024	\$	5,846	\$	8,576	\$	4,490	\$	906	\$	3,644	\$	23,462
Balance on December 31, 2024	\$	5,846	\$	3,439	\$	2,702	\$	442	\$	2,734	\$	15,163

A. Impairment loss

In the fiscal year 2024, due to the termination of the research and development project, the Group recognized an impairment loss of \$4,266 thousand on related property, plant, and equipment as of December 31, 2024. The impairment loss was recognized under other gains and losses in the comprehensive income statement.

B. Collateral

As of December 31, 2025 and 2024, the property, plant and equipment were not pledged as collateral.

(7) Right-of-use assets

The movements in the cost and depreciation of the leased buildings and transportation equipment were as follows:

	Building and construction	
Costs:		
Balance on January 1, 2025 (same as the balance on December 31, 2024)	\$	9,616
Balance on January 1, 2024	\$	9,042
Additions		9,616
Decrease	(9,042)
Balance on December 31, 2024	\$	9,616

	Building and construction	
Accumulated depreciation:		
Balance on January 1, 2025	\$	-
Depreciation for the year		4,808
Balance on December 31, 2025	\$	4,808
Balance on January 1, 2024	\$	4,521
Depreciation for the year		4,521
Other decrease	(9,042)
Balance on December 31, 2024	\$	-
Carrying amounts :		
Balance on December 31, 2025	\$	4,808
Balance on January 1, 2024	\$	4,521
Balance on December 31, 2024	\$	9,616

(8) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2025 and 2024, were as follows:

	Computer software	Patent and drug permit license	Total
Costs:			
Balance on January 1,2025	\$ 1,436	\$ 14,600	\$ 16,036
Additions	267	3,297	3,564
Reclassification	-	6,122	6,122
Balance on December 31,2025	\$ 1,703	\$ 24,019	\$ 25,722
Balance on January 1,2024 (same as the balance on December 31, 2024)	\$ 1,436	\$ 14,600	\$ 16,036
Accumulated amortization and impairment loss:			
Balance on January 1, 2025	\$ 729	\$ 11,697	\$ 12,426
Amortization for the year	237	2,553	2,790
Balance on December 31,2025	\$ 966	\$ 14,250	\$ 15,216
Balance on January 1, 2024	\$ 524	\$ 4,223	\$ 4,747
Amortization for the year	205	2,941	3,146
Impairment loss	-	4,533	4,533
Balance on December 31,2024	\$ 729	\$ 11,697	\$ 12,426
Carrying amounts :			
Balance on December 31, 2025	\$ 737	\$ 9,769	\$ 10,506
Balance on January 1, 2024	\$ 912	\$ 10,377	\$ 11,289
Balance on December 31, 2024	\$ 707	\$ 2,903	\$ 3,610

A. Amortization expenses

Amortization expenses for intangible assets for the years ended December 31, 2025 and 2024 were recognized in the statement of comprehensive income, were as follows:

	For the years ended December 31	
	2025	2024
Operating expenses	\$ 2,790	\$ 3,146

B. Impairment loss

In the year 2024, the recoverable amount of the pharmaceutical sales license was lower than its carrying value. As of December 31, 2024, the Group recognized an impairment loss of \$4,533 thousand for the related intangible assets, which was recorded under "Other gains and losses" in the consolidated statement of comprehensive income.

C. Collateral

As of December 31, 2025 and 2024, the aforementioned intangible assets were not pledged as collateral.

(9) Other current assets and other non-current assets

	December 31, 2025	December 31, 2024
Other current financial assets	\$ 250,000	\$ 200,000
Other current assets - other	18,368	10,323
Other non-current assets - other	2,925	6,417
Refundable deposits	8,723	7,027
	\$ 280,016	\$ 223,767

Other current financial assets were time deposits which did not meet the definition of cash equivalents. For further credit and market risk information, please refer to note 6(19).

(10) Other payables

The nature of other payables was as follows:

	December 31, 2025	December 31, 2024
Salaries and compensation of employees and directors	\$ 32,086	\$ 31,101
Research expenses	1,426	2,418
Commission	1,716	1,353
Others	26,699	20,726
	\$ 61,927	\$ 55,598

(11) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	\$ 4,851	\$ 4,765
Non-current	\$ -	\$ 4,851

For the maturity analysis, please refer to note 6(19).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2025	2024
Interest on lease liabilities	<u>\$ 132</u>	<u>\$ 40</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 300</u>	<u>\$ 300</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 121</u>	<u>\$ 149</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31	
	2025	2024
Total cash outflow for leases	<u>\$ 5,318</u>	<u>\$ 5,046</u>

A. Real estate leases

On December 28, 2022, the Company leased buildings for its office and plant. The leases of office typically run for a period of 2 years, and the 2 years lease was renewed on December 16, 2024 due to modification of some contract contents.

On July 1, 2019, the Company leased buildings for its plant with a leases period of 13.5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease payment of the plant contract is calculated on basis of the purchase quantity of the plant leased by the Company during the lease period. It is a variable lease payment that is not included in the measurement of the lease liability. Therefore, the Company will pay the relevant lease payment during the lease period to recognize the expense.

B. Other leases

The Company lease office equipment with lease term of 1 to 5 years, these leases are leases of short-term or low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(12) Employee benefits

Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Selling expenses	<u>\$ 3,292</u>	<u>\$ 3,714</u>
Administrative expenses	<u>998</u>	<u>958</u>
Research and development expenses	<u>441</u>	<u>365</u>
	<u>\$ 4,731</u>	<u>\$ 5,037</u>

(13) Income taxes

A. Income tax expense

The components of income tax in the years 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Current income tax expense		
Current period	\$ 23,376	\$ 28,895
Adjustment for prior periods	66	209
Tax on undistributed surplus earnings	10,387	-
	<u>33,829</u>	<u>29,104</u>
Deferred income tax expense		
Origination and reversal of temporary differences	1,397	(2,077)
Income tax expenses	<u>\$ 35,226</u>	<u>\$ 27,027</u>

There was no income tax recognized directly in equity and other comprehensive income for 2025 and 2024.

Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

	For the years ended December 31	
	2025	2024
Profit before income tax	\$ 174,486	\$ 140,120
Income tax using the Company's domestic tax rate	\$ 34,897	\$ 28,024
Gain on investments accounted for using the equity method	(10,242)	(4,386)
Tax-exempt income	(1,311)	(1,306)
Change in provision in prior periods	66	209
Surtax on unappropriated retained earnings	10,387	994
Alternative minimum tax	-	2,754
Others	1,429	738
	<u>\$ 35,226</u>	<u>\$ 27,027</u>

B. Deferred tax assets

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

	Impairment loss	Loss from inventory devaluation	Others	Total
Deferred tax assets:				
Balance on January 1, 2025	(\$ 1,760)	(\$ 1,471)	(\$ 355)	(\$ 3,586)
Debit (credit) recognized in profit or loss	416	890	91	1,397
Balance on December 31, 2025	<u>(\$ 1,344)</u>	<u>(\$ 581)</u>	<u>(\$ 264)</u>	<u>(\$ 2,189)</u>

Balance on January 1, 2024	\$	-	(\$ 1,311)	(\$ 198)	(\$ 1,509)
Debit (credit) recognized in profit or loss	(1,760)	(160)	(157)	(2,077)
Balance on December 31, 2024	(\$	1,760)	(\$ 1,471)	(\$ 355)	(\$ 3,586)

C. Assessment of tax

The Company's tax returns for the years through 2023 were assessed by the Taipei National Tax Administration.

(14) Capital and other equity

As of December 31, 2025 and 2024, the authorized capital of the Company amounted to \$1,000,000, with par value of \$10 per share, which consisting of 100,000 thousand shares of ordinary stock. The paid-in capital was \$383,981 thousand which consisting of 38,398 thousand shares. All proceeds from shares issued have been collected.

A. Capital surplus

The balances of capital surplus as of December 31, 2025 and 2024 were as following:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Share Capital	\$ 458,977	\$ 458,977
Others	636	577
	<u>\$ 459,613</u>	<u>\$ 459,554</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

B. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the proposal by the Board of Directors and submitted to the stockholders' meeting for approval.

To enhance the Company's financial structure and maintain investors' equity, the Company adopts a stable dividends policy in which earnings distribution cannot be less than 50% of distributable earnings, and cash dividends payment has to be 50% of the distribution.

(A) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(B) Special reserve

The Company has set aside the same amount of special surplus reserve in accordance with the

requirements of the Financial Supervisory Commission's Order No. 1010012865 dated April 6, 2012. When distributing the distributable surplus, the company will record the deduction for other shareholders' equity that occurred in the current year. The difference between the net amount of the item and the special surplus reserve balance mentioned in the previous paragraph shall be included in the special surplus reserve from the profit and loss of the current period and the undistributed surplus of the previous period. The special surplus reserve shall not be distributed. If the amount of deductions from other shareholders' equity is subsequently reversed, the reversed portion of the earnings may be distributed.

(C) Earnings distribution

On May 28, 2025 and May 24, 2024, the general meeting of shareholders resolved to appropriate 2024 and 2023 earnings, respectively. The earnings were appropriated as follows:

	For the years ended December 31,			
	2024		2023	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.12	<u>\$ 81,404</u>	\$ 1.28	<u>\$ 49,150</u>

On March 5, 2026, the board of directors proposed the 2025 earnings distribution to shareholders was as follows:

	For the years ended December 31, 2024	
	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 2.61	<u>\$ 100,219</u>

C. Other equity interests

	Exchange differences on translation of foreign financial statements	Unrealized gains on financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2025	(\$ 195)	\$ 67,774	\$ 67,579
Disposal of subsidiaries	195	-	195
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	7,293	7,293
Disposal of equity instruments measured at fair value through other comprehensive income	-	(42,666)	(42,666)
At December 31, 2025	<u>\$ -</u>	<u>\$ 17,815</u>	<u>\$ 17,815</u>

At January 1, 2024	(\$	233)	\$	55,793	\$	55,560
Exchange differences on translation of foreign financial statements, accounted for using equity method		38		-		38
Unrealized gains on financial assets measured at fair value through other comprehensive income		-		220,157		220,157
Disposal of equity instruments measured at fair value through other comprehensive income		-		(208,176)		(208,176)
At December 31, 2024	<u>(\$</u>	<u>195)</u>	<u>\$</u>	<u>67,774</u>	<u>\$</u>	<u>67,579</u>

(15) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Basic earnings per share		
Net income attributable to ordinary shareholders	<u>\$ 139,260</u>	<u>\$ 113,093</u>
Weighted-average number of ordinary shares	<u>38,398</u>	<u>38,398</u>
	<u>\$ 3.63</u>	<u>\$ 2.95</u>
Diluted earnings per share		
Net income attributable to ordinary shareholders (after adjustment of dilutive potential ordinary shares)	<u>\$ 139,260</u>	<u>\$ 113,093</u>
Weighted-average number of ordinary shares	<u>38,398</u>	<u>38,398</u>
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	<u>69</u>	<u>51</u>
Weighted-average number of ordinary shares (after adjustment of dilutive potential ordinary shares)	<u>38,467</u>	<u>38,449</u>
	<u>\$ 3.62</u>	<u>\$ 2.94</u>

(16) Revenue from contracts with customers

A. Disaggregation of revenue

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Major products/service lines:		
Pharmaceuticals	\$ 593,011	\$ 535,038
Test	59,522	44,734
Services	4,414	48,736
	<u>\$ 656,947</u>	<u>\$ 628,508</u>

B. Contract balances

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Notes receivable (included related parties)	\$ 15,859	\$ 15,170	\$ 14,471
Accounts receivable (included related parties)	123,453	107,172	94,855
Less: Allowance for expected credit losses	(1,393)	(1,224)	(1,113)
Total	<u>\$ 137,919</u>	<u>\$ 121,118</u>	<u>\$ 108,213</u>

For details on notes receivable, accounts receivable and allowance for expected credit losses, please refer to note 6 (3)

(17) Remuneration to employees and directors

On May 28, 2025, the shareholders' meeting resolved to amend the Articles of Incorporation. According to the amended provisions, if the Group has profits in a given fiscal year, 2% to 8% shall be allocated as employee compensation (among which, compensation to grassroots employees shall not be less than 0.05%), and up to 2% may be allocated as remuneration for directors and supervisors. However, if the Group has accumulated losses, such losses must be covered before any allocation is made. The recipients of employee compensation, whether in stock or cash, may include employees of subsidiaries who meet certain criteria. Under the previous version of the Articles, if the Group had profits in a given fiscal year, 2% to 8% was to be allocated as employee compensation, to be distributed in stock or cash as resolved by the board of directors. The recipients could include employees of controlling or subsidiary companies who met certain criteria. The Group could also allocate up to 2% of such profits as directors' remuneration, which could only be distributed in cash. The distribution plans for employee compensation and directors' remuneration were to be reported to the shareholders' meeting. However, if there were accumulated losses, such losses must first be covered before allocating employee compensation and directors' remuneration according to the aforementioned percentages.

For the year ended December 31, 2025, the Group estimated its employee compensation and directors' remuneration amounting to \$3,609 thousand and \$1,985 thousand, respectively. For the year ended December 31, 2024, the Group estimated its employee compensation and directors' remuneration both amounting to \$2,902 thousand and \$1,814 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles of incorporation. These compensation and remunerations recognized as operating expenses during 2025 and 2024. Related information is available on the Market Observation Post System website.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2025 and 2024.

(18) Non-operating income and expenses

A. Interest income

The details of interest income for the years ended December 31, 2025 and 2024 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	<u>\$ 5,084</u>	<u>\$ 2,900</u>

B. Other income

The details of other income for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Rent income	\$ 1,765	\$ 565

C. Other gains and losses

The details of other gains and losses for the years ended December 31, 2025 and 2024 were as follows:

	For the year ended December 31,	
	2025	2024
Losses on disposals of property, plant and equipment	\$ -	(\$ 190)
Foreign exchange gains (losses)	77	67
Dividend income	6,557	6,528
Impairment loss	-	(8,799)
Others	778	(90)
	\$ 7,412	(\$ 2,484)

D. Finance costs

The details of finance costs for the years ended December 31, 2025 and 2024 were as follows:

	For the year ended December 31,	
	2025	2024
Interest expenses - bank borrowings	\$ -	\$ 15
Interest expenses – lease liabilities	132	40
Interest expenses – imputed interest on deposits	5	-
	\$ 137	\$ 55

(19) Financial instruments

A. Credit risk

(A) Credit risk exposure

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

(B) Concentration of credit risk

The Company's concentration of credit risk on the top one customer accounted for 13% and 12% of the total receivables as of December 31, 2025 and 2024, respectively. The concentration of credit risk on the other top 10 customers accounted for 29% and 38% of total receivables as of December 31, 2025 and 2024, respectively.

(C) Credit risk of accounts receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6 (3).

Other financial assets at amortized cost includes other receivables and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the

financial instruments are considered to have low credit risk, please refer to note 4 (6). There were no recognition and reversal of impairment losses for the years ended December 31, 2025 and 2024. The balance as of December 31, 2025 and 2024 are both zero.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>2~3 years</u>	<u>4~5 years</u>
December 31, 2025					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 82,319	\$ 82,319	\$ 82,319	\$ -	\$ -
Lease liabilities	4,851	4,897	4,897	-	-
Deposits received	271	271	271	-	-
	<u>\$ 87,441</u>	<u>\$ 87,487</u>	<u>\$ 87,487</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>2~3 years</u>	<u>4~5 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 72,536	\$ 72,536	\$ 72,536	\$ -	\$ -
Lease liabilities	9,616	9,795	4,897	4,898	-
Deposits received	271	271	271	-	-
	<u>\$ 82,423</u>	<u>\$ 82,602</u>	<u>\$ 77,704</u>	<u>\$ 4,898</u>	<u>\$ -</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(A) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD	\$ 82	31.430	\$ 2,574	\$ 133	32.785	\$ 4,364

(B) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents that is denominated in foreign currency. A weakening or strengthening 1% of the TWD against the USD, and CNY as of December 31, 2025 and 2024 would have decreased or increased the net profit after tax by \$21 and \$35, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

(C) Foreign exchange gain and loss on monetary items

Information on the foreign exchange gains or losses, including these realized and unrealized by significant foreign currency, were as follows:

	For the years ended December 31,			
	2025		2024	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
USD	77	31.254	(76)	32.079
CNY	-	-	143	4.458

D. Interest rate analysis: None

E. Other market price risk

For the years ended December 31, 2025 and 2024, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

Prices of securities at the reporting date	For the years ended December 31,			
	2025		2024	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 10%	\$ 20,989	\$ -	\$ 26,323	\$ -
Decreasing 10%	(\$ 20,989)	\$ -	(\$ 26,323)	\$ -

F. Fair value of financial instruments

(A) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2025				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 179,145	\$ 179,145	\$ -	\$ -	\$ 179,145
Domestic OTC stocks	30,743	30,743	-	-	30,743
Foreign unlisted stocks	-	-	-	-	-
Subtotal	209,888	209,888	-	-	209,888
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 269,294	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable	137,919	-	-	-	-

(including related parties)					
Other receivables	1,983	-	-	-	-
Other financial assets	250,000	-	-	-	-
Refundable deposits	8,723	-	-	-	-
Subtotal	667,919	-	-	-	-
Total	<u>\$ 877,807</u>	<u>\$ 209,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,888</u>
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 20,392	\$ -	\$ -	\$ -	\$ -
Other payables	61,927	-	-	-	-
Lease liabilities	4,851	-	-	-	-
Deposit received	271	-	-	-	-
Total	<u>\$ 87,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2024					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 175,734	\$ 175,734	\$ -	\$ -	\$ 175,734
Domestic OTC stocks	77,015	77,015	-	-	77,015
Foreign unlisted stocks	10,479	-	-	10,479	10,479
Subtotal	263,228	252,749	-	10,479	263,228
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 243,727	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable (including related parties)	121,118	-	-	-	-
Other receivables	1,746	-	-	-	-
Other financial assets	200,000	-	-	-	-
Refundable deposits	7,027	-	-	-	-
Subtotal	573,618	-	-	-	-
Total	<u>\$ 836,846</u>	<u>\$ 252,749</u>	<u>\$ -</u>	<u>\$ 10,479</u>	<u>\$ 263,228</u>
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 16,938	\$ -	\$ -	\$ -	\$ -
Other payables	55,598	-	-	-	-
Lease liabilities	9,616	-	-	-	-
Deposit received	271	-	-	-	-
Total	<u>\$ 82,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(B) Fair value hierarchy

The table below analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

- a. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(C) Valuation techniques for financial instruments not measured at fair value

The Company estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

Cash and cash equivalents, accounts receivables, other financial assets, notes payable and accounts payable are either close to their expiry date, or their future receivable or payable are close to their carrying value; thus, their fair value are estimated from the book value of the balance sheet date.

(D) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the financial instruments held by the Company are determined by reference to the market quotation.

If the financial instruments held by the Company have no active market, their fair values are listed as follows according to their categories and attributes:

- Equity instruments without public quotation: The fair value is measured by using the transaction prices of the stocks of companies engaged in the same or similar businesses in the active market, the value multipliers implied by these prices, and related transaction information to determine the value of the financial instruments, as well as adjusted for considering liquidity discount.

(E) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the years ended December 31, 2025 and 2024, so there was no transfer between levels.

(F) Reconciliation of level 3 fair values:

	Fair value through other comprehensive income	
	Equity instruments without quoted price	
Balance as of January 1, 2025	\$	10,479
Recognized in other comprehensive income	(10,479)
Balance as of December 31, 2025	<u>\$</u>	<u>-</u>
Balance as of January 1, 2024	\$	9,017
Recognized in other comprehensive income		1,462
Balance as of December 31, 2024	<u>\$</u>	<u>10,479</u>

(G) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through other comprehensive income - equity investments.

The significant unobservable inputs of the equity investments without an active market are individually, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable companies method	• Discount for lack of market liquidity (as of December 31, 2025 and 2024, the rate were 41.4% 30.00%, respectively)	The estimated fair value would decrease if the discount for lack of market liquidity was higher.

(H) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable. However, use of different valuation models or assumptions may lead to different results. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

	Input value	Degree of variation	Recognized in other comprehensive income	
			Favourable change	Unfavourable change
December 31, 2025				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	-	-
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	105 (105)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(20) Financial risk management

A. Overview

The Company is exposed to the following risks from its financial instruments:

- (A) Credit risk
- (B) Liquidity risk
- (C) Market risk

The following likewise discusses the Company's objectives, policies, and processes for measuring and managing the above mentored risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

B. Structure of risk management

The objective of the Company's financial risk management is to manage foreign exchange risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce adverse effects on the financial performance, the Company identifies, evaluates and hedges market uncertainties.

The important financial activities of the Company are reviewed in accordance with relevant regulations and internal control systems approved by the Board of Directors. When performing financial plan, the Company must comply with the overall financial risk management and the authorized procedure of financial operating.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

(A) Accounts receivable and other receivables

The Company's credit policy is to transact with creditworthy customers and to obtain collateral to mitigate risks arising from financial loss due to default. The Company transacts with customers with credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Company continuously monitor the exposure to credit risk and counterparty credit ratings, and to evaluate the customers' credit ratings and credit limits via annual review and approval by the finance department to manage the credit exposure.

The Company did not have any collateral or other credit enhancement to avoid credit risk of the financial assets.

(B) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

(C) Guarantees

As of December 31, 2025 and 2024, the Company did not provide any endorsement or guarantee.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

F. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(21) Capital management

Based on the characteristics of the current operating industry and the future development of the Company, and considered changes in the external environment, the Company plans the requirement of working capital, research and development expenses, and dividend payments in the future to ensure that the Company to continue to operate, to provide a return on shareholders, to maintain the interests of other stakeholders and to maintain an optimal capital structure to enhance shareholder value.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, issue new shares, reduce the capital for redistribution to shareholders, or buy back the stocks of the Company.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total amount of capital represents all the equity components (that is, share capital, capital surplus, retained earnings, and other equity) plus net debt.

The Company's debt-to-equity ratio as of December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 132,283	\$ 106,352
Less: cash and cash equivalents	(269,294)	(243,727)
Net debt	(137,011)	(137,375)
Total capital	1,442,609	1,391,792
Adjusted capital	\$ 1,305,598	\$ 1,254,417
Debt to equity ratio	(10.49%)	(10.95%)

(22) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2025 and 2024, were as follows:

A. Acquisition of right-of-use assets under leases, please refer to note 6(7).

B. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flow	Non-cash changes	
			Others	December 31, 2024
Lease liabilities	\$ 9,616	(\$ 4,765)	\$ -	\$ 4,851

	January 1, 2024	Cash flow	Non-cash changes	
			Others	December 31, 2024
Lease liabilities	\$ 4,557	(\$ 4,557)	\$ 9,616	\$ 9,616

7. Related-party transactions

(1) Parent company and ultimate controlling company

TTY Biopharm Company Limited is both the parent company and the ultimate controlling party of the Company.

(2) Names and relationship with related parties

The followings are entities that have transactions with related party during the periods covered in the financial statements.

Name of related parties	Relationship with the Company
TTY Biopharm Company Limited	Parent company
Chuangyi Biotech Co., Ltd.	Subsidiary
Top Pharma Medical-wares Co., Ltd. (Top Pharma Medical-ware)	Subsidiary (Note)
American Taiwan Biopharm(Thailand)	Other related party

Note: Became subsidiary since April 9, 2024.

(3) Significant related-party transactions

A. Operating revenue

The amounts of significant sales by the Company to its related parties were as follows:

	For the years ended December 31,	
	2025	2024
Parent company- TTY Biopharm Company Limited	\$ 6,114	\$ 4,211
Subsidiary- Top Pharma Medical-wares	86,340	63,268
Other related parties	9,142	6,704
	<u>\$ 101,596</u>	<u>\$ 74,183</u>

The selling price and payment terms to related parties were not significantly different from those

of sales to third parties. The collection terms for sales to related parties were month-end 60 days, month-end 30 days or 14 days after the date of shipment. The collection terms for commission were month-end 30 to 90 days.

B. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31,	
	2025	2024
Parent company - TTY Biopharm Company Limited	\$ 84,485	\$ 83,489

The pricing and payment terms with related parties were not materially different from those of purchases with third parties. The payment terms for purchases from related parties were month-end 30 days.

C. Receivables from related parties

The amounts of receivables from related parties were as follows:

Items	Related Party Categories	December 31, 2025	December 31, 2024
Notes receivable	Subsidiary- Top Pharma Medical-wares	7,712	6,603
Accounts receivable	Parent company- TTY Biopharm Company Limited	346	1,005
“	Subsidiary- Top Pharma Medical-wares	9,373	7,863
Other receivable	Subsidiary	457	270
		\$ 17,888	\$ 15,741

D. Payables to related parties

The amounts of payables to related parties were as follows:

Items	Related Party Categories	December 31, 2025	December 31, 2024
Accounts payable	Parent company	\$ 10,915	\$ 9,269
Other payables	Parent company	2,912	1,877
“	Subsidiary	10	14
		\$ 13,837	\$ 11,160

E. Prepayments

The amounts of prepayments to related parties were as follows:

Items	Related Party Categories	December 31, 2025	December 31, 2024
Prepayments	Parent company	\$ -	\$ 67

F. Lease

The Group leases offices and equipments from the parent company, and the details were as follows:

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Guarantee deposits paid	\$ 816	\$ 816
Lease liabilities	\$ 4,851	\$ 9,616

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Interest paid	\$ 132	\$ 40
Interest received	\$ 14	\$ -

G. Others

(1) The operating expenses paid by the Company to the parent company or other related parties due to the operating and business transactions were as follows:

<u>Name of related parties</u>	<u>Related Party Categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Operating expenses	Parent company	\$ 7,361	\$ 6,824
“	Subsidiary	58	81
		<u>\$ 7,419</u>	<u>\$ 6,905</u>
Other income	Subsidiary	\$ 1,517	\$ 607

(2) The ren received by the Company from leasing office space to related parties were as follows:

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Rent income	\$ 1,630	\$ 434
Deposits received	\$ 271	\$ 271

(4) Key management personnel compensation

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 28,380	\$ 26,497
Post-employment benefits	690	692
	<u>\$ 29,070</u>	<u>\$ 27,189</u>

8. Pledged assets: None.

9. Significant commitments and contingencies

As of December 31, 2025 and 2024, the unrecognized contractual commitments of the Company were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Contract with other units for research and development	<u>\$ 14,843</u>	<u>\$ 19,099</u>
Acquisition of intangible assets	<u>\$ 2,900</u>	<u>\$ 4,286</u>

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Others

(1) The followings are the summary of employee benefits, depreciation, and amortization by function for the years ended December 31, 2025 and 2024:

By function By item	For the years ended December 31,					
	2025			2024		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	-	106,783	106,783	-	103,484	103,484
Labor and health insurance	-	8,015	8,015	-	7,732	7,732
Pension	-	4,731	4,731	-	5,037	5,037
Director's remuneration	-	5,587	5,587	-	5,128	5,128
Others	-	4,370	4,370	-	4,035	4,035
Depreciation	-	6,922	6,922	-	8,607	8,607
Amortization	-	2,790	2,790	-	3,146	3,146

Additional information on the number of employees and employee benefits of the Company for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Number of employees	79	80
Number of directors who were not employees	9	8
Average of employees benefits	\$ 1,770	\$ 1,671
Average of salary	\$ 1,525	\$ 1,437
Average adjustment of salary	5.68%	4.89%
Supervisor's remuneration	\$ -	\$ -

The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

A. The Company has constructed a salary structure table of different job attributes and ranks based on market standards and salary conditions in the same industry, and reviewed it based on the industry salary adjustment reports from time to time.

B. Annual salary adjustment

When the Company adjusted the annual salary, the main factors considered by the Company were as follows:

(A) Price index rate: The price index rate announced by the government is considered when the annual salary is adjusted.

(B) Industry salary adjustment: The industry salary adjustment of market surveys, which was also one of the main indicators to determine the average salary adjustment.

(C) Company's operating conditions: This is an important indicator to determine the average salary adjustment.

(D) The market salary level of important positions in the Company.

(2) Others:

The Company donated \$12,348 thousand and \$11,514 thousand to related medical foundation and associations to support non-profit organizations developing drugs, promoting disease prevention and correct dosages for the year ended December 31, 2025 and 2024, respectively.

13. Other disclosures

(1) Information on significant transactions

In the fiscal year 2025, the Company is required to disclose the following significant transaction information in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2025 (excluding those investments in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Thousands shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
TSH Biopharm Corporation Ltd.	Lumosa Therapeutics Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	158	30,743	0.09 %	30,743	
"	Fubon Financial Holding Co., Ltd. Preferred stock B	-	Non-current financial assets at fair value through other comprehensive income	2,500	154,250	0.38 %	154,250	
"	Union Bank of Taiwan Preferred stock A	-	"	400	21,800	0.20 %	21,800	
"	Fubon Financial Holding Co., Ltd. Preferred stock C	-	"	58	3,095	0.02%	3,095	
"	CellMax Ltd.	-	"	1,593	-	- %	-	

D. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Purchaser /seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TSH Biopharm Corporation Ltd.	TTY Biopharm Company Limited	Parent company	Purchases	84,485	29.45%	month-end 30 days	Normal	Not significantly different from general manufacturers	(10,915)	(53.52)%	
Chuang Yi Biotech Co. Ltd.	TTY Biopharm Company Limited	Parent company	Purchases	248,889	96.10%	month-end 90 days	Normal	Not significantly different from general manufacturers	(14,936)	(89.66)%	

E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(2) Information on investees:

The information on the Company's investees for the fiscal year 2025 is as follows:

(In Thousands of New Taiwan Dollars/Thousands shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Highest percentage of ownership or investment situation during the period	Net Income (losses) of the investee	The amount of investment gain or loss recognized in the current period	Footnote
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value				
TSH Biopharm Corporation Ltd.	Chuang Yi Biotech Co. Ltd.	Taiwan	Selling of health food	200,262	200,262	16,590	51.60%	198,126	51.60%	54,475	28,110	Subsidiary
TSH Biopharm Corporation Ltd.	Top Pharma Medical-wares Co., Ltd.	Taiwan	Selling of medicine and dietary supplement	301,451	257,121	3,794	51.00%	340,077	51.00%	45,292	23,098	Subsidiary
TSH Biopharm Corporation Ltd.	TOP Biological Technology Company Limited.	Taiwan	Food manufacturing industry	-	44,330	-	-%	-	-	-	-	Subsidiary
Chuang Yi Biotech Co. Ltd.	Immortal Fame Global Ltd.	SAMOA	General export trade and investment in various production enterprises	-	16,820	-	-%	-	-	-	-	Subsidiary

(3) Information on investment in mainland China:None

14. Segment information

Please refer to the Consolidated Financial Statements of for the year ended December 31, 2025.

TSH Biopharm Corporation Ltd.
Statement of Cash and Cash Equivalents
December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Petty cash		\$ 180
Cash in banks	Checking accounts	5
	Demand deposits	266,535
	Foreign currency deposits	2,574
		<u>269,114</u>
		<u>\$ 269,294</u>

TSH Biopharm Corporation Ltd.
Statement of Accounts Receivable (including related parties)
December 31, 2025

(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
A104201A		\$ 6,840	
HBAC002		6,230	
Other		100,664	
Less: Allowance for expected credit losses		(1,393)	
Net amount		<u>\$ 112,341</u>	

TSH Biopharm Corporation Ltd.
Statement of Other Financial Assets - Current
December 31, 2025

(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other financial assets - current	Time deposits over 3 months	<u>\$ 250,000</u>	

TSH Biopharm Corporation Ltd.

Statement of Financial Assets at Fair Value Through Other Comprehensive Income - Current

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Name of investee	Beginning Balance			Additions		Decrease		Valuation	Ending Balance			Collateral
	Shares	Percentage of ownership (%)	Amount	Shares	Amount	Shares	Amount		Shares	Percentage of ownership (%)	Amount	
Lumosa Therapeutics Co., Ltd.	308,061	0.18%	\$ 77,015	-	-	150,000	46,047	(225)	158,061	0.09%	30,743	None

TSH Biopharm Corporation Ltd.

Statement of Financial Assets at Fair Value Through Other Comprehensive Income –Noncurrent

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Name of investee	Beginning Balance			Additions		Decrease		Evaluation	Ending Balance			Collateral
	Shares	Percentage of ownership (%)	Amount	Shares	Amount	Shares	Amount		Shares	Percentage of ownership (%)	Amount	
Fubon Financial Holdings Co., Ltd. Preferred Stock B	2,500,000	0.38%	\$ 151,250	-	\$ -	-	\$ -	\$ 3,000	2,500,000	0.38%	\$ 154,250	None
Fubon Financial Holdings Co., Ltd. Preferred Stock C	57,969	0.02%	3,084	-	-	-	-	11	57,969	0.02%	3,095	"
Union Bank of Taiwan Preferred Stock A	400,000	0.20%	21,400	-	-	-	-	400	400,000	0.20%	21,800	"
CellMax Ltd.	1,592,516	-%	10,479	-	-	-	-	(10,479)	1,592,516	-%	-	"
			<u>\$ 186,213</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ (7,068)</u>			<u>\$ 179,145</u>	

TSH Biopharm Corporation Ltd.

Statement of Inventories

December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
	Cost	Net realizable value	
Merchandise	\$ 74,272	118,541	Net realizable value
Raw materials and supplies	28,172	28,172	Replacement cost
Subtotal	102,444	146,713	
Allowance for inventory market decline and obsolescence	(2,904)		
Total	\$ 99,540		

TSH Biopharm Corporation Ltd.
Statement of Investments accounted for using equity method
December 31, 2025
(Expressed in thousands of New Taiwan dollars)

Investee	Beginning Balance			Addition		Decrease		Profit and(loss) on investment	Translation adjustment	Cash Dividends	Realized (Unrealized) Gross Profit on Sales	Ending Balance			Collateral
	Shares	Percentage of ownership	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT					Shares	Percentage of ownership	Amount	
Chuang Yi Biotech Co. Ltd.	16,590,279	51.60%	169,821	-	-	-	-	28,110	195	-	-	16,590,279	51.60%	198,126	None
Top Pharma Medical-wares Co., Ltd.	2,157,300	51.00%	274,605	1,636,335	46,975	-	-	23,098	-	(5,058)	457	3,793,635	51.00%	340,077	"
TOP Biological Technology Company Limited.	510,000	51.00%	46,975	-	-	(510,000)	(46,975)	-	-	-	-	-	-	-	"
			<u>\$ 491,401</u>		<u>46,975</u>		<u>(46,975)</u>	<u>51,208</u>	<u>195</u>	<u>(5,058)</u>	<u>457</u>			<u>538,203</u>	

Note 1: The Company's Board of Directors approved the merger of Top Pharma Medical-wares Co., Ltd. and TOP Biological Technology Company Limited on November 8, 2024, and was conducted through a share exchange ratio of 0.729 common shares of Top Pharma Medical-wares Co., Ltd. for one common share of TOP Biological Technology Company Limited. The merger date was January 1, 2025, and TOP Biological Technology Company Limited. was dissolved upon completion of the merger. A total of 729,000 new shares were issued for the exchange, of which 371,790 shares were received by the Company.

Note 2: TOP Biological Technology Company Limited. distributed stock dividends, and the Company received 1,264,545 shares as a result.

TSH Biopharm Corporation Ltd.
Statement of Operating Revenue
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue:			
Lozenges	189,779,034	\$ 603,508	
Capsules	1,203,416	4,612	
Injections	49,472	10,240	
Others	12	35	
Sales revenue subtotal		618,395	
Testing revenue		60,855	
Service revenue		4,414	
Total		683,664	
Less: Sales returns and allowances		(26,717)	
Net revenue		<u>\$ 656,947</u>	

TSH Biopharm Corporation Ltd.
Statement of Operating Costs
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Raw materials and supplies	
Add: Raw material, beginning of the year	\$ 27,818
Add: Purchase	45,306
Less: Raw materials, end of the year	(28,172)
Transferred to expenses and losses	(93)
Write off loss	(2,489)
Raw materials consumed	42,370
Add: Contract manufacture	166,849
Cost of goods sold	209,219
Merchandise	
Add: Merchandise, beginning of the year	\$ 96,690
Purchased	80,636
Less: Merchandise, end of the year	(74,272)
Transferred to expenses and losses	(1,101)
Write off loss	(98)
Reclassification	(3,770)
Cost of Merchandise sold	307,304
Add: Loss from inventory market decline	(4,452)
Write off loss	2,587
Operating costs	\$ 305,439

TSH Biopharm Corporation Ltd.
Statement of Operating Expenses
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Salaries	\$ 67,372	\$ 34,034	\$ 10,612	\$ 112,018
Meal expenses	1,539	703	241	2,483
Pension	3,292	998	441	4,731
Insurance expense	5,208	2,032	775	8,015
Royalty expense	446	-	-	446
Rent expense	-	121	300	421
Traveling expenses	1,944	186	748	2,878
Freight	2,092	246	1	2,339
Advertising expense	3,804	856	23	4,683
Post and telecommunications	498	494	24	1,016
Entertainment expenses	9,338	282	8	9,628
Donation	11,888	460	-	12,348
Depreciation	918	5,643	361	6,922
Amortization	1,371	206	1,213	2,790
Commission expenses	12,030	-	-	12,030
Professional service fees	4,158	4,349	1,017	9,524
Sample cost	1,062	-	-	1,062
Research expense	-	-	4,929	4,929
Meeting expense	11,405	127	195	11,727
Transportation expense	4,455	515	16	4,986
Employee welfare	-	1,251	-	1,251
Others	16,770	7,455	2,190	26,415
Total	\$ 159,590	\$ 59,958	\$ 23,094	\$ 242,642