

Stock Code: 4726

Mycenax Biotech Inc. and Subsidiaries
Consolidated Financial Statements
with Independent Auditors' Report
For the years ended December 31,
2024 and 2023

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Statement of Declaration

For the year 2024 (from January 1 to December 31, 2024), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

Hereby declare,

Company: Mycenax Biotech Inc.

Representative: Pei-jun Chen

February 27, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Mycenax Biotech Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Mycenax Biotech Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Taiwan.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of Taiwan. Our responsibility under those standards is further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent from the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of Taiwan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated 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 of the Group's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

Revenue Recognition

Please refer to Note 4.13 for accounting policy related to revenue recognition and Note 6.15 for disclosure information about revenue recognition of the Consolidated Financial Statements.

Description

The main revenue of Mycenax Biotech Inc. is the provision of biopharmaceutical contract development and manufacturing services. The company's management team determines the timing

of revenue recognition based on the contractual terms and conditions. Consequently, revenue recognition constitutes is one of the key audit matters for the current year.

How the matter was addressed in our audit

The main audit procedures for this key audit matter included understanding the Company's revenue recognition procedure and transaction process and assessed the Company's revenue recognition policy to meet the international financial reporting standard No.15, testing the effectiveness of the design and the implementation of internal control of sale and collection.

We compared the detailed service revenue information and the general ledger, and we selected samples to exam service contract and transaction evidences, to assess the sale had been recognition in the percentage of completion for the contract. Furthermore, the auditors selected a sample of account receivable that had not yet been collected on the consolidated balance sheet date and performed a confirmation request to the third party and examination of subsequent collection.

Deferred income tax assets recognition

Please refer to Note 4.17 for accounting policy related to deferred income tax assets recognition and Note 6.19 for disclosure information of the consolidated financial statements.

Description

Mycenax Biotech Inc. recognized deferred income tax assets, which included tax loss carryforward and investment tax credits. The recognition and measurement of deferred income tax asset are based on management's subjective judgment of the assumptions of future profitability and the realizability of deferred income tax assets. Therefore, the assessment of the recognition of deferred income tax asset is one of the key audit matters for this year.

How the matter was addressed in our audit

The main audit procedures for this key audit matter include evaluating the reasonableness of management's recognition of deferred income tax asset, checking the related assumptions of future operating forecasts ,and the financial budget that made by management, evaluating the assumptions of growth rates made by management, and assessing the prior-year taxable income and the quality of budget estimates. Additionally, the auditor also evaluates whether Mycenax Biotech Inc. has made appropriate disclosures regarding deferred income tax assets.

Other Matter

We have audited the 2024 and 2023 financial statements of Mycenax Biotech Inc. and have issued an unqualified opinion, together with a report on the audits, for the convenience of readers.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Standards on Auditing of Taiwan 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 consolidated financial statements.

As part of an audit in accordance with Taiwan, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

1. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated 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 auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors’ 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 audits resulting in this independent auditors’ report are WU, JIN-DI and DAI, WEI-LIANG

Ful-Fill & Co., CPAs
Taipei, Taiwan
February 27, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in Taiwan.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in Taiwan. If there is any conflict 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 consolidated financial statements shall prevail.

Mycenax Biotech Inc.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

Expressed In Thousands of New Taiwan Dollars

Account Co.	Assets	Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$ 269,565	8	\$ 519,268	14
1136	Financial assets at amortized cost	4, 6(2), 8	8,500	—	149,618	4
1140	Contract assets	4, 6(15), 7	41,689	1	7,842	—
1170	Accounts receivable, net	4, 6(3)	98,250	3	41,395	1
1180	Accounts receivable, net-related parties	7	798	—	9,294	—
1200	Other receivables		7,732	—	4,688	—
130X	Inventories	4, 6(4)	64,943	2	112,326	3
1410	Prepayments		71,447	2	83,247	2
1482	Costs to fulfil contracts	4,6(15)	141,397	5	134,697	4
1470	Other current assets	8	32,060	1	35,635	1
11XX	Total current assets		736,381	22	1,098,010	29
15XX	Non-current assets					
1517	Financial assets at fair value through other comprehensive income	4,6(5)	268	—	268	—
1550	Investments accounted for using the equity method	4,6(6)	177,599	5	190,542	5
1600	Property, plant and equipment, net	4,6(7),8	1,601,002	48	1,779,575	47
1755	Right-of-use assets	4,6(8)	103,594	3	67,768	2
1780	Intangible assets	4,6(9)	36,258	1	42,902	1
1840	Deferred income tax assets	4,6(19)	98,603	3	95,491	3
1915	Prepayment for Equipment	6(7)	603,038	18	484,758	13
1920	Refundable deposits		8,241	—	8,012	—
1975	Net defined benefit assets	4,6(12)	3,392	—	3,075	—
15XX	Total non-current assets		2,631,995	78	2,672,391	71
1XXX	Total assets		\$ 3,368,376	100	\$ 3,770,401	100

(The accompanying notes are an integral part of the consolidated financial statements.)

Mycenax Biotech Inc.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

		Expressed In Thousands of New Taiwan Dollars					
Account Co.	Liabilities and Equity	Notes	December 31, 2024		December 31, 2023		
			Amount	%	Amount	%	
21XX	Current liabilities						
2130	Contract liability	6(15),7	\$ 230,850	7	\$ 187,283	5	
2170	Accounts payable	7	34,632	1	44,053	1	
2200	Other payables	6(11),7	177,445	5	361,318	10	
2230	Current tax liabilities		—	—	—	—	
2280	Lease liabilities	4,6(8)	31,916	1	30,571	1	
2320	Long-term liabilities, current portion	6(10)	168,075	5	125,920	3	
2399	Other current liabilities	7	18,578	1	4,278	—	
21XX	Total current liabilities		661,496	20	753,423	20	
25XX	Non-current liabilities						
2541	Long-term borrowings	6(10),8	611,365	18	530,400	14	
2580	Non-current lease liabilities	4,6(8)	72,036	2	39,386	1	
25XX	Total non-current liabilities		683,401	20	569,786	15	
2XXX	Total liabilities		1,344,897	40	1,323,209	35	
31XX	Equity	6(13)					
3110	Common stock		2,070,069	61	2,058,862	55	
3140	Advance receipts for ordinary share		439	—	1,022	—	
3170	Share capital awaiting retirement		—	—	(2,000)	—	
3200	Capital surplus		421,109	13	1,074,289	28	
3350	Accumulated deficit		(466,907)	(14)	(682,641)	(18)	
3400	Other equity		(1,231)	—	(2,340)	—	
3XXX	Total equity		2,023,479	60	2,447,192	65	
	Total liabilities and equity		\$ 3,368,376	100	\$ 3,770,401	100	

(The accompanying notes are an integral part of the consolidated financial statements.)

Mycenax Biotech Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

Account Co.	Item	Notes	Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share			
			2024		2023	
			Amount	%	Amount	%
4000	Operating Revenue	4,6(15),7	\$ 683,924	100	\$ 652,620	100
5000	Operating Costs		925,281	135	1,027,811	158
5900	Gross Profit (Loss)		(241,357)	(35)	(375,191)	(58)
6000	Operating Expenses	6(16),7				
6100	Sales and marketing expenses		54,036	8	60,268	9
6200	General and administrative expenses		87,900	13	91,961	14
6300	Research and development expenses		78,190	11	75,813	12
6450	Expected credit impairment loss (gain)		54	—	(1,131)	—
	Total operating expenses		220,180	32	226,911	35
6900	Operating Profit (Loss)		(461,537)	(67)	(602,102)	(93)
7000	Non-operating Income and Expenses					
7050	Finance costs	4,6(17)	(29,917)	(4)	(27,245)	(4)
7020	Other losses	6(17),10	(1,459)	—	(73,995)	(11)
7100	Interest income		8,524	1	17,660	3
7190	Other income	6(17),7	13,168	2	7,057	1
7230	Net foreign exchange gain (loss)		14,578	2	3,347	—
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	(12,943)	(2)	(8,703)	(1)
	Total non-operating income and expenses		(8,049)	(1)	(81,879)	(12)
7900	Loss before income tax		(469,586)	(68)	(683,981)	(105)
7950	Income tax benefit(or expense)	4,6(19)	2,461	—	1,134	—
8200	Net Loss		(467,125)	(68)	(682,847)	(105)
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified subsequently to profit or loss:	6(18)				
8311	Remeasurement of defined benefit obligation		272	—	258	—
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss	4,6(19)	(54)	—	(52)	—
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		218	—	206	—
8360	Items that may be reclassified subsequently to profit or loss:	6(18)				
8361	Exchange differences on translation of foreign financial statements		334	—	(39)	—
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	4,6(19)	(67)	—	8	—
8360	Total components of other comprehensive income that may be reclassified to profit or loss		267	—	(31)	—
8	Total Comprehensive Loss		\$ (466,640)	(68)	\$ (682,672)	(105)
Earnings Per Share						
9750	Basic earnings per share	6(20)	\$ (2.27)		\$ (3.32)	
9850	Diluted earnings per share	6(20)	\$ (2.27)		\$ (3.32)	

(The accompanying notes are an integral part of the consolidated financial statements.)

Mycenax Biotech Inc.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

Expressed In Thousands of New Taiwan Dollars

Item	Share Capital			Capital Surplus				Accumulated deficit	Other equity		Total equity
	Common stock	Advance Receipts for Common Stock	Share capital awaiting retirement	Additional paid-in capital	Employee stock options	Employee restricted stock	Others		Exchange differences on translation	Unearnd stock-based employee compensation	
Balance on January 1,2023	\$ 2,053,060	\$ 193	\$ —	\$ 1,417,115	\$ 35,376	\$ 886	\$ 14,766	\$ (406,832)	\$ —	\$ (8,989)	\$ 3,105,575
Capital reserves for cover accumulated deficits	—	—	—	(406,832)	—	—	—	406,832	—	—	—
Employee stock option exercised	7,402	829	—	13,854	(5,493)	—	—	—	—	—	16,592
Expierd employee stocks option	—	—	—	—	(17,752)	—	17,752	—	—	—	—
Cancellation of restricted employee stocks due to forfeiture upon termination	(1,600)	—	(2,000)	—	—	(3,723)	—	—	—	7,323	—
Income (Loss) for 2023	—	—	—	—	—	—	—	(682,847)	—	—	(682,847)
Other comprehensive income (loss)	—	—	—	—	—	—	—	206	(31)	—	175
Total comprehensive income (loss)	—	—	—	—	—	—	—	(682,641)	(31)	—	(682,672)
Compensation costs of employee stock options	—	—	—	—	8,340	—	—	—	—	(643)	7,697
Balance on December 31,2023	\$ 2,058,862	\$ 1,022	\$ (2,000)	\$ 1,024,137	\$ 20,471	\$ (2,837)	\$ 32,518	\$ (682,641)	\$ (31)	\$ (2,309)	\$ 2,447,192
Capital reserves for cover accumulated deficits	—	—	—	(682,641)	—	—	—	682,641	—	—	—
Employee stock option exercised	14,607	(583)	—	34,576	(12,632)	—	—	—	—	—	35,968
Expierd employee stocks option	—	—	—	—	(66)	—	66	—	—	—	—
Cancellation of restricted employee stocks due to forfeiture upon termination	(3,400)	—	2,000	—	—	1,400	—	—	—	—	—
Income (Loss) for 2024	—	—	—	—	—	—	—	(467,125)	—	—	(467,125)
Other comprehensive income (loss)	—	—	—	—	—	—	—	218	267	—	485
Total comprehensive income (loss)	—	—	—	—	—	—	—	(466,907)	267	—	(466,640)
Compensation costs of employee stock options	—	—	—	—	6,117	—	—	—	—	842	6,959
Balance on December 31,2024	\$ 2,070,069	\$ 439	\$ —	\$ 376,072	\$ 13,890	\$ (1,437)	\$ 32,584	\$ (466,907)	\$ 236	\$ (1,467)	\$ 2,023,479

(The accompanying notes are an integral part of the consolidated financial statements.)

Mycenax Biotech Inc.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Expressed In Thousands of New Taiwan Dollars

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before income tax	\$ (469,586)	\$ (683,981)
Adjustments for:		
The income or expense items which did not affect cash flows		
Depreciation	295,312	303,438
Amortization	7,902	11,343
Expected credit impairment losses(income)	54	(1,131)
Compensation costs of employee stock options	6,959	7,697
Interest expense	29,917	27,245
Interest income	(8,524)	(17,660)
Dividend income	(4)	(4)
Shares of profit from associates under equity method	12,943	8,703
Gain on lease modification	—	(26)
Disaster loss	—	73,962
Write-down (reversal) of inventories	35,886	35,944
Changes in operating assets and liabilities		
(Increase) decrease in contract assets	(33,847)	4,109
(Increase) decrease in accounts receivable, net	(56,909)	18,467
Decrease in accounts receivable, net-related parties	8,496	1,343
(Increase) decrease in other receivables	(3,470)	(1,895)
(Increase) decrease in inventories	11,497	58,127
(Increase) decrease in prepayments	8,543	16,686
(Increase) decrease in costs to fulfil contracts	(6,700)	11,739
(Increase) decrease in other current assets	(719)	(2)
(Increase) decrease in net defined benefit asset	(45)	25
Increase (decrease) in accounts payable	(9,421)	(8,468)
Increase (decrease) in other payables	(49,061)	(14,808)
Increase (decrease) in current contract liabilities	43,567	45,008
Increase (decrease) in other current liabilities	14,300	2,881
Cash outflow generated from operations	(162,910)	(101,258)
Interest paid	(26,560)	(23,067)
8 Income tax refunded	3,639	—
Income tax paid	(5,850)	(6,853)
Net cash flows generated by operating activities	(191,681)	(131,178)

(To be continued)

(Continued)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisition) of financial assets at amortized cost	141,118	(132,302)
(Increase) decrease in restricted assets	5,733	(31,148)
Acquisition of property, plant and equipment	(330,425)	(295,631)
(Increase) decrease in refundable deposits	(229)	(54)
Acquisition of intangible assets	(82)	(1,971)
Interest received	8,950	17,954
Dividend received	4	4
Net cash flows used in investing activities	<u>(174,931)</u>	<u>(443,148)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal of lease liabilities	(42,513)	(40,444)
Proceeds (Repayments) from short-term borrowings	—	(100,000)
Proceeds (Repayments) from long-term borrowings	123,120	(105,880)
Employee stock options exercised	35,968	16,592
Net cash flows from financing activities	<u>116,575</u>	<u>(229,732)</u>
Effect of exchange rate changes on cash and cash equivalents	334	(39)
Net increase in cash and cash equivalents	<u>(249,703)</u>	<u>(804,097)</u>
Cash and Cash equivalents at beginning of year	519,268	1,323,365
Cash and cash equivalents at end of year	<u>\$ 269,565</u>	<u>\$ 519,268</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

MYCENAX BIOTECH INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

I. GENERAL

Mycenax Biotech Inc. was approved for establishment on September 28, 2001. Originally focused on research and development of biologic drugs and biosimilars, the Company strategically transformed into a specialized Contract Development and Manufacturing Organization (CDMO) in 2019. Mycenax Biotech Inc. now provides a comprehensive range of services for biopharmaceutical development and production, including program evaluation/confirmation, cell line development and construction, process development technology platforms, drug characterization analysis, establishment of testing methods, and drug production in accordance with PIC/S GMP manufacturing standards.

The shares of the Company have been listed on the Taipei Exchange since Dec 25, 2013.

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2025.

III. APPLICATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

(I) The initial adoption of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter referred to as "IFRSs") endorsed and announced by the Financial Supervisory Commission (FSC) since January 1, 2024 has no significant impact on the Company's accounting policies.

(II) Applicable IFRSs accredited by FSC in 2025

New Standards, Interpretations and Amendments	Effective date
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: Applicable to annual reporting periods beginning after January 1, 2025. Upon the first application of the amendment, the impact is recognized in retained earnings at the date of first application. When the Consolidated Company uses a non-functional currency as the presentation currency, the impact amount will be adjusted for foreign operator exchange differences under equity items as of the date of initial application.

1. Amendment to IAS 21 "Lack of Exchangeability"

The amendment specifies that a currency is considered exchangeable when an entity can execute an exchange transaction to convert one currency into another through a market or exchange mechanism that establishes enforceable rights and obligations within a period of time without undue delay under normal management.

If a currency is not exchangeable on the measurement date, the consolidated company should estimate the spot exchange rate to reflect the rate that market participants would use in an orderly transaction on the measurement date, considering the prevailing economic conditions. In such cases, the consolidated company must also disclose information enabling financial statement users to assess how the lack of currency exchangeability affects or is expected to affect its operating results, financial position, and cash flows.

(III) IFRSs issued by IASB but not yet endorsed and announced by the FSC:

New Standards, Interpretations and Amendments	Effective Date of Issuance by the IASB Issuance (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IAS 7: "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IAS 7: "Regarding Contracts Involving Electricity from Natural Dependencies"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB.
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosure"	January 1, 2027

Note 1: Unless otherwise stated, the above new releases/amendments/revisions of standards or interpretations are effective for annual reporting periods beginning after the respective dates.

1. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard include:

The income statement should classify revenue and expense items by operating, investing, financing, income tax, and discontinued operations categories.

The income statement should present operating profit or loss, profit or loss before financing and income tax, and subtotals and totals of profit or loss.

Providing guidance to enhance aggregation and disaggregation requirements: Consolidated entities must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them based on common characteristics, ensuring that each significant line item in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. Consolidated entities should label such items as "other" only if more specific descriptions are not available.

Adding disclosures on performance measures defined by management: Consolidated entities should disclose relevant information on performance measures defined by management in a single note to the financial statements when engaging in external communication beyond financial statements and when communicating management's perspective on a particular aspect of the consolidated entity's overall financial performance to users of the financial statements. This disclosure should include a description of the measure, the method of calculation, adjustments to subtotals or totals defined under IFRS accounting standards, and the tax and non-controlling interest effects of related adjustments.

As of the date of issuance of this consolidated financial report, the Consolidated Company is still evaluating the impact of the amendments to other standards and interpretations on its financial position and financial performance, and the related impact will be disclosed upon the completion of the evaluation.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Securities Issuer Financial Report Preparation Standard, as well as IFRS, IAS, interpretations, and announcement accredited by FSC.

2. Basis of Preparation

Apart from financial instruments measured at fair value and the net defined benefit assets (liabilities) recognized by deducting the fair value of plan assets measured at fair value, this consolidated financial statement is prepared on a historical cost basis, where historical cost is typically based on the fair value of consideration paid to acquire an asset.

3. Basis of Preparation for Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control refers to the company's power to direct the financial and operating policies of an individual to obtain benefits from its related operating activities.

The consolidated income statement has Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The total comprehensive income of subsidiaries is attributed to the Company's shareholders and non-controlling interests, even if this results in non-controlling interests having a deficit balance.

When necessary, adjustments are made to subsidiaries' financial statements to bring their accounting policies into line with those used by the Company.

All significant transactions, balances, income, and expenses between the Company's consolidated entities are eliminated in full on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company's shareholders.

When the consolidated company loses control of the subsidiary, the disposition gains and losses are the difference between the following two; (1) The fair value of the consideration received and the remaining investment in the former subsidiary is counted at the fair value on the day when the control was lost, and (2) The assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary are counted based on the book value on the date of loss of control. The consolidated company recognizes all amounts related to the subsidiary in other comprehensive profits and losses, and its accounting treatment is based on the same basis that the consolidated company must follow when directly processing related assets or liabilities.

The former subsidiary's remaining investment is based on the fair value at the date of loss of control as the amount initially recognized for investment in the affiliated Company.

The subsidiaries included in the preparation of the consolidated financial statements are listed as follows:

Name of Investor	Name of Subsidiary	Relationship with the Company	Nature of Business	Percentage of Capital		Description
				2024.12.31	2023.12.31	
The Company	Mycenax Biotech USA,LLC	A subsidiary of the Company	Market development	100.00%	100.00%	Note 1

Note 1: The company was established in October, 2022, and on March 10, 2023, the capital injection was completed.

4. Foreign currency

Individual financial statements of each of the Group's entities are prepared and disclosed using the currency of the primary economic environment in which the entity operates (the "functional currency"). When preparing consolidated financial statements, each consolidated entity's operational results and financial position are converted to NTD (the Company's functional currency and the expressed currency of consolidated statements).

When preparing individual financial statements for each consolidated entity, a trader in a currency other than that individual's functional currency (foreign currency) is recognized at the trading day's exchange rate. Monetary items of foreign currencies are reconverted on based on the spot exchange rate on the reporting day. Non-monetary items of foreign currencies measured at fair value are reconverted based on the exchange rate on the day the fair value is determined. Non-monetary items of foreign currencies measured at historical cost is converted at the exchange rate on the transaction date and shall not be reconverted. The exchange difference is recognized as a gain or loss at the time of occurrence.

For the preparation of consolidated financial statements, foreign operators' assets and liabilities are converted to NTD at the immediate exchange rate at the end of the reporting period; gains and fees and losses are converted at the average exchange rate for the current period. The difference is recognized as other composite gains or losses and accrued to converting the foreign operating organization's financial statements of equity (and appropriately allocated to non-controlled interests).

5. Standard for Distinguishing Current and Non-current Assets and Liabilities

Current assets include assets held for transaction purpose and shall be realized or consumed within one year. Assets that are not current are non-current assets. Current liabilities include liabilities incurred for transaction purposes and payable within one year. Liabilities that are not current are non-current liabilities.

6. Inventories

Inventories include raw materials, materials and finished products. Inventories are stated at the lower of cost and net realizable value. Cost is determined using "weighted average" method.

To determine the lower between the comparative cost and the net realizable value, it is based on individual items except for the same type of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

7. Investments accounted for using the equity method

Investments using the equity method include investment in associates and joint ventures.

Associates refer to companies that the Company has a significant influence on but are not subsidiaries or joint ventures. Significant influence refers to the power to participate in the financial and operating policies of the investee, but not the power to control or jointly control such policy decisions.

A joint venture is a joint arrangement where the Company and other parties share joint control and net assets.

Except for assets classified for sale, the results of the affiliates and joint ventures and assets and liabilities are included in the consolidated financial statements using the equity method. Under the equity method, investment-related companies and joint ventures were originally recognized at a cost in consolidated the balance sheet and then adjusted according to changes in the Company's share of the investee's net assets. When the Company's share of losses in associates and joint ventures exceeds its equity in the associates and joint ventures, additional losses are recognized only within the scope of the Company's legal obligations, constructive obligations, or payments made on behalf of the associates and joint ventures.

The excess of the cost of acquisition over the net fair value of the identifiable assets and liabilities of the subsidiaries owned by the Company at the date of acquisition is recognized as goodwill. And it is included in the carrying amount of the investment. If the net fair value of identifiable assets and liabilities of all affiliates and joint ventures on the date of acquisition exceeds the acquisition cost, it shall be recognized as an interest immediately after reassessment.

Unrealized gains or losses are eliminated in proportion to consolidation when transactions are between consolidated entities and affiliates and joint ventures.

The consolidated company shall cease the use of the equity method from the date when its investment is no longer a joint venture. Its retained interest in the joint venture is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. Also, accounting for all amounts recognized in other composite income and loss related to the affiliate and the joint venture is the basis on which the related assets or liabilities must be disposed of directly by the affiliates joint ventures Same. When investments in associates become investments in joint ventures, or vice versa, the Consolidated Entity would continue to adopt the equity method and not to remeasure the retained interests.

When an associate issues new shares, if the Company fails to subscribe or acquire the shares in proportion to its shareholding ratio, which results in a change in the investment ratio but still has a significant impact on it, and consequently increases or decreases the net value of the invested equity, the amount of increase or decrease shall be adjusted to the capital reserves and investments using the equity method. However, if the Company has not subscribed in proportion to the shareholding ratio, resulting in a decrease in the ownership and equity of related companies and joint ventures, the interests or losses that have been previously recognized in other comprehensive profits and losses shall be related to the decrease in the ownership and equity. Reduce the proportion and reclassify to profit or loss (if the benefit or loss is to be reclassified to profit or loss when disposing of related assets or liabilities).

8. Property, Plant and Equipment

Property, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant, and equipment under construction are recognized at cost less accumulated impairment losses. When completed and ready for their intended use, such assets are classified into appropriate categories of property, plant, and equipment and depreciation is recognized.

The depreciation is based on the straight-line method. Depreciation is based on the following useful lives:

Assets	useful life
Buildings	10 to 15 years
Machinery and equipment	3 to 8 years
Office equipment	3 to 6 years
Leasehold improvements	3 to 8 years

The consolidated company reviews the estimated useful lives, residual values, and depreciation methods at least annually and defers the effect of changes in accounting estimates.

When disposing of property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement.

9. Intangible assets

(1) Goodwill

The goodwill received through business combinations has to be shown as the amount of goodwill recognized on the acquisition date and subsequently evaluated as cost less accumulated impairment loss.

(2) Other Intangible Assets

Other separately acquired intangible assets with limited useful lives are recognized at cost less accumulated amortization and accumulated impairment. Amortization is based on the straight-line method. The estimated useful lives and amortization methods are reviewed at the end of the reporting period, and the effect of any changes in the estimate shall be prospective application.

10. Impairment of tangible and intangible asset

(1) Goodwill

Goodwill is not amortized but it is subject to impairment test annually. Impairment tests are performed more frequently when there are signs of impairment of the cash-generating unit. When conducting impairment tests, goodwill should be allocated to each cash-generating unit that the Company expects to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss shall be immediately and directly recognized as a loss in the statement of comprehensive income and may not be reversed in subsequent periods.

(2) Other tangible and intangible assets

The Company reviews the carrying amounts of tangible and intangible assets at the end of the reporting period to decide whether there is any sign of impairment. If there are signs of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment to be recognized. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit. If the shared asset is allocated on a reasonably consistent basis, the shared asset is also allocated to individual cash-generating units. Otherwise the minimum cash generation order that can be allocated on a reasonably consistent basis is a group.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. When evaluating the value in use, the estimated future cash flows are discounted at a pre-tax discount rate, which reflects the current market's assessment of the following items: (a) the time value of money, and (b) has not been used for adjustment The asset-specific risk of the estimated future cash flow.

If the recoverable amount of asset or the cash-generating unit is expected to be lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in gain or loss immediately for the current period.

If an impairment loss is reversed subsequently, the carrying amount of the asset or cash-generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The impairment loss of the reversal is immediately recognized in the current gain or loss.

11. Financial instruments

Financial assets and financial liabilities shall be recognized when the consolidated company became a party to the terms of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction cost, which is directly attributable to financial assets and financial liability assessment loss measured by fair value through profits and losses, shall be recognized as gain or loss immediately.

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Financial assets

(I) Classifications and measures of financial assets:

The consolidated company's classifications on financial assets are: financial assets measured through amortized cost, and equity instrument investment measured at fair value through other comprehensive income.

The consolidated company only re-classifies the influenced financial assets according to requirements when the operation mode of financial assets management is varied.

A. Financial Assets at Amortized Cost

Financial assets meeting all the following conditions and without being designated for measurement at fair value through profit or loss are to be measured through amortized cost:

- a. The financial assets are held under the operation mode with the purpose of collecting contract cash flow.
- b. The cash flow on certain date arising out of the contract term of the financial assets is completely for paying the capital and the interest of capital circulating outside.

The initial recognition is measured by fair value plus directly attributable transaction costs; subsequent effective interest method is adopted to measure the amortized cost minus the impairment loss. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, accumulated gain or loss is recognized in profit and loss.

B. Value relevance of equity instrument investments measured at fair value through other comprehensive income (OCI)

When initially recognizing equity instrument investments, the consolidated company may irrevocably elect to designate non-trading investments as through other comprehensive income at fair value.

Subsequent fair value changes of equity instrument investments designated as through other comprehensive income are recognized in other comprehensive income and accumulated in other equity. Upon disposal, the cumulative gains or losses are transferred directly to retained earnings and not reclassified to profit or loss.

Dividends on equity instrument investments designated as through other comprehensive income are recognized in profit or loss only when the consolidated company's right to receive payment is established, unless the right to receive payment clearly represents a recovery of part of the cost of the investment.

(II) Impairments of financial assets

The consolidated company assesses the impairment and of financial assets (including accounts receivable) at amortized cost at the expected credit loss on each balance sheet date.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

The impairment loss of all financial assets is reduced based on the allowance account.

(2) Equity instruments

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the consolidated company are recognized at the amount of proceeds received net of direct issuance costs.

The acquisition of equity instruments by the consolidated company itself is recognized and deducted in equity. The purchase, sale, issuance, or cancellation of equity instruments by the consolidated company itself is not recognized in profit or loss.

(3) Financial liabilities

A. Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

When a financial liability is derecognized, the difference between the carrying value of financial liability derecognized and the consideration paid or payable (including any non-cash asset transferred or liability assumed) should be recorded into profits or losses of the current period.

12. Employee Benefits

(1) Retirement allowance

The defined contribution plan is recognized as an expense during the service period of the employee.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the rereasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Rereasurement (comprising actuarial gains and losses and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

(2) Short-term employee benefits

The liabilities for short-term employee benefits are measured on an undiscounted basis, and recognized as expenses at the time of relevant services are provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the consolidated 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.

(3) Share-based payment transactions

An increase in remuneration costs and relative benefits is recognized for the employee's share basis based on the fair value at the grant date. Recognition for remuneration costs is adjusted pursuant to the number of rewards expected to meet the conditions of service, until the final recognition sum is recognized by the vested date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

13. Revenue recognition

(1) Revenue from customer contracts

Revenue is measured at the fair value of the consideration a person is expected to receive as a result of the transfer of goods or services. The consolidated company recognizes revenue when control of goods or services is transferred to customers and performance obligations are satisfied. The consolidated company's major revenue items are summarized below:

A. Sales Revenue

Since the customer has the right to price and use the goods at the time of arrival at the customer's location and is primarily responsible for re-sale and bear the risk of obsolescence of the goods, the consolidated company recognizes revenue at that point and accounts receivable.

B. Service Revenue

Service revenues are primarily derived from the provision of technical services. Payments received from customers at the time of contract signing, for which the Company has an obligation to supply services in the future, is recognized as contract liabilities. Technical services provided during the contract period are recognized at the point in time when the Company satisfies its contractual obligations as upon completion of the contractual obligations.

C. Licensing Revenue

When the license fee received from drug licensing is calculated based on sales, revenue is only recognized upon the occurrence of (or with) the later of the following events, in accordance with the terms of the contract.

- (a) Occurrence of subsequent sales; and
- (b) The performance obligation related to the portion or all of the sales-based royalties that have been allocated has been satisfied (or partially satisfied).

(2) Assets related to contract costs

Costs of fulfill contracts

Expenditures related to customer contracts that result in the generation or enhancement of resources that will be used in the future to satisfy (or continue to satisfy) contractual obligations are recognized as costs of fulfill contracts to the extent that the amounts are recoverable.

14. Lease

On the contract inception date, the consolidated company evaluates whether the contract contains or includes a lease. For contracts with lease and non-lease components, The consolidated company allocates the transaction price to each performance obligation in the contract based on its relative standalone selling price, and accounts for each obligation separately. However, for contracts where the leased asset is provided by the lessor, we choose to apply lease accounting to the contract as a whole for both lease and non-lease components.

(1) The consolidated company as lessor

Leases in which the lessee assumes all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term.

(2) The consolidated company as lessee

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used. Subsequently, the lease liability is measured at amortized cost using the effective interest method, and the interest expense is amortized during the lease period. In the case that future lease payments change as a result of a change in the lease term, the consolidated company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in gain or loss. Lease liabilities are expressed separately in the balance sheets.

15. Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of eligible assets shall be recognized as part of the cost of those assets until such time as substantially all of the activities necessary to prepare the asset for its intended use or sale have been completed.

If specific borrowings are temporarily invested to earn investment income before capital expenditures that meet the criteria occur, the investment income earned shall be deducted from the borrowing costs that meet the capitalization criteria.

All other borrowing costs, except those mentioned above, shall be recognized in profit or loss in the period in which they are incurred

16. Government grants

Government grants are recognized when there is reasonable assurance that the consolidated company will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the consolidated company recognizes expenses for the related costs for which the grants are intended to compensate.

If the government subsidy is used to compensate for expenses or losses that have already occurred or is given to the consolidated company for immediate financial support purposes with no future related costs, it shall be recognized in the income statement in the period in which they become receivables.

17. Income tax

Income tax expense is the sum of current income tax payable and deferred income tax.

(1) Current income tax

The current income tax payable is calculated based on the taxable income in the current period. As part of the proceeds and fees are taxable or deductible in other years or are not taxable or deductible under the relevant tax law, the income is different from the net income reported in the statement of comprehensive income. The consolidated company's current income tax liabilities are calculated based on the tax rate that has been legislated or substantively legislated at the end of the reporting period.

An additional tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings. The related liabilities are estimated and recognized.

(2) Deferred tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all future taxable temporary differences and deferred income tax assets are recognized when there are likely future taxable income for the deducting temporary differences.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at the end of each reporting period and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate (and tax laws) that have been enacted prior to the balance sheet date or have been substantively legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred income tax for the year

Current and deferred income taxes are recognized in gain or loss, but the current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are respectively recognized in other comprehensive income or directly included in equity.

V. Material sources of uncertainty in accounting judgments, estimates and hypotheses:

The preparation of these consolidated financial statements in conformity with the Regulations and IAS 34, "Interim Financial Reporting," as endorsed by the FSC, requires management to make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from the estimates.

Underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following contain information regarding the future used for main assumptions and other primary sources of uncertainties estimated on the last day of the reporting period. Such assumptions and estimates are at risk for major adjustments in the carrying amount of assets and liabilities in the next fiscal year.

1. Realizability of deferred income tax assets

Deferred income tax assets are recognized when there is likely to be sufficient taxable income to deduct temporary differences in the future. When assessing the feasibility of deferred income tax assets, significant accounting judgments and management estimates must be involved, including assumptions such as expected future sales revenue growth and profitability, tax exemption period, available income tax deductions, and tax planning. Any changes in the global economic environment, industrial environment, and laws and regulations may cause significant adjustments in deferred income tax assets.

As of December 31, 2024 and 2023, the consolidated company recognized net deferred income tax assets were NT\$98,603 thousand and NT\$95,491 thousand respectively.

2. Impairment assessment of tangible asset and intangible asset (goodwill excluded)

The consolidated company assesses the impairment of assets based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and their industrial characteristics. Any changes in these estimates arising from changes in economic conditions or business strategies could lead to significant impairment losses in the future.

The consolidated company did not recognize any impairment losses for asset assessments in December 31, 2024, and 2023.

3. Inventory valuation

Since the inventory must be valued at the lower of cost or net realizable value, the consolidated company must use judgment and estimation to determine the net realizable value of the inventory at the terminal date of the financial reporting period.

Due to the rapid changes in technology, the consolidated company assesses the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period and offsets the inventory cost to the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which may cause a significant variation.

As of December 31, 2024, and 2023, the carrying amounts of the Company's inventories were NT\$64,943 and NT\$112,326 thousand thousand, respectively.

4. Lease term

When determining the lease term of the leased asset, the consolidated company considers all relevant facts and circumstances that create an economic incentive to exercise (or not to exercise) an option to renew or terminate the lease, including the expected changes in facts and circumstances during the period from the lease commencement date to the option exercise date. The significant factors considered include the terms and conditions of the contract covering the option period, significant leasehold improvements made during the lease term, and the importance of the underlying asset to the lessee's operations. The consolidated company reassesses the lease term when there is a significant change in a matter or circumstance that is within its control.

5. Recognition of revenues

According to the conditions specified in each technology service commission contract, the consolidated company determines the timing of revenue recognition. In making such determination, management has fully considered the revenue recognition criteria, particularly whether the consolidated company has satisfied its contractual obligations in accordance with the contract terms before recognizing revenue.

VI. DETAILS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

<u>Items</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Cash on hand and petty cash	\$ 100	\$ 100
Demand deposits	259,629	514,168
Cash equivalents :		
Time deposits	9,836	5,000
Total	<u>\$ 269,565</u>	<u>\$ 519,268</u>

(1) Cash equivalents includes time deposits that are highly liquid, were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) The market interest rate range of time deposits as of the balance sheet date is as follows:

<u>Items</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Time deposits	<u>4.43%</u>	<u>1.16%</u>

2. Financial assets measured at amortized cost

Items	2024.12.31	2023.12.31
Current :		
Time deposits with an original maturity exceeding three months	\$ 8,500	\$ 149,618

(1) The market interest rate range for time deposits as of the balance sheet date is as follows:

Items	2024.12.31	2023.12.31
Time deposits	1.685%~1.69%	1.56%~5.13%

(2) Details of the financial assets at amortized cost pledged to others as collateral, please refer to Note 8.

3. Accounts receivable, net

Items	2024.12.31	2023.12.31
<u>Measured at amortized cost</u>		
Accounts receivable	\$ 115,361	\$ 58,452
Less: Loss allowance	(17,111)	(17,057)
NET	\$ 98,250	\$ 41,395

The consolidated company grants credit to customers with a credit period of 30-60 days after the invoice date, and no interest is charged on accounts receivable.

As of the balance sheet date, the consolidated company adopts the simplified approach under IFRS 9 to estimate expected credit losses over the remaining period of each account receivable. The expected credit losses are calculated using a provision matrix based on the consolidated company's historical credit loss experience, industry and economic outlook, and forward-looking information adjustments. As the consolidated company's historical credit loss experience shows no significant difference in loss patterns among different customer groups, the provision matrix does not further distinguish customer groups and only sets the expected credit loss rate based on the number of days past due of accounts receivable. In addition to the provision based on the expected credit loss rate, the consolidated company also considers the operating condition and debt-paying ability of customers to assess whether additional expected credit losses should be recognized. Furthermore, the consolidated company recognizes loss allowance a full amount for accounts receivable that are past due over 365 days without other credit guarantees.

(1) The aging analysis of the net accounts receivable is as follows:

Items	2024.12.31	2023.12.31
Not past due	\$ 68,803	\$ 40,001
Past due		
Past due within 30 days	29,447	336
Past due 31 to 60 days	—	37
Past due 61 to 180 days	—	1,021
Total	\$ 98,250	\$ 41,395

(2) Movements of the loss allowance for accounts receivable is listed as follows:

Items	2024	2023
Beginning balance	\$ 17,057	\$ 32,043
Provision	54	—
Reversal	—	(1,131)
Written off	—	(13,855)
Ending Balance	\$ 17,111	\$ 17,057

(3) None of the above accounts receivable were pledged as collateral.

4. Inventories

Items	2024.12.31	2023.12.31
Finished goods	\$ 506	\$ —
Work-in-progress	1,520	—
Raw Material	131,288	\$ 178,696
Inventory in transit	266	—
Less: Allowance for inventory write-downs	(68,637)	(66,370)
NET	\$ 64,943	\$ 112,326

(1) For the year ended in 2024 and 2023, the write-down of inventories of NT\$35,886 thousand (The write-off loss offset the allowance for decline in value of inventories of 33,619 thousand) and NT\$35,943 thousand were included in the operating costs, respectively.

(2) As of December 31, 2024 and 2023, the consolidated company's inventories were not pledged as collateral.

5. Non-current financial assets at fair value through other comprehensive income

Items	2024.12.31	2023.12.31
Non-current		
Domestic unlisted stocks	\$ 268	\$ 268
Total	\$ 268	\$ 268

(1) These investments in equity instruments are held for medium to long-term purposes and therefore are accounted for as fair value through other comprehensive income.

(2) The securities described above have not been pledged as collateral.

(3) For the years ended December 31, 2024, and 2023, the evaluation net gain(loss) of financial assets generated were both NT\$0 thousand.

6. Investments accounted for using the equity method

Investments in associates

Items	2024.12.31	2023.12.31
KRISAN BIOTECH CO., LTD.	\$ 177,599	\$ 190,542

(1) The basic information of the consolidated company's associates is as follows:

Items	Shareholding percentage	
	2024.12.31	2023.12.31
KRISAN BIOTECH CO., LTD.	19.15%	19.15%

For information on the nature of business, principal place of business, and country of registration of the associates above, please refer to Table 2 "Information on Investees".

The consolidated company acquired the shares of KRISAN BIOTECH CO., LTD. in December, 2022 as a strategic partner in constructing the value chain of ADC. According to the investment agreement, the consolidated company is entitled to appoint directors, thereby obtaining significant influence over the investee.

(2) The carrying amounts of the consolidated company's individually insignificant affiliates and their shares of the results of operations are summarized below:

Item	2024	2023
The consolidated company's share of profit		
Net income of continuing operations	\$ (12,943)	\$ (8,703)
Other comprehensive income	—	—
Total Comprehensive income	\$ (12,943)	\$ (8,703)

(3) Investments accounted for using the equity method described above have not been pledged as collateral.

7. Property, Plant, Equipment and Prepayment for Equipment

(1) The carrying amounts of property, plant and equipment are listed as follows:

Item	2024.12.31	2023.12.31
Buildings, and structures	\$ 650,556	\$ 709,695
Machinery and equipment	704,855	857,056
Office Equipment	15,559	20,160
Leasehold improvements	71,940	85,812
Construction in progress	158,092	106,852
Total	\$ 1,601,002	\$ 1,779,575

	Balances as of January 1, 2024	Addition	Disposal	Reclassification	Balances as of December 31, 2024
Cost:					
Buildings, and structures	\$ 792,856	\$ —	\$ —	\$ —	\$ 792,856
Machinery and equipment	1,567,272	8,307	(20,521)	2,387	1,557,445
Office equipment	36,216	105	(144)	—	36,177
Leasehold improvements	317,338	14,018	(5,824)	—	325,532
Construction in process	106,852	51,240	—	—	158,092
Total	\$ 2,820,534	\$ 73,670	\$ (26,489)	\$ 2,387	\$ 2,870,102

	Balances as of January 1, 2024	Depreciation	Disposal	Reclassification	Balances as of December 31, 2024
Accumulated Depreciation and Impairment:					
Buildings, and structures	\$ 83,161	\$ 59,139	\$ —	\$ —	\$ 142,300
Machinery and equipment	710,216	162,895	(20,521)	—	852,590
Office equipment	16,056	4,706	(144)	—	20,618
Leasehold improvements	231,526	27,890	(5,824)	—	253,592
Total	\$ 1,040,959	\$ 254,630	\$ (26,489)	\$ —	\$ 1,269,100

	Balances as of January 1, 2023	Addition	Disposal	Reclassification	Balances as of December 31, 2023
Cost:					
Buildings, and structures	\$ 791,675	\$ 141	\$ —	\$ 1,040	\$ 792,856
Machinery and equipment	1,540,623	24,513	(12,729)	14,865	1,567,272
Office equipment	34,563	4,806	(3,903)	750	36,216
Leasehold improvements	307,772	13,529	(11,987)	8,024	317,338
Construction in process	3,352	107,416	—	(3,916)	106,852
Total	\$ 2,677,985	\$ 150,405	\$ (28,619)	\$ 20,763	\$ 2,820,534

	Balances as of January 1, 2023	Depreciation	Disposal	Reclassification	Balances as of December 31, 2023
Accumulated Depreciation and Impairment:					
Buildings, and structures	\$ 24,071	\$ 59,090	\$ —	\$ —	\$ 83,161
Machinery and equipment	548,549	170,339	(8,672)	—	710,216
Office equipment	14,978	4,981	(3,903)	—	16,056
Leasehold improvements	203,471	28,719	(664)	—	231,526
Total	<u>\$ 791,069</u>	<u>\$ 263,129</u>	<u>\$ (13,239)</u>	<u>\$ —</u>	<u>\$ 1,040,959</u>

Note: The reclassified item was transferred from prepayment for equipment (listed under "non-current assets").

A. The capitalized interest amounted of the consolidated company for the year 2024 and 2023 was both NT\$0 thousand.

B. Please refer to Note 8 for the information of property, plant, and equipment pledged by the consolidated company as collateral for a loan.

(2)Prepayments for business facilities:

	2024	2023
Beginning balance	\$ 484,758	\$ 201,127
Addition	121,843	306,824
Reclassification	(3,563)	(23,193)
Ending Balance	<u>\$ 603,038</u>	<u>\$ 484,758</u>

8. Lease Agreements

(1)The carrying amounts of the consolidated company's Right-of-use assets are listed as follows:

Items	2024.12.31	2023.12.31
Land	\$ 9,084	\$ 13,149
Buildings	94,510	54,619
Total	<u>\$ 103,594</u>	<u>\$ 67,768</u>
Addition of Right-of-use assets		
	2024	2023
Land	\$ (3,295)	\$ —
Buildings	79,803	16,775
Total	<u>\$ 76,508</u>	<u>\$ 16,775</u>

Depreciation expense	2024	2023
Land	\$ 770	\$ 982
Buildings	39,912	39,327
Total	\$ 40,682	\$ 40,309

(2) Leasing liabilities:

Items	2024.12.31	2023.12.31
Carrying amount of lease liabilities		
Current	\$ 31,916	\$ 30,571
Non-current	\$ 72,036	\$ 39,386

The ranges of discount rate for lease liabilities are listed as follows:

Items	2024.12.31	2023.12.31
Land	2%	2%
Buildings	1.809%~2.8095%	1.809%~1.977%

(3) Other Lease Information:

Items	2024	2023
Short-term lease expenses	\$ 1,231	\$ 2,201
Total cash outflow for leases	\$ (42,513)	\$ (40,444)

The consolidated company chooses to exempt the leases applicable such as leases of copiers, equipment, and instruments for short-term and does not recognize the relevant right-of-use assets and lease liabilities for such tenancies.

(4) Significant leasing activities and terms:

The consolidated company leases land, buildings, and constructions for 1 to 20 years. For the lease contracts for land located in Taiwan (ROC), the lease payments will be adjusted based on the announced land prices. The consolidated company has no purchase options to acquire the leased land and buildings at the end of the lease terms.

9. Intangible assets

Items	2024.12.31	2023.12.31
Software	\$ 12,339	\$ 18,983
Goodwill	23,919	23,919
Professional expertise	—	—
Customer relations	—	—
Total	\$ 36,258	\$ 42,902

	Balance as of January 1, 2024	Addition	Disposal	Reclassification	Balance as of December 31, 2024
Cost:					
Software	\$ 41,263	\$ 82	\$ —	\$ 1,176	\$ 42,521
Goodwill	23,919	—	—	—	23,919
Professional expertise	37,125	—	(37,125)	—	—
Customer relations	14,008	—	(14,008)	—	—
Total	\$ 116,315	\$ 82	\$ (51,133)	\$ 1,176	\$ 66,440
	Balance as of January 1, 2024	Amortization expense	Disposal	Reclassification	Balance as of December 31, 2024
Accumulated amortization and impairment					
Software	\$ 22,280	\$ 7,902	\$ —	\$ —	\$ 30,182
Goodwill	—	—	—	—	—
Professional expertise	37,125	—	(37,125)	—	—
Customer relations	14,008	—	(14,008)	—	—
Total	\$ 73,413	\$ 7,902	\$ (51,133)	\$ —	\$ 30,182
	Balance as of January 1, 2023	Addition	Disposal	Reclassification	Balance as of December 31, 2023
Cost:					
Software	\$ 47,569	\$ 1,971	\$ (10,707)	\$ 2,430	\$ 41,263
Goodwill	23,919	—	—	—	23,919
Professional expertise	37,125	—	—	—	37,125
Customer relations	14,008	—	—	—	14,008
Total	\$ 122,621	\$ 1,971	\$ (10,707)	\$ 2,430	\$ 116,315
	Balance as of January 1, 2023	Amortization expense	Disposal	Reclassification	Balance as of December 31, 2023
Accumulated amortization and impairment					
Software	\$ 22,348	\$ 10,639	\$ (10,707)	\$ —	\$ 22,280
Goodwill	—	—	—	—	—
Professional expertise	36,421	704	—	—	37,125
Customer relations	14,008	—	—	—	14,008
Total	\$ 72,777	\$ 11,343	\$ (10,707)	\$ —	\$ 73,413

In February 2019, the consolidated company acquired assets, liabilities, and business related to the "Biopharmaceutical Technology Service Industry" through a business transfer, resulting in a goodwill of NT\$23,919 thousand. The goodwill was primarily derived from expected synergy following the merger, which would enhance the Company's competitiveness in the biopharmaceutical CDMO market and expand its business scale.

At the end of the annual reporting period, the consolidated company performed an impairment test on the recoverable amount of goodwill and the recoverable amount is determined based on the value in use. The value in use was calculated, based on the expected cash flows from the financial budgets covering the future five-year-period. The Company used the income approach and a discount rate of 15%.

The consolidated company did not recognize any impairment loss on goodwill in both the 2024 and 2023 fiscal years.

10. Borrowings

(1) Long-term borrowings

Items	2024.12.31	2023.12.31
Bank loan		
Syndicated loan	\$ 779,440	\$ 656,320
Less: Long-term borrowings – current portion	(168,075)	(125,920)
Total	<u>611,365</u>	<u>530,400</u>
Range of interest rate	<u>3.0074%</u>	<u>2.8753%</u>

In August 2021, the consolidated company signed a 7-year syndicated loan agreement with seven financial institutions, including Taiwan Cooperative Bank, for a total amount of NT\$3.8 billion. The loan is intended for the construction of a factory, acquisition of machinery and equipment, and increasing working capital.

(2) For assets pledged by the consolidated company as collateral for long-term borrowings, please refer to Note 8.

(3) For details of the consolidated company's interest rate, foreign currency, and liquidity risks, please refer to Note 6(22).

11. Other payables

Items	2024.12.31	2023.12.31
Salaries and bonuses	\$ 80,806	\$ 87,164
Construction and equipment payable	43,545	178,457
Leave payable	7,396	6,595
Commission expenses	2,417	11,122
License transfer price payable	—	40,000
Pension and labor, health insurance expenses	7,435	7,440
Estimated loss payable	10,224	12,867
Others	25,622	17,673
Total	\$ 177,445	\$ 361,318

12. Employee Benefits

Defined contribution plans

The Company adopts the employee retirement method under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the consolidated company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

The subsidiary Mycenax Biotech USA, has a defined contribution pension plan and is required by law to make monthly contributions to the local government for pensions, medical care, and other social security benefits.

The consolidated company recognized the total amount of NT\$13,631 thousand and NT\$13,589 thousand respectively in the statements of comprehensive income in 2024 and 2023.

Defined benefit plan

Where the Company adopt the government-managed defined benefit plan as their pension system applicable under the Labor Standards Act, each employee whose has served the Company for up to 15 years, shall be given two bases for each full year of service rendered, while each employee who has served the Company over 15 years shall be given one base for each full year of service rendered. An employee shall not receive more than 45 bases in total. The payment of employee pension shall be calculated based on an employee's years of service and his/her average wage (number of bases) over six months before his/her retirement is approved. The consolidated company contributes 2% of the total salary to the pension fund, which is deposited into a special account opened with Bank of Taiwan under the name of the Supervisory Committee of Employee Retirement Reserve Fund.

Before the end of the year, if the estimated balance in the special account is insufficient to pay the workers who are estimated to meet the retirement conditions in the next year, the difference will be paid once before the end of March of the next year. The Bureau of Labor Funds, Ministry of Labor administers the account. The consolidated company has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the Company only balance sheets are as follows:

	2024.12.31	2023.12.31
Present value of defined benefit obligation	\$ 101	\$ 93
Fair value of the planned assets	(3,493)	(3,168)
Net defined benefit liability (asset)	\$ (3,392)	\$ (3,075)

Movements in net defined benefit liability (asset) are as follows:

	Present value of defined benefit obligation	Fair value of the planned assets	Net defined benefit liability (asset)
Balance as of January 1, 2024	\$ 93	\$ (3,168)	\$ (3,075)
Service cost for the period	—	—	—
Interest expense (income)	1	(43)	(42)
Recognized in gain or loss	1	(43)	(42)
Remeasurements			
Return on planned assets	—	(279)	(279)
(excluding amount included in net interest)			
Actuarial (profit) loss -changes in demographic assumption	4	—	4
Actuarial (profit) loss -changes in financial assumptions	(6)	—	(6)
Actuarial (profit) loss - experience adjustments	9	—	9
Recognized in other comprehensive income	7	(279)	(272)
Paid directly by the Company	—	(3)	(3)
Balance as of December 31, 2024	\$ 101	\$ (3,493)	\$ (3,392)

	Present value of defined benefit obligation	Fair value of the planned assets	Net defined benefit liability (asset)
Balance as of January 1, 2023	\$ 247	\$ (3,089)	\$ (2,842)
Service cost for the period	81	—	81
Interest expense (income)	4	(46)	(42)
Recognized in gain or loss	85	(46)	39
Remeasurements			
Return on planned assets	—	(19)	(19)
(excluding amount included in net interest)			
Actuarial (profit) loss -changes in demographic assumption	(1)	—	(1)
Actuarial (profit) loss -changes in financial assumptions	3	—	3
Actuarial (profit) loss - experience adjustments	(241)	—	(241)
Recognized in other comprehensive income	(239)	(19)	(258)
Contribution from employer	—	(14)	(14)
Balance as of December 31, 2023	\$ 93	\$ (3,168)	\$ (3,075)

Actuarial assumptions on pensions are summarized as follows:

	2024	2023
Discount rate	1.70%	1.35%
Expected rate of future salary increase	3.00%	3.00%

The Company is exposed to the following risks through the defined benefit plans under the Labor Standards Act:

- A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic listed, OTC, or private equity securities, investment in securities-based products of domestic and foreign real estate, and deposits in domestic and foreign securities. However, the distributed amount from the plan assets received by the consolidated company shall not be lower than interest on a two-year time deposit at a local bank.
- B. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligation, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
- C. Salary risk: The present value of defined benefit obligation is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligation will increase (decrease) as follows:

	December 31, 2024	December 31, 2023
Discount rate		
Increase of 0.25%	\$ (4)	\$ (4)
Reduction by 0.25%	\$ 4	\$ 4
Expected rate of payroll increase		
Increase of 0.25%	\$ 4	\$ 4
Reduction by 0.25%	\$ (4)	\$ (4)
Turnover rate		
Expected turnover rate of 110%	\$ —	\$ (1)
Expected turnover rate of 90%	\$ —	\$ 1

As actuarial assumptions may be correlated, the likelihood of fluctuation in a single assumption is not high. Therefore, the sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligation.

	December 31, 2024	December 31, 2023
Expected contribution within 1 year	\$ 20	\$ 18
Average maturity of defined benefit obligations	16	17

13. Equity

(1) Common Stock

	December 31, 2024	December 31, 2023
Authorized Shares (in thousands)	500,000	500,000
Authorized Capital	\$ 5,000,000	\$ 5,000,000
Issued Capital	\$ 2,070,069	\$ 2,058,862
Issued shares (in thousands)	2024	2023
Beginning balance	\$ 205,686	\$ 205,306
Employee stock option exercised	1,461	740
Restricted Stock Unit Cancellation for Capital Reduction	(140)	(160)
Restricted Stock Units forfeited upon employee departure pending cancellation	—	(200)
Ending balance	\$ 207,007	\$ 205,686

From January 1, 2024 to December 31, 2024, the company's employees exercised employee stock options, converting into 1,461 thousand shares and 740 thousand shares of common stock, respectively. As of December 31, 2024 and 2023, there are still 392 thousand shares and 0 thousand shares, respectively, were issued and remain pending registration.

On May 29, 2018, the shareholders' meeting and the board of directors on January 31, 2019 approved a private placement cash capital increase of 18,000 thousand new shares at a premium of NT\$22.3 per share, resulting in a total capital increase of NT\$401,400 thousand. The capital increase reference date was February 15, 2019, and the registration was completed on March 7, 2019. Except for the limitations on transferability and the requirement to wait for three years after delivery and to apply for over-the-counter listing only after a public offering has been completed, the rights and obligations of the aforementioned privately placed common shares are the same as those of other issued common shares.

On July 5, 2022, the Company's board of directors approved the issuance of 1,000 thousand new shares of restricted employee stock options at no cost. The new share issuance reference date was July 5, 2022, and the subscription price was set at NT\$0 per share. Until employees meet the predetermined conditions, the rights and obligations of the newly issued common shares are the same as those of other issued common shares, except for the restriction on the transferability of shares. If an employee leaves during the vesting period, and fails to meet the issuance conditions, the consolidated company will repurchase the employee's restricted shares at no cost and cancel them.

On May 30, 2022, the Company resolved in a shareholders' meeting and on July 27, 2022, the Board of Directors resolved to conduct a private placement of 50,000 thousand new shares at a premium issue price of NTD 32.5 per share, raising a total of NTD 1,625,000 thousand. The capital increase reference date was October 13, 2022, and the registration was completed on October 26, 2022. Except for the restriction on transferability and the requirement to complete public offering and wait for three years before applying for OTC listing, the rights and obligations of the privately placed common shares are the same as those of other issued common shares.

From January 1, 2024 to December 31, 2024, due to the resignation of certain employees during the vesting period, 140 thousand shares of restricted stock previously granted to employees did not satisfy the stipulated vesting conditions. Accordingly, these shares have been returned and will be cancelled through a capital reduction.

(2) Advance Receipts for Common Stock

As of December 31, 2024, the Company issued 14.9 thousand shares of common stock through the exercise of employee stock options, with total proceeds of NTD 439 thousand received.

(3)Capital Surplus

Items	2024.12.31	2023.12.31
Additional paid-in capital	\$ 376,072	\$ 1,024,137
Employee stock options	13,890	20,471
Employee stock options expired	32,584	32,518
Employee restricted stock	(1,437)	(2,837)
Total	\$ 421,109	\$ 1,074,289

According to legal regulations, the excess amount generated from issuing stocks above par value (including issuing common stocks above par value, stock premium from mergers, and capital surplus from convertible bonds) and the capital surplus generated from donation can be used to offset losses, and can also be used to pay cash dividends or allocate to capital stock when the Company has no losses, but the allocation to capital stock is limited to a certain ratio of the paid-in capital each year. In addition, changes in ownership equity of subsidiaries, changes in net equity of equity method investments in affiliated enterprises, and unclaimed dividends from shareholders that have exceeded the statute of limitations can be used to offset losses, but those generated from employee stock options cannot be used for any purposes.

(4)Accumulated deficit

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' losses and then 10% of the remaining amount shall be set aside as legal capital reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings. See Note 6(16) for the Employee and Director Compensation Distribution Policy.

In accordance with the Company's Articles of Incorporation, being a growth-stage company, the dividend distribution policy is based on the Company's annual earnings and accumulated earnings from previous years, taking into account the Company's profitability, capital structure, and future operating needs. Proposed dividend distribution of the Company is decided after the end of each fiscal year. The Company may distribute dividends in the form of stock dividends, limited to no more than 50% of the total dividends, and the remaining portion as cash dividends. The Board of Directors will propose a distribution plan after considering the Company's operating and capital expenditure needs, and the plan will be submitted to a shareholders' meeting for approval.

On June 24, 2024 and June 20, 2023, the shareholders' meetings of the Company approved the proposal to offset the losses for year 2023 and 2022, respectively.

Please refer to the website of “Market Observation Post System” for information about earnings appropriation to offset deficit which was proposed by the Board of Directors and resolved at the shareholders' meeting.

As of December 31, 2024, the Company had accumulated losses and had no distributable earnings.

(5) Other equity

	2024		2023	
	Exchange differences on translation	Unearned compensation	Exchange differences on translation	Unearned compensation
Beginning balance	\$ (31)	\$ (2,309)	\$ —	\$ (8,989)
Exchange differences on translation	267	—	(31)	—
Cancellation of Restricted Employees shares due to Forfeiture upon Termination	—	—	—	7,323
Compensation cost of share-based payment	—	842	—	(643)
Ending balance	\$ 236	\$ (1,467)	\$ (31)	\$ (2,309)

14. Share-based payment

(1) For the years ended December 31, 2024, the consolidated company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vested conditions
Employee stock options	109.03.05	3,585	7 years	NOTE 1
Employee stock options	111.07.19	2,828	5 years	NOTE 1
Employee restricted stock	111.07.05	1,000	1.7 years ~2.7 years	NOTE 2
Employee stock options	112.05.10	172	5 years	NOTE 1

Note 1: After two years from the grant of the employee stock options, the employees are entitled to exercise their stock options in accordance with the schedule and proportion in the plan.

Note 2: If an employee is still employed and the Company achieves its operating performance targets after the grant of restricted employee shares, the employee may acquire the shares in installments.

(2) Details of the share-based payment arrangements are as follows:

A. Employee stock options

Employee Share Warrants	2024		2023	
	No. of options (units)	Weighted - average exercise price (in NTD)	No. of options (units)	Weighted average exercise price (in NTD)
Options outstanding at January 1	3,526	\$ 30.40	5,747	\$ 31.66
Options granted	—	—	172	39.15
Options exercised	(1,440)	24.98	(767)	21.63
Options forfeiture	(330)	37.13	(824)	35.19
Options lapsed on expiry	—	—	(802)	44.78
Options outstanding at December 31	1,756	33.58	3,526	30.40
Options exercisable at December 31	642	29.11	502	20.80
Weighted average fair value per share of current period's stock options	—		11.89	

B. Employee restricted stock

(Unit: Thousand shares)	2024		2023	
Stock outstanding at January 1	\$	640	\$	1,000
Stocks lapse of resignation		(140)		(360)
Stock outstanding at December 31	\$	500	\$	640

(3) For the years ended December 31, 2024, the Company's information on outstanding employee stock options is as follows:

Range of exercise price (in NTD)	Outstanding units	Weighted average remaining life (in years)	Weighted average exercise price of outstanding units (in NTD)	Exercisable units	Weighted average exercise price of exercisable options (in NTD)
20.8	293	2.18	20.8	293	20.8
36.1	1,443	2.55	36.1	349	36.1
39.15	20	3.36	39.15	—	—

(4) The fair value of stock options granted is measured using the Black-Scholes option-pricing model to estimate the fair value of employee stock options. Relevant information is as follows:

Type of Agreement	Grant given	Stock price	Exercise Price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per share (in NTD)
Employee stock option	2020.03.05	21.9	21.9	38.10%	4.95 years	0.00%	0.47%	7.3593
Employee stock option	2022.07.19	37.55	37.55	41.599%	3.5 ~ 4.5 years	0.00%	1.016%~1.064%	12.49
Employee restricted stock	2022.07.05	38.05	—	—	—	—	—	38.05
Employee stock option	2023.05.10	39.15	39.15	37.543%	3.5 ~ 4.5 years	0.00%	1.039%~1.065%	11.89

(5) The compensation costs of employee stock options recognized by the consolidated company for the years 2024 and 2023 were NT\$6,959 thousand and NT\$7,697 thousand, respectively.

15. Revenue from contracts with customers

(1) Details of revenue:

	2024		
	Sales of technical service	Other	Total
<u>Primary Geographical Market</u>			
Domestic Sales	266,759	306	267,065
Asia	367,437	2,428	369,865
America	6,559	—	6,559
Europe	40,435	—	40,435
Total revenue	681,190	2,734	683,924
	2023		
	Sales of technical service	Other	Total
<u>Primary Geographical Market</u>			
Domestic Sales	156,048	85	156,133
Asia	492,741	1,028	493,769
America	2,718	—	2,718
Total revenue	651,507	1,113	652,620

(2) Contract balances

Below are the contract assets and contract liabilities related to the Customer Contract Revenues recognized by the consolidated company:

Items	2024.12.31	2023.12.31
Accounts receivable (including related parties)	\$ 116,159	\$ 67,746
Less: Loss allowance	(17,111)	(17,057)
Total	\$ 99,048	\$ 50,689

Items	2024.12.31	2023.12.31
Contract assets-		
Fulfil contracts receivable	\$ 41,689	\$ 7,842

Items	2024.12.31	2023.12.31
Contractual liabilities-		
Technical Services	\$ 230,850	\$ 187,283

The contract liabilities at the beginning of the period were recognized as income for the period as follows:

Items	2024.12.31	2023.12.31
Beginning balance of contract liabilities recognized revenue during the period	\$ 144,651	\$ 101,245

(3) Assets related to the contract costs

Items	2024.12.31	2023.12.31
Costs to fulfill contracts	\$ 164,720	\$ 194,075
Less. Accumulated impairment	(23,323)	(59,378)
Total	\$ 141,397	\$ 134,697

For the years ended in 2024 and 2023, the reversal of gain (loss) on costs to fulfill contracts is the amounts of NT\$36,055 thousand and (NTD39,051) thousand, respectively.

16. Employee benefit, depreciation, depletion, and amortization expenses:

Function Nature	2024			2023		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee Benefit Expenses						
Salary Costs	194,767	103,385	298,152	228,076	98,719	326,795
Labor and Health Insurance Fees	18,202	7,754	25,956	21,821	7,659	29,480
Pension costs	8,975	4,614	13,589	9,988	3,639	13,627
Directors' remuneration	—	1,520	1,520	—	1,490	1,490
Other employee benefit expenses	8,297	3,019	11,316	7,964	2,328	10,292
Subtotal	230,241	120,292	350,533	267,849	113,835	381,684
Depreciation expense	265,913	29,399	295,312	272,546	30,892	303,438
Amortization expense	2,858	5,044	7,902	5,880	5,463	11,343

In accordance with the provisions of the Company's Articles of Incorporation, the Company has distributed employee compensation at a rate of 10% to 12% of the pre-tax profit before deducting employee and director remuneration for the current year, and director compensation at a rate not exceeding 2%.

The Company incurred accumulated deficit for the years ended 2024 and 2023, therefore no earnings distribution was made, and no provision was made for employee and director compensation.

17. Non-operating income and expenses

(1) Other income

Items	2024	2023
Rental income	\$ 565	\$ 607
Dividend income	4	4
Profit from lease modification	—	26
Contract termination income	—	2,456
Insurance claim income	11,846	
Others	753	3,964
Total	\$ 13,168	\$ 7,057

(2) Financial costs

Items	2024	2023
Interest expenses:		
Interest on bank loans	\$ 23,779	\$ 20,760
Interest on lease liabilities	2,381	1,723
Others	—	976
Subtotals	\$ 26,160	\$ 23,459
Bank loan processing fees	3,757	3,786
Total	\$ 29,917	\$ 27,245

(3) Other Losses

Items	2024	2023
Fire Losses	\$ (1,065)	\$ 73,962
Claim expenses	1,791	—
Others	733	33
Total	\$ 1,459	\$ 73,995

18. Other Comprehensive Income Component

The following items have been recognized in the consolidated company's statement of other comprehensive income:

(1) Items not reclassified to profit or loss in subsequent periods:

2024	Generate	Other Comprehensive Income	Income Tax Benefits (Expense)	Net of Tax
Remeasurement of defined benefit obligation	\$ 272	\$ 272	\$ (54)	\$ 218
2023	Generate	Other Comprehensive Income	Income Tax Benefits (Expense)	Net of Tax
Remeasurement of defined benefit obligation	\$ 258	\$ 258	\$ (52)	\$ 206

(2) Items that may be reclassified to profit or loss in subsequent periods:

2024	Generate	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Exchange differences on translation	\$ 334	\$ —	\$ 334	\$ (67)	\$ 267

2023	Generate	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Exchange differences on translation	\$ (39)	\$ —	\$ (39)	\$ 8	\$ (31)

19. Income tax

(1) Deferred tax assets (liabilities)

	2024			
	January 1	Recognized in profit or loss	Recognized as other comprehensive net income	December 31
Temporary differences:				
Deferred tax assets (liabilities)				
Allowance for bad debts	\$ 1,921	\$ (92)	\$ —	\$ 1,829
Allowance for inventory write-downs	13,274	453	—	13,727
Payables for annual leave	1,319	160	—	1,479
Depreciation recognition difference	3,258	3,593	—	6,851
Loss carryforwards	44,901	18,202	—	63,103
Investment credits	9,484	—	—	9,484
Unrealized exchange losses	2,376	(3,677)	—	(1,301)
Unrealized loss on investments	(309)	186	—	(495)
Exchange differences on translation of foreign statements	8	—	(67)	59
Pensions	(616)	(9)	(54)	(679)
Others	19,875	(15,211)	—	4,664
Total	\$ 95,491	\$ 3,233	\$ (121)	\$ 98,603

	2023			
	January 1	Recognized in profit or loss	Recognized as other comprehensive net income	December 31
Temporary differences:				
Deferred tax assets				
(liabilities)				
Allowance for bad debts	\$ 1,656	\$ 265	\$ —	\$ 1,921
Allowance for inventory write-downs	6,085	7,189	—	13,274
Payables for annual leave	1,250	69	—	1,319
Depreciation recognition difference	284	2,974	—	3,258
Loss carryforwards	59,777	(14,876)	—	44,901
Investment credits	9,484	—	—	9,484
Unrealized exchange losses	(122)	2,498	—	2,376
Unrealized loss on investments	—	(309)	—	(309)
Exchange differences on translation of foreign statements	—	—	8	8
Pensions	(569)	5	(52)	(616)
Others	11,870	8,005	—	19,875
Total	\$ 89,715	\$ 5,820	\$ (44)	\$ 95,491

(2)Income tax expense (income)

A.Reconciliation between accounting income and current income tax expenses is as follows:

	2024	2023
Current income tax payables	\$ 289	\$ 405
Foreign withholding tax	3,577	4,281
Approval of foreign withholding tax refund	(3,639)	—
Deferred income tax expense (gain)	(3,233)	(5,820)
Underestimation(Overestimation) of prior year's income tax	545	—
Income tax expense (gain) recognized in gain or loss	\$ (2,461)	\$ (1,134)

B. Income tax recognized in other comprehensive income

Item	2024	2023
Gains (losses) on re-measurements of defined benefit plans	\$ 54	\$ 52
Exchange differences on translation	67	(8)
Income tax gain (expense) related to other comprehensive income components	\$ 121	\$ 44

(3) Deferred tax assets that have not been recognized in the balance sheets

As of December 31, 2024, the amount of unused loss carryforwards and unused investment tax credits had not been utilized.

Loss carryforwards

Unutilized balance of tax credits	Expiry year	Recognition of deferred tax asset
\$ 101,215	2025	
154,825	2026	
90,986	2027	
331,649	2028	
218,168	2029	
92,899	2031	
397,662	2032	
591,011	2033	
531,282	2034	
<u>\$ 2,509,697</u>		<u>\$ 63,103</u>

Investment credits

Unutilized balances	Item	Recognized income tax assets
\$ 174,705	Research and development expenditure	
1,122	Training Expenditure	
10,000	shareholders' investment tax credit	
<u>\$ 185,827</u>		<u>\$ 9,484</u>

NOTE: According to the regulations and provisions of the Industrial Development Act for Biotech and New Pharmaceuticals, the shareholders are entitled to investment tax credits. In addition, tax credits for research and development expenses and employee training expenses are also available. These tax credits can be applied to offset the corporate income tax payable for each of the five years following the year in which they were claimed.

(4)The Company's income tax returns have been examined by the tax authorities through 2022.

20. Loss per share

	2024			2023		
	Loss after tax	Weighted average shares (in thousands)	Loss per share	Loss after tax	Weighted average shares (in thousands)	Loss per share
Basic loss per share	(467,125)	205,999	<u>(2.27)</u>	(682,847)	205,528	<u>(3.32)</u>
Dilutive potential						
Employee stock options	—	(NOTE)		—	(NOTE)	
Diluted loss per share	(467,125)	205,999	(2.27)	(682,847)	205,528	(3.32)

NOTE: In the computation of diluted earnings per share, the potential common stock from employee stock options were not included for the years 2024 and 2023 as the consolidated company were in loss.

21. Capital management

Based on the characteristics of the industries in which the consolidated company is currently operating and the future development of the company, as well as taking into account factors such as changes in the external environment, the consolidated company plans its needs for working capital, research and development expenses, and dividend payments in future periods, with a view to safeguarding the consolidated company's ability to continue as a going concern, giving back to its shareholders while attending to the interests of other stakeholders, and maintaining an optimal capital structure to enhance shareholder value over the long run.

In order to maintain or adjust its capital structure, the consolidated company may adjust the amount of dividends paid to shareholders by issuing new shares, distributing cash to shareholders, or repurchasing its shares.

The consolidated company monitors its capital by regularly reviewing its debt ratio. The consolidated company's capital is represented by "total equity" as indicated in its balance sheets, which is also equal to total assets minus total liabilities.

The consolidated company's debt ratios are listed as follows:

Item	2024.12.31	2023.12.31
Total liabilities	\$ 1,344,897	\$ 1,323,209
Total assets	\$ 3,368,376	\$ 3,770,401
Debt ratio	39.93%	35.09%

22. Financial instruments

(1) Information on Fair Value of Financial Instruments

The carrying amounts of the consolidated company's financial instruments not measured at fair value (including cash and cash equivalents, time deposits, notes receivable, accounts receivable, other receivables, long-term and short-term borrowings, refundable deposits, bills payable, accounts payable and other payables) approximate their fair values.

(2) Financial instruments measured at fair value are classified based on the nature, characteristics, and risks of the assets and liabilities and the level of fair value hierarchy. The relevant information is presented below:

A. Fair value hierarchy

	2024.12.31			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income - non-current:				
– Domestic unlisted (OTC) stocks	\$ 268	\$ –	\$ –	\$ 268
	<u>268</u>	<u>–</u>	<u>–</u>	<u>268</u>
	2023.12.31			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income - non-current:				
– Domestic unlisted (OTC) stocks	\$ 268	\$ –	\$ –	\$ 268
	<u>268</u>	<u>–</u>	<u>–</u>	<u>268</u>

B. Information on Fair Value of Financial Instruments

The table below supplies an analysis of financial instruments measured subsequent to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Each level of the fair value hierarchy is defined as follows:

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

C. The valuation techniques and inputs used by the consolidated company to measure the Level 3 fair value are as follows:

For equity investments in domestic unlisted or emerging companies, fair value is estimated using the market approach. This primarily involves reference to recent fundraising activities of the investee or similar entities, market transaction prices, and market conditions, with appropriate adjustments made for any premiums or discounts. A liquidity discount of 20% to 25% is applied to significant unobservable inputs used by the Company, and the fair value of the investment will increase when the liquidity discount decreases.

(3) Financial Risk Management Objectives

The consolidated company's financial risk management objective is to manage market risk, credit risk, and liquidity risk associated with its operating activities. In order to mitigate the relevant financial risks, the consolidated company is committed to identifying, assessing, and avoiding market uncertainties, so as to reduce potentially unfavorable effects brought by market changes to its financial performance.

The consolidated company's major financial activities are reviewed by the Board of Directors in accordance with the relevant regulations and its internal control system. During the implementation of a financial plan, the consolidated company must strictly comply with the financial procedures relating to overall financial risk management and segregation of duties.

A. Market Risk

Market risk refers to a type of risk in which the consolidated company's revenue or the value of financial instruments it holds is influenced by changes in market prices, such as exchange rates, interest rates, and equity securities prices. Financial risk management aims to manage the level of exposure to market risk within an acceptable range and maximize return on investment.

(a) Exchange Rate Risk

Information on the Consolidated Company's foreign-currency financial assets and liabilities with significant influence is as follows:

	2024.12.31			2023.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
RMB: NTD	—	—	—	2,222	4.327	9,614
USD: NTD	5,776	32.785	189,366	11,282	30.705	346,426
EUR: NTD	1,655	34.14	56,502	619	33.980	21,030
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	75	32.785	2,459	418	30.705	12,835
EUR: NTD	6	34.14	205	2,479	33.980	84,236

Due to a wide variety of foreign currencies involved in foreign currency transactions, exchange gains and losses are summarized and disclosed based on various foreign currencies with material impact. All the exchange gains (losses) (including realized and unrealized) recognized in 2024 and 2023 due to changes in exchange rates were NTD\$14,578 thousand and NTD\$3,347 thousand, respectively.

(b)Interest Rate Risk

Interest rate risk refers to a type of risk in which the fair value of financial instruments changes due to market changes.

The carrying amounts of the consolidated company's financial assets and liabilities that are exposed to interest rate risk at the balance sheet date are listed as follows:

	2024.12.31	2023.12.31
With cash flow interest rate risk		
-Financial assets	\$ 305,424	\$ 701,978
-Financial liabilities	\$ 779,440	\$ 656,320

Sensitivity analysis

The sensitivity analysis below is decided based on the interest rate exposure of financial instruments at the balance sheet date. Floating-rate liabilities are analyzed based on the assumption that the amount of liabilities outstanding at the balance sheet date remains outstanding throughout the year.

If the interest rate increases/decreases by one percentage point, with all other variables held constant, the consolidated company's 2024 pre-tax net loss will decrease/increase by NTD\$4,740 thousand, and the pre-tax net loss for 2023 will increase/decrease by NTD\$457 thousand.

B. Credit Risk

Credit risk refers to the risk of financial loss caused by counterparty defaulting on contractual obligations. The credit risk of the consolidated company primarily arises from trade receivables generated by operating activities, as well as bank deposits, fixed income investments, and other financial instruments generated by investment activities. Business related and financial credit risks are managed separately.

(a) Business related credit risk

To maintain the quality of accounts receivable, the Company has established business related credit risk management procedures. The risk assessment of individual customers takes into account various factors that may affect their payment ability, including the customer's financial condition, credit rating, the consolidated company's internal credit rating, historical transaction records, and current economic conditions. The consolidated company also uses certain credit enhancement tools such as prepayment and credit insurance at appropriate time to reduce the credit risk of specific customers.

As of December 31, 2024 and 2023, the total accounts receivable from the top ten selling customers accounted for 72.13% and 64.28%, respectively, of the consolidated company's total accounts receivable. The consolidated company reviews the recoverable amount of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible accounts receivable. Accordingly, the management of the consolidated company believes that the related credit risk has been significantly reduced. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

(b) Financial credit risk

The credit risk of bank deposits, fixed-income investments, and other financial instruments is measured and monitored by the finance department of the consolidated company. As the consolidated company's counterparties and obligors are banks, financial institutions, corporate entities, and government agencies with good credit ratings or above, and there is no significant doubt about their ability to perform, there is no significant credit risk.

C. Liquidity Risk Management

The objective of the consolidated company's liquidity risk management is to maintain sufficient financial flexibility by ensuring the availability of cash and cash equivalents, highly liquid securities, and adequate bank financing facilities required for the consolidated company's operations.

The following table presents an analysis of the consolidated company's financial liabilities by maturity date and undiscounted amount of repayment obligations:

2024.12.31				
Item	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts payables (including related parties)	\$ 34,632	\$ —	\$ —	\$ 34,632
Other payables (including related parties)	177,445	—	—	177,445
Leas liabilities	34,170	69,152	6,793	110,115
Long-term borrowings	168,075	611,365	-	779,440
Total	\$ 414,322	\$ 680,517	\$ 6,793	\$ 1,101,632

2023.12.31				
Item	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts payables (including related parties)	\$ 44,053	\$ —	\$ —	\$ 44,053
Other payables (including related parties)	361,318	—	—	361,318
Leas liabilities	31,612	31,527	10,091	73,230
Long-term borrowings	125,920	530,400	—	656,320
Total	\$ 562,903	\$ 561,927	\$ 10,091	\$ 1,134,921

23. Cash Flow Information

(1) Non-cash transactions

	2024	2023
Increase in Property, Plant, and Equipment (Prepaid Equipment)	\$ (195,513)	\$ (457,229)
Changes in Payables for Construction and Equipment	(134,912)	161,598
Acquisition of property, plant and equipment (including prepayments) - cash paid	\$ (330,425)	\$ (259,631)
	2024	2023
Increase in Intangible Assets	\$ (82)	\$ (1,971)
Changes in accounts payable	—	—
Acquisition of intangible assets-cash paid	\$ (82)	\$ (1,971)

(2) Changes in liabilities from financing activities

	2024.01.01 balance	Cash Flow	Non-cash changes		2024.12.31 Balance
			Changes in Lease Terms	Other	
Lease liabilities	\$ 69,957	\$ (42,513)	\$ 76,508	\$ —	\$ 103,952

	2023.01.01 balance	Cash Flow	Non-cash changes		2023.12.31 Balance
			Changes in Lease Terms	Other	
Lease liabilities	\$ 93,652	\$ (40,444)	\$ 19,441	\$ (2,692)	\$ 69,957

VII. RELATED PARTY TRANSACTIONS

1. Name and Relationship of Related Parties

Name of related party	Relationship with Consolidated Company
Center Laboratories, Inc.	The investors with significant influence
JCR Pharmaceuticals Co., Ltd.	The investors with significant influence
BioGend Therapeutics Co.,Ltd.	Related party in substance
LUMOSA THERAPEUTICS CO., LTD	Related party in substance
Bioengine Technology Development Inc	Related party in substance
GLAC BIOTECH CO., LTD.	Related party in substance
KRISAN BIOTECH CO.	Affiliated Company

2. Significant transactions between the consolidated company and related parties are listed as follows:

(1) Operating Revenue

Name of Related Party	2024	2023
BioGend Therapeutics Co., Ltd.	\$ 23,895	\$ 23,757
LUMOSA THERAPEUTICS CO., LTD.	22,205	30,995
JCR Pharmaceuticals Co., Ltd.	132,252	129,234
KRISAN BIOTECH CO.	36	—
GLAC BIOTECH CO., LTD.	—	600
Total	\$ 178,388	\$ 184,586

For the related party transactions, the prices were determined by both parties based on market situations.

(2)Outsourced research and development

Name of related party	2024	2023
KRISAN BIOTECH CO.	\$ 11,746	\$ 5,980

(3)Operating Expenses

Items	Name of Related Party	2024	2023
Other operating expenses	LUMOSA THERAPEUTICS CO., LTD.	\$ —	\$ 208
Other operating expenses	BioGenD Therapeutics Co., Ltd.	10	—
Other operating expenses	JCR Pharmaceuticals Co., Ltd.	15	—
Professional service fees	LUMOSA THERAPEUTICS CO., LTD.	—	21
Other operating expenses	Bioengine Technology Development Inc.	—	208
Professional service fees	Center Laboratories, Inc.	—	75
Disbursement fee	Center Laboratories, Inc.	—	12
Total		\$ 25	\$ 524

(4)Other income

Name of Related Party	2024	2023
JCR Pharmaceuticals Co., Ltd.	26	156
KRISAN BIOTECH CO.	—	188
Total	\$ 26	\$ 344

3. Receivables and payables with related parties:

(1)Contractual assets

Name of Related Party	2024.12.31	2023.12.31
BioGenD Therapeutics Co., Ltd.	\$ 979	\$ —
LUMOSA THERAPEUTICS CO., LTD.	2,316	—
Total	\$ 3,295	\$ —

(2)Accounts receivable – related parties

Name of Related Party	2024.12.31	2023.12.31
BioGenD Therapeutics Co., Ltd.	\$ 315	\$ 720
LUMOSA THERAPEUTICS CO., LTD.	12	3,115
JCR Pharmaceuticals Co., Ltd.	436	5,459
KRISAN BIOTECH CO.	35	—
Total	\$ 798	\$ 9,294

(3) Contractual liabilities

Name of Related Party	2024.12.31	2023.12.31
BioGenD Therapeutics Co., Ltd.	\$ 9,182	\$ 17,095
LUMOSA THERAPEUTICS CO., LTD.	5,516	6,128
JCR Pharmaceuticals Co., Ltd.	33,435	32,805
Total	\$ 48,133	\$ 56,028

(4) Accounts payable

Name of Related Party	2024.12.31	2023.12.31
KRISAN BIOTECH CO.	\$ 457	\$ 1,123

(5) Other payables

Name of Related Party	2024.12.31	2023.12.31
Bioengine Technology Development Inc.	\$ —	\$ 33
JCR Pharmaceuticals Co., Ltd.	—	4
Total	\$ —	\$ 37

(6) Other current liabilities — Other advances received

Name of Related Party	2024.12.31	2023.12.31
JCR Pharmaceuticals Co., Ltd.	\$ 14,726	\$ —

4. Information on Compensation of Key Management Personnel

Items	2024	2023
Salaries and other short-term employee benefits	\$ 20,257	\$ 22,106
Retirement benefits	108	108
Share-based payments	698	832
Total	\$ 21,063	\$ 23,046

VIII. PLEDGED ASSETS

The following assets of the consolidated company have been provided as collateral or are subject to restrictions for use as a source of borrowing facilities by financial institutions.

Name of Pledged Asset	2024.12.31	2023.12.31	Content of Secured Debt
Pledged time deposits (Current financial assets at amortized cost)	\$ 1,200	\$ 1,200	Security deposits for leased land
Restricted assets (Other current assets)	27,459	33,192	Reserve accounts and Bank loans
Property, plant, and equipment (including prepayments for equipment)	1,138,448	1,187,366	Bank loans
Total	<u>\$ 1,167,107</u>	<u>\$ 1,221,758</u>	

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of the end of December 31, 2024 and 2023, the consolidated company had signed contracts for the purchase of equipment and construction of plants buildings, with capital expenditures yet to be completed amounting to NT\$161,628 thousand and NT\$226,845 thousand, respectively.

X. LOSS FROM MATERIAL DISASTERS:

On March 6, 2023, the Company suffered a fire, which resulted in damage to equipment and inventory, and incurred repair and maintenance costs. The estimated loss from the fire was \$73,962 thousand, which was recognized as other losses for the period January 1 to December 31, 2023, the company has insured relevant property. As of the date of approval of the financial report, the company received an insurance claim reimbursement of NT\$10,000 thousand from the insurance company in April, 2024, and is continuing to negotiate with the insurance company regarding the claim settlement.

XI. SIGNIFICANT MATTERS AFTER THE PERIOD: None

XII. ADDITIONAL DISCLOSURES

1. Information on Significant Transactions and Investees

No.	Items	Description
1.	Financing provided	None
2.	Endorsement/guarantee provided	None
3.	Marketable securities held (excluding investments in subsidiaries, associates and joint venture)	TABLE 1
4.	Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital	None
5.	Acquisition of real estate property at costs of at least NT\$300 million or 20% of the paid-in capital	None
6.	Disposal of real estate property at costs of at least NT\$300 million or 20% of the paid-in capital	None
7.	Purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital	TABLE 2
8.	Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital	None
9.	Engaging in Derivatives Transactions	None

2. Disclosure of Information on Investees

No.	Items	Description
1.	Information on investees (excluding information on investments in Mainland China)	TABLE 3
2.	Disclosure of control over investment companies	None

3. Mainland China Investment Information: None.

4. Information on major shareholders:

Name, number of shares and percentage of ownership of shareholders with a shareholder percentage of at least 5%: TABLE 4

5. Business relationships and significant intercompany transactions: TABLE 5

XIII. SEGMENT INFORMATION

The consolidated company is a professional CDMO (Contract Development and Manufacturing Organization) company, providing a full range of biopharmaceutical development and production services, only operating a single industry, and the consolidated company's operating decision-makers are based on the Company's overall evaluation of performance and allocation of resources, and the consolidated company has been identified as a single reportable department.

1. Major products and labor revenues

Items	2024	2023
Sale of technical services	\$ 681,190	\$ 651,507
Other revenue	2,734	1,113
Total	\$ 683,924	\$ 652,620

2. Geographical information

The Company's main operating region is located in Taiwan. Geographical segment revenue is calculated based on the location of the recipient. Please refer to Note 6.15 for details.

3. Main customer information

Customer	2024		2023	
	Revenue Amount	Revenue Percentage	Revenue Amount	Revenue Percentage
Client AK	\$ 132,252	19	\$ 129,234	20
Client Y	96,340	14	190,194	29
Client D	89,098	13	18,666	3
Client AW	80,869	12	25,887	4
Client G	70,461	10	10,994	2
Total	\$ 469,020	68	\$ 374,975	58

Mycenax Biotech Inc. and Subsidiaries

Marketable securities held

December 31, 2024

Table 1:

Relevant information disclosure on the Company's marketable securities holdings on December 31, 2024

(excluding subsidiaries, associates and joint ventures):

Unit: In Thousands of NTD

Name of Company Held	Type and name of securities	Relationship with Securities Issuer	Financial Statement Account	Ending Balance			
				Number of Shares	Carrying amount	Shareholding percentage	Fair Value
Mycenax Biotech Inc.	Taiwan Depository & Clearing Corporation	Non-related parties	Non-current financial assets at fair value through other comprehensive income	1,785	268	0.0002%	268

Mycenax Biotech Inc. and Subsidiaries

Purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

December 31, 2024

Table 2: Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: In Thousands of NTD

Imports (Sales) international trading	Counterparty Name	Relationship	Transactional circumstances				Circumstances and Reasons for Transactions with Terms That Differ from standard Transactions		Notes and accounts receivable (payable)		Note
			Import (Sales)	Amount	Ratio of total purchases (sales) to total sales (purchases)	Credit period	Unit Price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
Mycenax Biotech Inc.	JCR Pharmaceuticals Co., Ltd.	Investors with significant influence	Sales	132,252	19.34%	60 days from the invoice date	Comparable to general customers	Accounts receivable \$ 436	0.4%	—	

Mycenax Biotech Inc. and Subsidiaries
Name and location of the investee company
December 31, 2024

Table 3: Name, locations and other relevant information of the investees: (excluding investees in mainland)

Unit: In Thousands of NTD:Shares

Name of Investor	Investee Companies	Address	Main Operations	Initial Investment Amount		December 31, 2024			Net Profit (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2024	December 31, 2023	Number of shares	Ratio	Carrying amount			
Mycenax Biotech Inc.	KRISAN BIOTECH CO., LTD.	Tainan City, Taiwan (R.O.C.)	Development and manufacturing of active pharmaceutical ingredients (APIs)	200,000	200,000	10,000,000	19.15%	177,599	(46,792)	(12,943)	—
Mycenax Biotech Inc.	Mycenax Biotech USA, LLC	USA	Market Development	3,085	3,085	100,000	100.00%	5,858	932	932	—

Mycenax Biotech Inc. and Subsidiaries
 INFORMATION ON MAJOR SHAREHOLDERS
 December 31, 2024

Table 4

Names of major shareholders	Shares	
	No. of shares held	Shareholding percentage
Center Laboratories, Inc.	41,974,314	20.27%
JCR Pharmaceuticals Co., Ltd.	41,220,000	19.91%

Mycenax Biotech Inc. and Subsidiaries
 Business relationship and significant intercompany transactions
 December 31, 2024

Table 5: Business Relationships and Significant Transactions Between Parent and Subsidiary:

Unit: In Thousands of NTD

Number	Trading name	Trading Counterparties	Relationship with Traders	Transaction history			
				Account	Amount	Trading Conditions	Percentage of Consolidated Total Revenues or Ratio of total assets
1	Mycenax Biotech Inc.	Mycenax Biotech USA, LLC	1	Labor/Service Income	14,493	In accordance with the terms and conditions of the agreement between the two parties	2.12%