

EIRGENIX INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

Opinion

We have audited the accompanying parent company only balance sheets of EirGenix Inc. (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

Accuracy of recognising service revenue and sales revenue over time

Description

Refer to Note 4(25) for accounting policy on recognising service revenue and sales revenue over time, Note 5(2) for significant accounting estimates and assumptions on recognising service revenue and sales revenue over time, and Note 6(20) for details of operating revenue. The amount of service revenue and sales revenue recognised over time for the year ended December 31, 2024 were NTD 592,158 thousand and NTD 308,386 thousand, respectively.

The Company's service and sales revenue recognised over time primarily arise from offering biopharmaceutical contract development and manufacturing services. Revenue is recognised based on the stage of completion at the balance sheet date provided that such transaction amounts can be reliably estimated. Since the information process, recording and maintenance are partially performed manually, the service and sales revenue recognised over time contains a high degree of uncertainty resulting in a complex calculation process, and revenue recognition is significant to the financial statements, we considered the accuracy of recognising service revenue and sales revenue over time a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained management's accounting policies on the service and sales revenue recognised over time and confirmed whether they are reasonable.
2. Selected samples and examined the contract in order to confirm whether the judgement made by the management was in line with the contract and generally accepted accounting principles.
3. For the performance obligation which was satisfied over time, selected samples and examined each data of contract costs and assessed whether the method and parameters used to measure the completion of performance obligation are reasonable.
4. Recalculated the accuracy of amount recognised as revenue and respective timing of recognition.

Impairment assessment of property, plant and equipment

Description

Refer to Note 4(17) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to property, plant and equipment and Note 6(9) for description of property, plant and equipment.

On December 31, 2024, property, plant and equipment amounted to NTD 3,905,678 thousand, which were constructed to extend the production capacity of GMP. The Company assesses at each balance sheet date the fair value or recoverable value of those assets whether there is any indication that they may be impaired based on internal and external information. Since the impairment indication assessment and information and assumptions used to assess recoverable amount of assets have significant impact to property, plant and equipment, we considered impairment assessment of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Reviewed and assessed the reasonableness of each data in the impairment assessment.
2. Assessed the estimation procedure of future cash flows, and checked whether the cash flows listed in the assessment is consistent with operating plans.
3. Interviewed management to discuss the Company's operations and reviewed the actual performance of prior years' operating plans in order to understand the Company's intention and ability.
4. Assessed the reasonableness of the significant assumptions adopted in estimating cash flows.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we 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 parent company only financial statements of the current period 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.

Yu, Shu-Fen

Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2025

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EIRGENIX INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,090,925	38	\$ 5,048,604	45
1136	Current financial assets at amortised cost	6(3)	500,000	5	500,000	5
1140	Current contract assets	6(20) and 7	385,940	4	293,694	3
1150	Notes receivable, net	6(4)	50	-	19	-
1170	Accounts receivable, net	6(4)	110,596	1	253,390	2
1180	Accounts receivable, net-related parties	7	3,100	-	2,636	-
1200	Other receivables		34,266	-	20,497	-
1220	Current income tax assets		26,863	-	17,648	-
130X	Inventories	6(5)	552,088	5	680,637	6
1410	Prepayments	6(6) and 7	243,338	2	92,677	1
11XX	Total current assets		5,947,166	55	6,909,802	62
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2) and 7	102,142	1	80,298	1
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	263,125	2	325,887	3
1535	Non-current financial assets at amortised cost	6(3) and 8	129,326	1	40,720	-
1550	Investments accounted for using equity method	6(8)	10,307	-	7,743	-
1600	Property, plant and equipment, net	6(9), 7 and 8	3,905,678	36	3,337,069	30
1755	Right-of-use assets	6(10)	319,084	3	329,236	3
1780	Intangible assets	6(11)	21,115	-	28,269	-
1990	Other non-current assets	6(9)(12) and 8	182,562	2	104,764	1
15XX	Total non-current assets		4,933,339	45	4,253,986	38
1XXX	Total assets		\$ 10,880,505	100	\$ 11,163,788	100

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EIRGENIX INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(20) and 7	\$ 46,176	1	\$ 56,766	-
2170	Accounts payable		87,287	1	79,556	1
2200	Other payables	6(13)	558,701	5	519,762	5
2220	Other payables - related parties	7	22,144	-	20,751	-
2280	Current lease liabilities		27,905	-	28,622	-
2320	Long-term liabilities, current portion	6(14) and 8	205,629	2	-	-
2399	Other current liabilities, others		3,617	-	2,937	-
21XX	Total current liabilities		951,459	9	708,394	6
Non-current liabilities						
2540	Long-term borrowings	6(14) and 8	359,768	3	120,460	1
2570	Deferred tax liabilities	6(26)	1,892	-	1,380	-
2580	Non-current lease liabilities		307,998	3	316,085	3
2640	Net defined benefit liability, non-current	6(15)	1,131	-	-	-
2670	Other non-current liabilities, others		-	-	6	-
25XX	Total non-current liabilities		670,789	6	437,931	4
2XXX	Total liabilities		1,622,248	15	1,146,325	10
Equity						
	Capital	6(17)				
3110	Common stock		3,062,162	28	3,060,516	28
3140	Advance receipts for share capital		330	-	-	-
	Capital reserve	6(18)				
3200	Capital surplus		6,954,889	64	7,830,216	70
	Accumulated deficit	6(19)				
3350	Accumulated deficit		(698,344)	(6)	(915,208)	(8)
	Other equity interest					
3400	Other equity interest		230	-	41,939	-
3500	Treasury shares	6(17)	(61,010)	(1)	-	-
3XXX	Total equity		9,258,257	85	10,017,463	90
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 10,880,505	100	\$ 11,163,788	100

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(20) and 7		\$ 1,008,960	100	\$ 1,022,653	100
5000 Operating Costs	6(5)(11)(25) and 7	(	789,975)	(78)	(785,912)	(77)
5900 Gross Profit			218,985	22	236,741	23
Operating Expenses	6(11)(25) and 7					
6100 Sales and marketing expenses		(	76,115)	(8)	(62,593)	(6)
6200 General and administrative expenses		(	223,446)	(22)	(254,196)	(25)
6300 Research and development expenses		(	789,179)	(78)	(955,346)	(94)
6450 Expected credit impairment loss	12(2)	(	87,934)	(9)	-	-
6000 Total operating expenses		(	1,176,674)	(117)	(1,272,135)	(125)
6900 Operating Loss		(	957,689)	(95)	(1,035,394)	(102)
Non-operating Income and Expenses						
7100 Interest income	6(3)(4)(21)		140,509	14	134,471	13
7010 Other income	6(22)		1,957	-	5,439	1
7020 Other gains and losses	6(2)(10)(23)		121,260	12	(11,180)	(1)
7050 Finance costs	6(9)(10)(24)	(	6,430)	-	(10,403)	(1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(8)		2,561	-	2,324	-
7000 Total non-operating income and expenses			259,857	26	120,651	12
7900 Loss before Income Tax		(	697,832)	(69)	(914,743)	(90)
7950 Income tax	6(26)	(	512)	-	(465)	-
8200 Net Loss		(	698,344)	(69)	(\$ 915,208)	(90)
Other Comprehensive Income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8316 Unrealised gains or losses from investments in equity instruments measured at fair value through other comprehensive income	6(7)	(	92,762)	(9)	\$ 45,939	5
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss		(	92,762)	(9)	45,939	5
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation of foreign financial statements			-	-	220	-
8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(26)		-	-	(41)	-
8360 Other comprehensive income that will be reclassified to profit or loss			-	-	179	-
8300 Other Comprehensive Loss (income)		(	92,762)	(9)	\$ 46,118	5
8500 Total Comprehensive Loss		(	791,106)	(78)	(\$ 869,090)	(85)
Loss per share (in dollars)	6(27)					
9750 Basic and diluted loss per share		(	2.28)		(\$ 3.00)	

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves					Retained Earnings	Other Equity Interest				
	Notes	Common stock	Additional paid-in capital	Employee stock options	Restricted stock to employees	Capital surplus, others	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Treasury shares	Total equity
Year ended December 31, 2023												
Balance at January 1, 2023		\$ 3,043,358	\$ 7,532,828	\$ 95,289	\$ 105,148	\$ 876	(\$ 115,540)	(\$ 17)	\$ 64,922	(\$ 43,986)	\$ -	\$ 10,682,878
Loss for 2023		-	-	-	-	-	(915,208)	-	-	-	-	(915,208)
Other comprehensive income	6(7)	-	-	-	-	-	-	179	45,939	-	-	46,118
Total comprehensive income (loss)		-	-	-	-	-	(915,208)	179	45,939	-	-	(869,090)
Capital surplus used to offset against accumulated deficit	6(19)	-	(114,664)	-	-	(876)	115,540	-	-	-	-	-
Compensation costs of share-based payments	6(16)	-	-	84,285	-	-	-	-	-	96,615	-	180,900
Employee stock options exercised	6(16)(17)	7,270	25,769	(10,264)	-	-	-	-	-	-	-	22,775
Employee stock options expired	6(16)	-	-	(1,810)	-	1,810	-	-	-	-	-	-
Issuance of employee restricted stocks	6(16)(17)	11,818	-	-	109,895	-	-	-	-	(121,713)	-	-
Redemption of employee restricted stocks	6(16)(17)	(1,930)	-	-	1,930	-	-	-	-	-	-	-
Restricted stocks vested		-	71,119	-	(71,119)	-	-	-	-	-	-	-
Balance at December 31, 2023		\$ 3,060,516	\$ 7,515,052	\$ 167,500	\$ 145,854	\$ 1,810	(\$ 915,208)	\$ 162	\$ 110,861	(\$ 69,084)	\$ -	\$ 10,017,463
Year ended December 31, 2024												
Balance at January 1, 2024		\$ 3,060,516	\$ 7,515,052	\$ 167,500	\$ 145,854	\$ 1,810	(\$ 915,208)	\$ 162	\$ 110,861	(\$ 69,084)	\$ -	\$ 10,017,463
Loss for 2024		-	-	-	-	-	(698,344)	-	-	-	-	(698,344)
Other comprehensive loss	6(7)	-	-	-	-	-	-	-	(92,762)	-	-	(92,762)
Total comprehensive loss		-	-	-	-	-	(698,344)	-	(92,762)	-	-	(791,106)
Capital surplus used to offset against accumulated deficit	6(19)	-	(913,398)	-	-	(1,810)	915,208	-	-	-	-	-
Compensation costs of share-based payments	6(16)	-	-	58,137	(28,946)	-	-	-	-	45,827	-	75,018
Employee stock options exercised	6(16)(17)	5,128	21,613	(8,849)	-	-	-	-	-	-	-	17,892
Employee stock options expired	6(16)	-	-	(8,448)	-	8,448	-	-	-	-	-	-
Issuance of employee restricted stocks	6(16)(17)	4,024	-	-	31,950	-	-	-	-	(35,974)	-	-
Redemption of employee restricted stocks	6(16)(17)	(7,176)	-	-	(34,024)	-	-	-	-	41,200	-	-
Restricted stocks vested		-	62,707	-	(62,707)	-	-	-	-	-	-	-
Repurchase of treasury stock	6(17)	-	-	-	-	-	-	-	-	-	(61,010)	(61,010)
Balance at December 31, 2024		\$ 3,062,492	\$ 6,685,974	\$ 208,340	\$ 52,127	\$ 8,448	(\$ 698,344)	\$ 162	\$ 18,099	(\$ 18,031)	(\$ 61,010)	\$ 9,258,257

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 697,832)	(\$ 914,743)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(25)	292,792	227,208
Amortization	6(11)(25)	8,549	11,296
Net (gain) loss on financial assets or liabilities at fair value	6(2)(23)	(6,844)	1,122
Interest expense	6(24)	6,430	10,403
Interest income	6(21)	(140,509)	(134,471)
Dividend income	6(22)	(246)	(475)
Compensation costs of share-based payments	6(16)(25)	75,018	180,900
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(8)	(2,561)	(2,324)
Losses on lease modification	6(10)(23)	42	413
Expected credit impairment loss	12(2)	87,934	-
Losses on disposal of property, plant and equipment	6(23)	934	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(106,997)	(59,295)
Notes receivable, net		(31)	(19)
Accounts receivable, net		69,611	(220,608)
Accounts receivable, net-related parties		(464)	(2,636)
Other receivables		(13,101)	6,736
Inventories		128,549	58,826
Prepayments		(150,661)	29,825
Changes in operating liabilities			
Contract liabilities		(10,590)	(93,709)
Accounts payable		7,731	(55,051)
Other payables		20,039	7,338
Other payables - related parties		1,393	4,354
Other current liabilities, others		260	(169)
Net defined benefit liability, non-current		1,131	-
Cash outflow generated from operations		(429,423)	(945,079)
Interest received		140,374	132,183
Interest paid		(15,597)	(10,393)
Dividends received		246	475
Income tax received		4,834	1,128
Income tax paid		(14,049)	(12,813)
Net cash flows used in operating activities		(313,615)	(834,499)

(Continued)

EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(7) and 12(3)	(\$ 30,000)	(\$ 623)
Acquisition of financial assets at amortised cost		(1,589,139)	(3,700,000)
Proceeds from disposal of financial assets at amortised cost		1,500,300	4,200,403
Acquisition of property, plant and equipment	6(9)(28)	(725,431)	(575,239)
Proceeds from disposal of property, plant and equipment		15	-
Acquisition of investments accounted for using equity method	6(8)	(3)	-
Acquisition of intangible assets	6(11)(28)	(5,973)	(15,142)
Decrease in refundable deposits (shown as other non-current assets)		229	56,253
Decrease (increase) in prepayments for investments (shown as other non-current assets)		31,270	(46,270)
Increase in prepayments for business facilities (shown as other non-current assets)	6(9)	(196,222)	(138,453)
Net cash flows used in investing activities		(1,014,954)	(219,071)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(29)	444,937	-
Repayments of lease principal	6(29)	(31,343)	(29,307)
Increase in guarantee deposits received (shown as other current liabilities, others)	6(29)	414	-
Decrease in guarantee deposits received (shown as other non-current liabilities, others)	6(29)	-	(288)
Employee stock options exercised		17,892	22,775
Repurchase of treasury stock	6(17)	(61,010)	-
Net cash flows from (used in) financing activities		370,890	(6,820)
Net decrease in cash and cash equivalents		(957,679)	(1,060,390)
Cash and cash equivalents at beginning of year		5,048,604	6,108,994
Cash and cash equivalents at end of year		<u>\$ 4,090,925</u>	<u>\$ 5,048,604</u>

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. History and Organization

(1) EirGenix, Inc. (hereinafter referred to as the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 2012. In April 2013, the Company obtained all key technologies from the biopharmaceutical pilot plant originally owned by the Development Center for Biotechnology, including its complete core competencies. The Company is primarily engaged in the research and development of biosimilars and new drugs, as well as biopharmaceutical contract development and manufacturing services, which included cell line construction platforms, process development platforms, analytical science and protein identification. Furthermore, the Company has two PIC/S GMP facilities certified by the Taiwan Food and Drug Administration (TFDA), one for mammalian cells and one for microbial, to provide clinical trial drug and commercial drug production.

(2) The shares of the Company have been listed on the Taipei Exchange since June 28, 2019.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

The amendments require an entity to update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value

of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses.'

B. Translation of foreign operations

The operating results and financial position of all the subsidiaries, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purpose;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly for trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through profit or loss and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method - subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

- D. In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the parent company only financial statements. In addition, owner’s equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	2 ~ 10 years
Office equipment	3 ~ 10 years
Buildings and structures	5 ~ 20 years
Leasehold improvements	3 ~ 20 years
Other equipment	2 ~ 10 years

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

The Company's accounting policies on intangible assets are summarised below:

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Professional expertise

Professional expertise is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the amounts resolved by the shareholders and the actual amounts subsequently distributed is accounted for as changes in estimates.

(22) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are not required to return the dividends received if they resign during the vesting period.
- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Company will redeem and retire those stocks at the initial issuance price.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Revenue recognition

A. Service and sales revenue recognised over time

- (a) The Company provides biopharmaceutical contract testing, development manufacturing services. Revenue from providing services and sales is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

B. Sales revenue

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

C. Authorisation and cooperative development revenue

- (a) The Company's authorisation and cooperative development transactions mainly arise from authorising intellectual property rights of pharmaceutical products to pharmaceutical factories. Although the Company will continuously provide research and development services on the pharmaceutical products, pharmaceutical factories can access the research and development outcome at any time. Based on the Company's assessment, the Company uses its special technologies in manufacturing pharmaceutical cell lines, which are unique so that pharmaceutical factories would have difficulty finding another similar service provider who offers the same services in terms of the subsequent research and development on the

authorised pharmaceutical products. The authorisation and subsequent research and development services provided by the Company are bonded and highly interrelated, which does not meet the criteria of being distinct, and hence are accounted for as a single performance obligation to be delivered over time. Pharmaceutical factories pay a non-refundable up-front payment upon signing of the contracts, and make milestone payments upon each milestone achieved. The transaction prices, net of variable considerations that are not highly probable to be realised, are recognised as revenue based on the progress of performance obligations that are satisfied over time. The aforementioned stage of completion is determined based on the ratio of the actual research and development costs incurred at the end of the reporting period to the estimated total research and development costs for the authorisation contracts. The Company uses input method to measure progress towards the satisfaction of a performance obligation as there is a direct relationship between the transfer of control of services to customers and the Company's inputs, including costs of contract research and development services, contract manufacturing services and medicines. Revenue is only recognised when it is highly probable that a significant reversal will not occur. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. A contract liability recognised as revenue through the performance obligation is satisfied over time.

- (b) The Company also entered into contracts with pharmaceutical factories, whereby the Company is entitled to a sales-based royalty in exchange for a license of manufacturing and the right to sell pharmaceutical products. In accordance with the contracts, the Company will not undertake any activities that will significantly affect the intellectual property to which the customer has rights. The Company recognises revenue at the later of when the performance obligation has been satisfied and the subsequent transfer of control or sale occurs.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment on property, plant and equipment

- (a) The Company assesses impairment based on its internal and external information and industry characteristics 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 utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

- (b) As of December 31, 2024, the carrying amount of property, plant and equipment was \$3,905,678.

B. Recognition of service and sales revenue recognised over time

- (a) Service and sales revenue recognised over time are recognised based on the stage of completion. The Company sets the key assumption factors for estimating total future cost based on the past operating experience, and regularly reviews and assesses the reasonableness of the basis for relevant assumptions.
- (b) For the year ended December 31, 2024, the service and sales revenue recognised over time amounted to \$592,158 and \$308,386, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	\$ 61	\$ 61
Demand deposits	382,754	443,581
Time deposits	3,708,110	4,604,962
	<u>\$ 4,090,925</u>	<u>\$ 5,048,604</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2024	December 31, 2023
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Profit-sharing investment in new drug development	\$ 58,390	\$ 58,390
Limited partnership venture capital	35,000	20,000
	93,390	78,390
Valuation adjustment	8,752	1,908
	<u>\$ 102,142</u>	<u>\$ 80,298</u>

A. The Company recognised net gains (losses) amounting to \$6,844 and (\$1,122) on financial assets at fair value through profit or loss for the years ended December 31, 2024 and 2023, respectively.

B. On April 18, 2022, the Company entered into a new drug development profit-sharing agreement for TSY-0110 (EG12043) (the “Product”) with FORMOSA PHARMACEUTICALS, INC. to replace the original development and manufacturing related cooperation agreement. Raw materials for the product development stage were provided by the Company at a reasonable market price, and FORMOSA PHARMACEUTICALS, INC. was responsible for the research and development of the product, and the implementation of the production and manufacturing of the product after completing the development of the product. Either party may commercialize this product in the global market, and each party is entitled to receive 50% licensing interest in any future revenue or interest derived from the development and commercialization of the product. Under the aforementioned agreement, the Company paid a consideration amounting to US\$30,000 thousand for the licensing interest, which will be paid in accordance with the agreement and the development schedule. As of December 31, 2024, the Company had paid US\$2,000 thousand.

C. On December 11, 2023, the Company acquired additional shares of Forward BioT Venture Capital in the amount of \$15,000. Consequently, the Company transferred the related prepayments for investments (shown as 'other non-current assets') into financial assets at fair value through profit or loss.

(3) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits (Note)	\$ 500,000	\$ 500,000
Non-current items:		
Government bonds	\$ 31,399	\$ 31,930
Pledged time deposits	9,221	8,790
Corporate bonds	6,744	-
Private placements corporate bonds	81,962	-
	<u>\$ 129,326</u>	<u>\$ 40,720</u>

Note: The deposit period for time deposits ranges between three months and a year.

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2024	2023
Interest income	\$ 11,863	\$ 28,235

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits, government bonds and corporate bonds are financial institutions and governments with high credit quality, and the issuers and the guarantors of the private placement corporate bonds are international financial groups with optimal credit ratings. Thus, the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 50	\$ 19
Accounts receivable	\$ 183,779	\$ 253,687
Less: Allowance for uncollectible accounts	(73,183)	(297)
	<u>\$ 110,596</u>	<u>\$ 253,390</u>

A. The ageing analysis of notes receivable and accounts receivable that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 50	\$ 111,088	\$ 19	\$ 176,990
Up to 30 days past due	-	-	-	76,400
31 to 90 days past due	-	750	-	-
91 to 180 days past due	-	52,242	-	-
Over 181 days past due	-	19,699	-	297
	<u>\$ 50</u>	<u>\$ 183,779</u>	<u>\$ 19</u>	<u>\$ 253,687</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, notes receivable and accounts receivable (including related parties) were all from contracts with customers. Also, as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$32,782.

C. For the year ended December 31, 2024 and 2023, the interest income recognised in profit or loss amounted to \$548 and \$0, respectively.

D. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable (including related parties) held by the Company was \$113,746 and \$256,045, respectively.

E. The Company did not hold any collateral.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 418,364	(\$ 82,925)	\$ 335,439
Finished goods	216,794	(1,133)	215,661
Merchandise inventory	1,028	(40)	988
	<u>\$ 636,186</u>	<u>(\$ 84,098)</u>	<u>\$ 552,088</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 426,217	(\$ 51,483)	\$ 374,734
Work in progress	127,143	-	127,143
Finished goods	178,690	(165)	178,525
Merchandise inventory	235	-	235
	<u>\$ 732,285</u>	<u>(\$ 51,648)</u>	<u>\$ 680,637</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2024	2023
Cost of goods used	\$ 232,434	\$ 327,739
Cost of goods sold	221,939	149,041
Loss on decline in market value	32,450	33,321
Loss on disposal inventory	4,955	1,014
Gain on physical inventory	(2)	(4)
	<u>\$ 491,776</u>	<u>\$ 511,111</u>

(6) Prepayments

	December 31, 2024	December 31, 2023
Prepayments for contracted research expense	\$ 186,169	\$ 17,151
Excess business tax paid (or Net Input VAT)	12,826	24,504
Prepayments to suppliers	13,660	26,187
Other prepaid expenses	30,683	24,835
	<u>\$ 243,338</u>	<u>\$ 92,677</u>

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

Items	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Emerging and unlisted stocks	\$ 245,026	\$ 215,026
Valuation adjustment	18,099	110,861
	<u>\$ 263,125</u>	<u>\$ 325,887</u>

- A. The Company has elected to classify shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$263,125 and \$325,887 as at December 31, 2024 and 2023, respectively.
- B. The Company acquired equity instruments amounting to \$30,000 and \$623 for the years ended December 31, 2024 and 2023, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 92,762)	\$ 45,939
Dividend income recognised in profit or loss held at end of period	\$ 246	\$ 475

(8) Investments accounted for using equity method

	December 31, 2024	December 31, 2023
Subsidiary:		
EirGenix Europe GmbH	\$ 10,106	\$ 7,743
EirGenix USA Inc.	201	-
	<u>\$ 10,307</u>	<u>\$ 7,743</u>

- A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2024 for the information regarding the Company's subsidiaries.
- B. EirGenix USA Inc. is a subsidiary that was established in November 2023.
- C. Share of profit of subsidiaries, associates and joint ventures accounted for using equity method is as follows:

	Year ended December 31	
	2024	2023
Subsidiary:		
EirGenix Europe GmbH	\$ 2,367	\$ 2,324
EirGenix USA Inc.	194	-
	<u>\$ 2,561</u>	<u>\$ 2,324</u>

(9) Property, plant and equipment

2024

	Machinery and equipment	Office equipment	Buildings and structures	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (shown as other non-current assets)
At January 1								
Cost	\$ 1,301,038	\$ 78,972	\$ 1,978,099	\$ 47,320	\$ 37,142	\$ 681,732	\$ 4,124,303	\$ 14,489
Accumulated depreciation	(410,365)	(37,282)	(307,474)	(16,951)	(15,162)	-	(787,234)	-
	<u>\$ 890,673</u>	<u>\$ 41,690</u>	<u>\$ 1,670,625</u>	<u>\$ 30,369</u>	<u>\$ 21,980</u>	<u>\$ 681,732</u>	<u>\$ 3,337,069</u>	<u>\$ 14,489</u>
Opening net book amount as at January 1	\$ 890,673	\$ 41,690	\$ 1,670,625	\$ 30,369	\$ 21,980	\$ 681,732	\$ 3,337,069	\$ 14,489
Additions	109,022	2,219	5,379	3,879	2,050	633,732	756,281	196,222
Reclassifications	264,322	-	4,420	5,374	-	(274,116)	-	-
Transfers from other non- current assets	34,818	-	825	237	-	40,322	76,202	(76,202)
Disposals	(887)	(14)	-	-	(48)	-	(949)	-
Depreciation expense	(134,718)	(9,903)	(107,394)	(5,354)	(5,556)	-	(262,925)	-
Closing net book amount as at December 31	<u>\$ 1,163,230</u>	<u>\$ 33,992</u>	<u>\$ 1,573,855</u>	<u>\$ 34,505</u>	<u>\$ 18,426</u>	<u>\$ 1,081,670</u>	<u>\$ 3,905,678</u>	<u>\$ 134,509</u>
At December 31								
Cost	\$ 1,684,447	\$ 79,818	\$ 1,988,723	\$ 54,890	\$ 38,273	\$ 1,081,670	\$ 4,927,821	\$ 134,509
Accumulated depreciation	(521,217)	(45,826)	(414,868)	(20,385)	(19,847)	-	(1,022,143)	-
	<u>\$ 1,163,230</u>	<u>\$ 33,992</u>	<u>\$ 1,573,855</u>	<u>\$ 34,505</u>	<u>\$ 18,426</u>	<u>\$ 1,081,670</u>	<u>\$ 3,905,678</u>	<u>\$ 134,509</u>

2023

	Machinery and equipment	Office equipment	Buildings and structures	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (shown as other non-current assets)
At January 1								
Cost	\$ 978,923	\$ 74,309	\$ 1,434,479	\$ 45,596	\$ 32,925	\$ 642,864	\$ 3,209,096	\$ 98,273
Accumulated depreciation	(317,142)	(30,004)	(229,062)	(12,142)	(12,788)	-	(601,138)	-
	<u>\$ 661,781</u>	<u>\$ 44,305</u>	<u>\$ 1,205,417</u>	<u>\$ 33,454</u>	<u>\$ 20,137</u>	<u>\$ 642,864</u>	<u>\$ 2,607,958</u>	<u>\$ 98,273</u>
Opening net book amount as at January 1	\$ 661,781	\$ 44,305	\$ 1,205,417	\$ 33,454	\$ 20,137	\$ 642,864	\$ 2,607,958	\$ 98,273
Additions	116,776	6,416	15,263	1,665	5,768	557,083	702,971	138,453
Reclassifications	147,987	-	528,357	-	-	(676,344)	-	-
Transfers from other non- current assets	62,723	32	-	59	1,294	158,129	222,237	(222,237)
Depreciation expense	(98,594)	(9,063)	(78,412)	(4,809)	(5,219)	-	(196,097)	-
Closing net book amount as at December 31	<u>\$ 890,673</u>	<u>\$ 41,690</u>	<u>\$ 1,670,625</u>	<u>\$ 30,369</u>	<u>\$ 21,980</u>	<u>\$ 681,732</u>	<u>\$ 3,337,069</u>	<u>\$ 14,489</u>
At December 31								
Cost	\$ 1,301,038	\$ 78,972	\$ 1,978,099	\$ 47,320	\$ 37,142	\$ 681,732	\$ 4,124,303	\$ 14,489
Accumulated depreciation	(410,365)	(37,282)	(307,474)	(16,951)	(15,162)	-	(787,234)	-
	<u>\$ 890,673</u>	<u>\$ 41,690</u>	<u>\$ 1,670,625</u>	<u>\$ 30,369</u>	<u>\$ 21,980</u>	<u>\$ 681,732</u>	<u>\$ 3,337,069</u>	<u>\$ 14,489</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2024	2023
Amount capitalised	\$ 8,824	\$ -
Range of the interest rates for capitalisation	1.72%~2.075%	-

- B. Details of the amount of depreciation charge of right of-use assets and interest expense on lease liabilities capitalised as property, plant and equipment are provided in Note 6(10).
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements - lessee

- A. The Company leases various assets including land, buildings, machinery and equipment, multifunction printers and business vehicles. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of certain offices, dormitories, business vehicles and warehouses. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	\$ 189,225	\$ 187,939
Buildings	63,672	73,893
Machinery and equipment	61,585	65,921
Transportation equipment (Business vehicles)	1,752	967
Office equipment (Multifunction printers)	2,850	516
	<u>\$ 319,084</u>	<u>\$ 329,236</u>

	Year ended December 31	
	2024	2023
	Depreciation expense	Depreciation expense
Land	\$ 15,993	\$ 14,648
Buildings	10,221	10,292
Machinery and equipment	4,632	4,055
Transportation equipment (Business vehicles)	1,048	1,616
Office equipment (Multifunction printers)	756	500
Less: Capitalisation of depreciation charges	32,650 (2,783)	31,111 -
	<u>\$ 29,867</u>	<u>\$ 31,111</u>

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$22,559 and \$35,017, respectively.

The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,171	\$ 8,096
Expense on short-term lease contracts	7,195	22,508
Expense on leases of low-value assets	-	307
Capitalisation of depreciation charges on right-of-use assets	2,783	-
Capitalisation of interest expense on lease liabilities	757	-
Loss on lease modification	42	413

E. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$45,709 and \$60,218, respectively.

(11) Intangible assets

2024			
	Software	Professional expertise	Total
At January 1			
Cost	\$ 49,190	\$ 116,112	\$ 165,302
Accumulated amortisation	(28,807)	(108,226)	(137,033)
	<u>\$ 20,383</u>	<u>\$ 7,886</u>	<u>\$ 28,269</u>
Opening net book amount as at January 1	\$ 20,383	\$ 7,886	\$ 28,269
Additions	881	514	1,395
Amortisation expense	(7,562)	(987)	(8,549)
Closing net book amount as at December 31	<u>\$ 13,702</u>	<u>\$ 7,413</u>	<u>\$ 21,115</u>
At December 31			
Cost	\$ 50,071	\$ 116,626	\$ 166,697
Accumulated amortisation	(36,369)	(109,213)	(145,582)
	<u>\$ 13,702</u>	<u>\$ 7,413</u>	<u>\$ 21,115</u>
2023			
	Software	Professional expertise	Total
At January 1			
Cost	\$ 45,851	\$ 107,953	\$ 153,804
Accumulated amortisation	(21,678)	(104,059)	(125,737)
	<u>\$ 24,173</u>	<u>\$ 3,894</u>	<u>\$ 28,067</u>
Opening net book amount as at January 1	\$ 24,173	\$ 3,894	\$ 28,067
Additions	3,339	8,159	11,498
Amortisation expense	(7,129)	(4,167)	(11,296)
Closing net book amount as at December 31	<u>\$ 20,383</u>	<u>\$ 7,886</u>	<u>\$ 28,269</u>
At December 31			
Cost	\$ 49,190	\$ 116,112	\$ 165,302
Accumulated amortisation	(28,807)	(108,226)	(137,033)
	<u>\$ 20,383</u>	<u>\$ 7,886</u>	<u>\$ 28,269</u>

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2024	2023
Operating costs	\$ 3,516	\$ 5,840
General and administrative expenses	1,097	1,193
Research and development expenses	3,829	4,156
Sales and marketing expenses	107	107
	<u>\$ 8,549</u>	<u>\$ 11,296</u>

B. The basic information of the professional expertise that is material to the Company is as follows:

- (a) In April 2013, the Company acquired professional expertise, including cell line establishment, process development, process optimisation, analytical method development and validation, product qualification, GMP manufacturing and stability test, etc., amounting to \$92,483 from the Development Center for Biotechnology - cGMP biopharmaceutical pilot plant facility.
- (b) In July 2013, the Company acquired professional expertise of Herceptin from FORMOSA PHARMACEUTICALS, INC. amounting to \$7,143.
- (c) In July 2013, the Company acquired commercial authorisation of recombinant protein cell line from Life Technologies Corporation amounting to \$7,485.
- (d) In September 2023, the Company obtained an authorisation from American Type Culture Collection for the detection of cancer cell lines with a total price of \$8,159, which can be applied on the commercial implementation of the marketing and manufacturing of subsequent cancer drug products.

(12) Other non-current assets

	December 31, 2024	December 31, 2023
Non-current prepayments for investments	\$ -	\$ 46,270
Prepayments for business facilities	134,509	14,489
Guarantee deposits paid	38,266	38,795
Other assets	9,787	5,210
	<u>\$ 182,562</u>	<u>\$ 104,764</u>

(13) Other payables

	December 31, 2024	December 31, 2023
Payable on construction and equipment	\$ 304,446	\$ 285,960
Salary and bonus payable	83,318	88,898
Service expense payable	58,095	44,968
Payable on consumables	10,120	18,604
Payable on repairs and maintenance expense	33,570	28,856
Others	69,152	52,476
	<u>\$ 558,701</u>	<u>\$ 519,762</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Long-term bank borrowings				
Credit borrowings	Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.8500% ~2.0750%	None	\$ 39,560
"	Borrowing period is from June 30, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.8500% ~2.0750%	"	80,900
"	Borrowing period is from March 25, 2024 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.8500% ~2.0750%	"	373,050
Secured borrowings	Borrowing period is from July 15, 2024 to July 15, 2034; interest is payable monthly; principal is payable on the 15th of every month from June 2027.	1.7200%	Buildings and structures	
				<u>71,887</u>
				565,397
Less: Current portion				(205,629)
				<u>\$ 359,768</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Credit borrowings	Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025	1.7250% ~1.9500%	None	\$ 39,560
"	Borrowing period is from June 30, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025	1.7250% ~1.9500%	"	
				80,900
				<u>\$ 120,460</u>

- A. Information on the Company's undrawn borrowing facilities is provided in Note 12(2) C.
- B. On December 23, 2021, the Company entered into a \$714,000 loan agreement with Hua Nan Commercial Bank Ltd. and the government will subsidize 0.5% handling fee of the bank for the Company's compliance with the "Action Plan for Accelerated Investment by Domestic Corporations."
- C. On June 27, 2024, the Company entered into a \$1,974,000 loan agreement with Taiwan Business Bank and the government will subsidize 0.5% handling fee of the bank for the Company's compliance with the "Action Plan for Accelerated Investment by Domestic Corporations."
- D. Information about assets pledged as collateral for long-term borrowings is provided in Note 8.

(15) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, which is available to foreign employees who are not covered by the Labor Pension Act but are still governed by the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the

aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2024
Present value of defined benefit obligations	\$ 1,131
Fair value of plan assets	-
Net defined benefit liability	<u>\$ 1,131</u>

December 31, 2023: None.

(c) Movements in net defined benefit liabilities are as follows:

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ -	\$ -	\$ -
Current service cost	(1,131)	-	(1,131)
At December 31	<u>(\$ 1,131)</u>	<u>\$ -</u>	<u>(\$ 1,131)</u>

Year ended December 31, 2023: None.

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(f) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2024
Discount rate	1.80%
Future salary increases	3.50%

Year ended December 31, 2023: None.

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 66)	\$ 71	\$ 67	(\$ 63)

December 31, 2023 : None.

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (g) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$85.
- (h) As of December 31, 2024, the weighted average duration of the retirement plan is 26 years.
- B. (a) The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023, were \$17,899 and \$17,928, respectively.

(16) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options - B	2015. 07. 01	1,270	10 years	1 to 4 years' service
"	2015. 07. 01	130	"	"
"	2015. 07. 06	250	"	"
"	2016. 01. 01	270	"	"
Employee stock options - C	2016. 05. 05	100	10 years	2 to 4 years' service
Employee stock options - D	2016. 10. 12	515	10 years	2 to 4 years' service
"	2016. 12. 29	85	"	"
Employee stock options - E	2017. 08. 08	395	10 years	2 to 4 years' service
"	2017. 12. 27	570	"	"
"	2018. 03. 23	175	"	"
Employee stock options - F	2019. 01. 25	520	10 years	2 to 4 years' service
"	2019. 05. 13	285	"	"
Restricted stocks to employees - A	2016. 11. 18	1,660	NA	Conditions of service years and performance
"	2017. 08. 08	257	"	"
Employee stock options - G	2019. 11. 12	960	10 years	2 to 4 years' service
"	2020. 04. 15	775	"	"
"	2020. 08. 12	205	"	"
Restricted stocks to employees - B	2020. 05. 13	455	NA	0.25 to 3 years' service
"	2020. 12. 10	144	"	"

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Restricted stocks to employees - D	2020. 08. 14	905	NA	Performance conditions
"	2020. 12. 10	94	"	"
Employee stock options - H	2020. 12. 23	830	10 years	2 to 4 years' service
"	2021. 05. 12	315	"	"
"	2021. 08. 12	505	"	"
"	2021. 10. 01	1,185	"	"
Restricted stocks to employees - E	2021. 10. 15	613	NA	Performance conditions
"	2022. 01. 10	184	"	"
"	2022. 09. 08	190	"	"
Restricted stocks to employees - F	2021. 10. 15	340	NA	Performance conditions
Employee stock options - I	2022. 03. 22	160	10 years	2 to 4 years' service
"	2022. 05. 12	225	"	"
"	2022. 08. 11	685	"	"
"	2022. 09. 08	510	"	"
Restricted stocks to employees - G	2022. 09. 08	63	NA	Performance conditions
"	2022. 11. 08	195	"	"
"	2023. 03. 10	6	"	"
"	2023. 11. 09	325	"	"
Employee stock options - J	2022. 11. 08	615	10 years	2 to 4 years' service
"	2023. 03. 10	1,105	"	"
"	2023. 05. 10	255	"	"
"	2023. 08. 08	225	"	"
"	2023. 12. 22	270	"	"
"	2024. 05. 09	225	"	"
Restricted stocks to employees - H	2023. 11. 09	826	NA	Performance conditions
Restricted stocks to employees - I	2023. 12. 22	26	NA	Performance conditions
Restricted stocks to employees - J	2024. 11. 12	402	NA	Performance conditions

- (a) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Company will redeem and retire those stocks at the initial issuance price, but employees are not required to return the dividends received.
- (b) The above-mentioned share-based payment arrangements are equity-settled.
- B. Details of the share-based payment arrangements are as follows:
- (a) Employee stock options

	2024		2023	
	No. of options (shares in thousands)	Weighted- average exercise price (in dollars)	No. of options (shares in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	5,900	\$15~146.4	5,666	\$15~146.4
Options granted	225	80.0	1,855	100.5~120
Options forfeited (	804)	42.1~146.4	(894)	25.2~146.4
Options exercised (	513)	15~71.6	(727)	15~51.2
Options expired (	122)	71.6~146.4	-	-
Options outstanding at December 31	<u>4,686</u>	15~146.4	<u>5,900</u>	15~146.4
Options exercisable at December 31	<u>2,120</u>		<u>1,608</u>	

- (b) Restricted stocks to employees

	2024	2023
	(shares in thousands)	(shares in thousands)
Stocks outstanding at January 1	2,393	2,571
Stocks granted	402	1,182
Stocks vested (	763)	(1,167)
Stocks retired (	718)	(193)
Stocks outstanding at December 31	<u>1,314</u>	<u>2,393</u>

- C. The weighted-average stock prices of stock options at exercise dates for the years ended December 31, 2024 and 2023 were \$89.5 (in dollars) and \$105.6 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at the balance sheet dates are as follows:

Type of arrangement	Issue date approved	Expiry date	December 31, 2024		December 31, 2023	
			No. of shares (shares in thousands)	Exercise price (in dollars)	No. of shares (shares in thousands)	Exercise price (in dollars)
Employee stock options - B	2015. 07. 01	2025. 06. 30	48	\$ 15	50	\$ 15
"	2015. 07. 01	2025. 06. 30	5	20	5	20
"	2015. 07. 06	2025. 07. 05	10	20	15	20
"	2016. 01. 01	2025. 12. 31	25	20	25	20
Employee stock options - C	2016. 05. 05	2026. 05. 04	10	29.2	10	29.2
Employee stock options - D	2016. 10. 12	2026. 10. 11	150	29.2	150	29.2
"	2016. 12. 29	2026. 12. 28	15	37.5	15	37.5
Employee stock options - E	2017. 08. 08	2027. 08. 07	-	-	4	29.2
"	2017. 12. 27	2027. 12. 26	37	25	79	25
"	2018. 03. 23	2028. 03. 22	8	23.5	48	23.5
Employee stock options - F	2019. 01. 25	2029. 01. 24	19	28.7	34	28.7
"	2019. 05. 13	2029. 05. 12	80	34.3	94	34.3
Employee stock options - G	2019. 11. 12	2029. 11. 11	84	25.2	207	25.2
"	2020. 04. 15	2030. 04. 14	26	28.8	89	28.8
"	2020. 08. 12	2030. 08. 11	28	51.2	79	51.2
Employee stock options - H	2020. 12. 23	2030. 12. 22	178	42.1	341	42.1
"	2021. 05. 12	2031. 05. 11	200	146.4	215	146.4
"	2021. 08. 12	2031. 08. 11	250	128.4	250	128.4
"	2021. 10. 01	2031. 09. 30	645	117.5	835	117.5

Type of arrangement	Issue date approved	Expiry date	December 31, 2024		December 31, 2023	
			No. of shares (shares in thousands)	Exercise price (in dollars)	No. of shares (shares in thousands)	Exercise price (in dollars)
Employee stock options - I	2022. 03. 22	2032 .03. 21	55	\$ 93.5	80	\$ 93.5
"	2022. 05. 12	2032. 05. 11	113	71.6	195	71.6
"	2022. 08. 11	2032. 08. 10	405	85.9	440	85.9
"	2022. 09. 08	2032. 09. 07	295	118.5	345	118.5
Employee stock options - J	2022. 11. 08	2032. 11. 07	405	103.5	510	103.5
"	2023. 03. 10	2033. 03. 09	845	111.5	1,035	111.5
"	2023. 05. 10	2033. 05. 09	205	120	255	120.0
"	2023. 08. 08	2033. 08. 07	190	101.5	225	101.5
"	2023. 12 .22	2033. 12. 21	215	100.5	270	100.5
"	2024. 05 .09	2034. 05. 08	140	80.0	-	-

E. 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, cash capital increase reserved for employee preemption and restricted stocks to employees. Relevant information is as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - B	2015. 07. 01	1,270	\$ 14.88	\$ 15	36.58~ 37.13%	5.5 ~ 7 years	1.15~ 1.35%	\$5.22 ~ 6.01
"	2015. 07. 01	130	14.88	20	36.58~ 37.13%	5.5 ~ 7 years	1.15~ 1.35%	3.83~ 4.69
"	2015. 07. 06	250	14.60	20	37.09~ 37.64%	5.5 ~ 7 years	1.15~ 1.35%	3.75~ 4.60
"	2016. 01. 01	270	16.03	20	40.11~ 40.30%	5.5 ~ 7 years	0.79~ 0.90%	4.91~ 5.76
Employee stock options - C	2016. 05. 05	100	13.27	29.2	40.75~ 40.91%	6 ~ 7 years	0.70~ 0.77%	1.86 ~ 2.30
Employee stock options - D	2016. 10. 12	515	21.42	29.2	39.82~ 39.91%	6 ~ 7 years	0.71~ 0.75%	5.19~ 5.93
"	2016. 12. 29	85	20.40	37.5	39.39~ 39.48%	6 ~ 7 years	1.16~ 1.20%	3.49~ 4.18

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - E	2017. 08. 08	395	\$ 18.75	\$ 29.2	38.13~ 38.22%	6 ~ 7 years	0.82~ 0.88%	3.64~ 4.23
"	2017. 12. 27	570	18.07	25	36.97~ 37.23%	6 ~ 7 years	0.74~ 0.80%	3.81~ 4.41
"	2018. 03. 23	175	19.16	23.5	36.87~ 37.17%	6 ~ 7 years	0.79~ 0.84%	4.71 ~ 5.38
Employee stock options - F	2019. 01. 25	520	21.96	28.7	36.03~ 36.90%	6 ~ 7 years	0.72~ 0.78%	4.85~ 5.74
"	2019. 05. 13	285	25.75	34.3	35.50%~ 36.35%	6 ~ 7 years	0.64~ 0.67%	5.39 ~ 6.40
Restricted stocks to employees - A	2016. 11. 18	1,660	22.88	-	-	-	-	22.88
"	2017. 08. 08	257	19.61	-	-	-	-	19.61
Employee stock options - G	2019. 11. 12	960	29.05	25.2	26.38%	6 ~ 7 years	0.63~ 0.66%	7.77 ~ 8.42
"	2020. 04. 15	775	33.10	28.8	50.33%	6 ~ 7 years	0.47~ 0.49%	15.56 ~ 16.65
"	2020. 08. 12	205	57.80	51.2	64.08%	6 ~ 7 years	0.36~ 0.38%	33.07 ~ 35.18
Restricted stocks to employees - B	2020. 05. 13	455	46.85	-	-	-	-	46.85
"	2020. 12. 10	144	48.60	-	-	-	-	48.60
Restricted stocks to employees - D	2020. 08. 14	905	55.70	-	-	-	-	55.70
"	2020. 12. 10	94	48.60	-	-	-	-	48.60
Employee stock options - H	2020. 12. 23	830	47.55	42.1	61.28%	6 ~ 7 years	0.22~ 0.26%	\$26.15~ 27.88
"	2021. 05. 12	315	154.5	146.4	65.02%	6 ~ 7 years	0.31~ 0.35%	89.32~ 95.02
"	2021. 08. 12	505	135.5	128.4	67.02%	6 ~ 7 years	0.32~ 0.34%	80.24~ 85.25
"	2021. 10. 01	1,185	124.0	117.5	65.78%	6 ~ 7 years	0.34~ 0.38%	72.39~ 76.99
Restricted stocks to employees - E	2021. 10. 15	613	106.5	-	-	-	-	106.5
"	2022. 01. 10	184	108.5	-	-	-	-	108.5
"	2022. 09. 08	190	118.5	-	-	-	-	118.5

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees - F	2021. 10. 15	340	\$ 106.5	-	-	-	-	106.5
Employee stock options - I	2022. 03. 22	160	93.5	93.5	62.20%	6 ~ 7 years	0.86~ 0.87%	52.85~ 56.27
"	2022. 05. 12	225	71.6	71.6	61.32%	6 ~ 7 years	1.22~ 1.27%	40.37~ 43.04
"	2022. 08. 11	685	85.9	85.9	60.04%	6 ~ 7 years	1.10~ 1.14%	47.51~ 50.67
"	2022. 09. 08	510	118.5	118.5	60.29%	6 ~ 7 years	1.19~ 1.23%	65.9~ 70.28
Restricted stocks to employees - G	2022. 09. 08	63	118.5	-	-	-	-	118.5
"	2022. 11. 08	195	103.5	-	-	-	-	103.5
"	2023. 03. 10	6	111.5	-	-	-	-	111.5
"	2023. 11. 09	325	103.0	-	-	-	-	103.0
Employee stock options - J	2022. 11. 08	615	103.5	103.5	60.00%	6 ~ 7 years	1.63~ 1.70%	57.97~ 61.88
	2023. 03. 10	1,105	111.5	111.5	59.15%	6 ~ 7 years	1.12~ 1.14%	60.98~ 65.04
"	2023. 05. 10	255	120.0	120.0	58.70%	6 ~ 7 years	1.07~ 1.09%	65.15~ 69.50
"	2023. 08. 08	225	101.5	101.5	57.40%	6 ~ 7 years	1.10~ 1.12%	54.18~ 57.84
"	2023. 12. 22	270	100.5	100.5	55.38%	6 ~ 7 years	1.18~ 1.19%	52.26~ 55.82
"	2024. 05. 09	225	80.0	80.0	53.68%	6 ~ 7 years	1.58~ 1.61%	41.06~ 43.93
Restricted stocks to employees - H	2023. 11. 09	826	103.0	-	-	-	-	103.0
Restricted stocks to employees - I	2023. 12. 22	26	100.5	-	-	-	-	100.5
Restricted stocks to employees - J	2024. 11. 22	402	89.4	-	-	-	-	89.4

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2024	2023
Employee stock options	\$ 58,137	\$ 84,285
Restricted stocks to employees	16,881	96,615
	<u>\$ 75,018</u>	<u>\$ 180,900</u>

(17) Share capital

A. As of December 31, 2024, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12 million shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was \$3,062,492 (including options exercised but not yet registered amounting to \$330), consisting of 306,249 thousand shares (including options exercised but not yet registered of 33 thousand shares) with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2024	2023
At January 1	306,052	304,336
Employee stock options exercised	513	727
Issuance of employee restricted stocks	402	1,182
Redemption of employee restricted stocks	(718)	(193)
At December 31	<u>306,249</u>	<u>306,052</u>

B. Regarding the abovementioned paid-in capital, due to the exercise of the Company's employee stock options, details of the registration for the changes that have not yet been completed as of December 31, 2024 and 2023 were as follows:

	Year ended December 31,			
	2024		2023	
	No. of shares (shares in thousands)	Amount	No. of shares (shares in thousands)	Amount
Share Capital:				
Employee Stock Options	33	<u>\$ 330</u>	-	<u>\$ -</u>

For the year ended December 31, 2024 and 2023, details of the exercise of the Company's employee stock options were provided in Note 6(16).

- C. For the year ended December 31, 2024 and 2023, as employee restricted stocks distributed to certain employees did not meet the vesting conditions in accordance with the terms of restricted shares, the Company's Board of Directors resolved to repurchase and retire the employee restricted stocks amounting to 718 thousand and 193 thousand shares, respectively.
- D. The shareholders during their stockholders' meeting on August 3, 2021 resolved to issue 55,000 thousand ordinary shares through the private placement. The Board of Directors of the Company resolved the issuance price of \$91.5 (in dollars) and the total consideration of issuing common stock was \$5,032,500 on October 1, 2021, and the effective date was set on October 15, 2021. The registration has been completed on December 13, 2021. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- E. The shareholders during their meeting on June 10, 2022, resolved to issue the 1st restricted stocks to employees amounting to 850 thousand shares with no subscription price, which may be issued in installments within two years. On September 8, 2022, the Board of Directors of the Company resolved to issue restricted stocks to employees amounting to 63 thousand shares with the effective date set on September 8, 2022. On November 8, 2022, the Board of Directors of the Company resolved to issue restricted stocks to employees amounting to 195 thousand shares with the effective date set on November 8, 2022. On March 10, 2023, the Board of Directors resolved to issue restricted stocks to employees amounting to 6 thousand shares with the effective date set on March 10, 2023. On November 9, 2023, the Board of Directors of the Company resolved to issue restricted stocks to employees amounting to 325 thousand shares with the effective date set on November 9, 2023.
- F. The shareholders during their meeting on May 31, 2023 resolved to issue the 1st and 2nd restricted stocks to employees amounting to 805 thousand and 870 thousand shares with no subscription price, respectively, which may be issued in installments within two years. On November 9, 2023, the Board of Directors of the Company resolved to issue the 2nd restricted stocks to employees amounting to 826 thousand shares in 2023, with the effective date set on November 9, 2023. On December 22, 2023, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 26 thousand shares in 2023, with the effective date set on December 22, 2023.

G. The shareholders during their meeting on May 31, 2023 adopted a resolution to raise cash capital through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand shares and the private placement may be made in three installments as authorised by the shareholders during its meeting. The private placement was in accordance with the Securities and Exchange Act and the Regulations for Public Companies Conducting Private Placements of Securities. The Company's Board of Directors resolved not to execute the private placement on March 8, 2024.

H. The shareholders during their meeting on May 30, 2024 resolved to issue the 1st restricted stocks to employees amounting to 1,400 thousand shares with no subscription price in 2024. The issuance of restricted stocks to employees is in accordance with the terms of restricted stocks to employees. As of November 12, 2024, the Board of Directors during its meeting resolved to issue the 1st restricted stocks to employees amounting to 402 thousand shares, and the effective date for the capital increase was set on November 12, 2024.

I. The shareholders during their meeting on May 30, 2024 adopted a resolution to raise cash capital through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand shares and the private placement may be made in three installments as authorised by the shareholders during their meeting. The private placement was in accordance with the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities. As of December 31, 2024, the private placement has not yet been executed.

J. Treasury shares

(a) On December 16, 2024, the Company's Board of Directors during its special meeting resolved to repurchase the Company's shares, with an estimated 4,000 thousand ordinary shares, during the estimated period from December 17, 2024 to February 16, 2025. The aforementioned repurchased shares will be fully transferred to employees. As of December 31, 2024, the Company cumulatively repurchased 841 thousand shares. As of February 11, 2025, the Company repurchased 4,000 thousand shares in total, and the carrying amount amounted to \$305,465.

(b) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2024	
		Number of shares	
Name of company		(shares in	
the shares	Reason for reacquisition	thousands)	Carrying amount
The Company	To be reissued to employees	841	\$ 61,010

December 31, 2023 : None.

- (c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Accumulated deficit

- A. 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' operating losses and then 10% of the remaining amount shall be set aside as legal 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.
- B. The Company's dividend policy is summarised below: The Board of Directors would consider the earnings situation of current year, capital and financial structure, future operating needs, retained earnings and legal reserve, as well as the market competition to propose the appropriation of earnings to the shareholders during their meetings for resolution, and cash dividends shall account for at least 10% of the total dividends distributed.
- C. On May 31, 2023, the shareholders resolved the deficit compensation for the year ended December 31, 2022. The Company offset the accumulated deficit against the capital surplus of \$115,540. Refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

D. On May 30, 2024, the shareholders resolved the deficit compensation for the year ended December 31, 2023. The Company offset the accumulated deficit against the capital surplus of \$915,208. Refer to the website of “Market Observation Post System” for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

E. On March 12, 2025, the Board of Directors proposed the deficit compensation for the year ended December 31, 2024. The Company offset the accumulated deficit against the capital surplus of \$698,344. Refer to the website of “Market Observation Post System” for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

F. As of December 31, 2024 and 2023, there was no earnings to be distributed.

(20) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	\$ 1,008,960	\$ 1,022,653

A. Disaggregation of revenue

The Company derives revenue from the transfer of services, authorisation and goods over time and at a point in time in the following major categories:

		Year ended December 31, 2024			
		Sales of services	Sales of authorisation and cooperative development	Sales of goods	Total
Timing of revenue recognition					
At a point in time	\$	-	\$ -	\$ 67,093	\$ 67,093
Over time		592,158	41,323	308,386	941,867
	\$	<u>592,158</u>	<u>\$ 41,323</u>	<u>\$ 375,479</u>	<u>\$ 1,008,960</u>

Year ended December 31, 2023				
	Sales of authorisation and cooperative			Total
	Sales of services	development	Sales of goods	
Timing of revenue recognition				
At a point in time	\$ -	\$ -	\$ 161,594	\$ 161,594
Over time	605,990	141,472	113,597	861,059
	<u>\$ 605,990</u>	<u>\$ 141,472</u>	<u>\$ 275,191</u>	<u>\$ 1,022,653</u>

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract assets:			
Services	\$ 274,085	\$ 240,564	\$ 213,981
Sales	126,606	53,130	20,418
Less: Allowance for uncollectible accounts	(14,751)	-	-
	<u>\$ 385,940</u>	<u>\$ 293,694</u>	<u>\$ 234,399</u>
Current contract liabilities			
Services	\$ 37,924	\$ 41,739	\$ 104,384
Authorisation and cooperative	8,252	15,027	46,091
	<u>\$ 46,176</u>	<u>\$ 56,766</u>	<u>\$ 150,475</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2024	2023
Services	\$ 34,629	\$ 100,624
Authorisation and cooperative development	8,809	32,211
	<u>\$ 43,438</u>	<u>\$ 132,835</u>

(C) Unfulfilled long-term contracts

Aggregate amount of the transaction price allocated to long-term technology service contracts, authorisation and cooperative development contracts that are partially or fully unsatisfied, and all of the milestone payment as at December 31, 2024 amounted to \$1,415,055. The management expects to recognise the amount in the future.

C. Details of authorisation and cooperative development revenue arising from providing drug development, commercialization service and authorising intellectual property rights of pharmaceutical products to the pharmaceutical factory are as follows:

- (a) In April 2019, the Company entered into an authorisation and cooperative development contract of EG12014 with Sandoz AG. The contract includes up-front payment, milestone payment at each stage and profit-sharing royalty on sales of products in the authorised markets in proportion to the ratios specified in the contract. The contract is mainly for providing the biosimilars development and commercialisation services and authorising intellectual property rights to the customer in the authorised regions. As of December 31, 2024, the Company has received the aforementioned up-front payment and part of the milestone payment in accordance with the contract terms. The revenue of up-front payment and milestone payment achieved is recognised based on the satisfaction percentage during research and development period. If the drug was successfully launched, the supply price based on the supply terms and quantities, and the profit-sharing royalty calculated based on sales could also be collected. For the years ended December 31, 2024 and 2023, the Company recognised the revenue from authorisation and cooperative development contract amounting to \$41,323 and \$141,472, respectively.
- (b) The US Food and Drug Administration accepted the Sandoz AG's application for marketing review in February 2022 and June 2024. Sandoz AG received a complete response letter from the US Food and Drug Administration in December 2022 and December 2024, respectively. Within the complete response letter (CRL):
 - A. There were no clinical or safety or biosimilarity deficiencies cited in the CRL.
 - B. The CRL cites certain drug product deficiencies related to the manufacturing facility identified by the agency during a pre-license inspection of the site by third-party suppliers.
- (c) In January 2023, the Company received an EIR (Establishment Inspection Report) from the US Food and Drug Administration, which indicated that the Company's Zhubei plant had passed the US FDA's pre-marketing drug inspection. Sandoz is in close contact with the FDA to meet the satisfactory resolution of the FDA observations in a timely manner and plans a BLA resubmission in due course.

D. In April 2023, the Company received a letter from the Taiwan Food and Drug Administration (TFDA) to which indicated that the Company had obtained the domestic active pharmaceutical ingredients “EG12014 Trastuzumab” license and a drug master file number. In September 2023, the Company received the approval by the National Health Insurance Administration with respect to its enrollment in the reimbursement system which became effective from October 1, 2023.

E. On November 16, 2023, Sandoz AG received the marketing authorisation from Committee for Medicinal Products for Human Use (CHMP) for the trastuzumab biosimilar, EG12014, which was licensed by the Company for sale.

(21) Interest income

	Year ended December 31	
	2024	2023
Interest income from bank deposits	\$ 128,098	\$ 106,236
Other interest income	548	-
Interest income from financial assets measured at amortised cost	11,863	28,235
	<u>\$ 140,509</u>	<u>\$ 134,471</u>

(22) Other income

	Year ended December 31	
	2024	2023
Government grant revenues	\$ 261	\$ 4,712
Dividend income	246	475
Other income, other	1,450	252
	<u>\$ 1,957</u>	<u>\$ 5,439</u>

(23) Other gains and losses

	Year ended December 31	
	2024	2023
Foreign exchange gains (losses)	\$ 115,414	(\$ 9,431)
Gains (losses) on financial assets at fair value through profit or loss	6,844	(1,122)
Losses on disposals of property, plant and equipment	(934)	-
Losses on lease modification	(42)	(413)
Miscellaneous disbursements	(22)	(214)
	<u>\$ 121,260</u>	<u>(\$ 11,180)</u>

(24) Finance costs

	Year ended December 31	
	2024	2023
Interest expense on lease liabilities	\$ 7,171	\$ 8,096
Interest expense on bank borrowings	8,840	2,300
Other interest expense	-	7
	16,011	10,403
Less: Capitalisation of interest expense	(9,581)	-
	<u>\$ 6,430</u>	<u>\$ 10,403</u>

(25) Employee benefits, depreciation and amortisation expenses

Function Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 103,920	\$ 246,054	\$ 349,974	\$ 121,946	\$ 224,178	\$ 346,124
Share based payment	20,776	54,242	75,018	70,628	110,272	180,900
Labour and health insurance fees	12,688	21,406	34,094	14,408	20,005	34,413
Pension costs	9,941	9,089	19,030	9,257	8,671	17,928
Directors' remuneration	-	4,225	4,225	-	4,125	4,125
Other personnel expenses	5,970	15,761	21,731	6,358	15,092	21,450
Depreciation expense	135,130	157,662	292,792	114,746	112,462	227,208
Amortisation expense	3,516	5,033	8,549	5,840	5,456	11,296

- A. In accordance with to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. No employees' compensation and directors' remuneration was accrued due to the net loss incurred for the years ended December 31, 2024 and 2023.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income taxes

A. Income tax expense

(a) Components of income tax expense:

		Year ended December 31	
		2024	2023
Current tax:			
Current tax on profits for the year	\$	-	\$ -
Deferred tax:			
Origination and reversal of temporary differences		512	465
Income tax expense	\$	512	\$ 465

(b) The income tax charge relating to components of other comprehensive income is as follows:

		Year ended December 31	
		2024	2023
Currency translation differences	\$	-	\$ 41

B. Reconciliation between income tax expense and accounting profit:

		Year ended December 31	
		2024	2023
Tax calculated based on loss before tax and statutory tax rate	(\$	139,566)	(\$ 182,949)
Expenses disallowed by tax regulation		-	25
Taxable losses not recognised as deferred tax assets		137,464	172,451
Temporary differences not recognised as deferred tax assets		2,614	10,938
Income tax expenses	\$	512	\$ 465

C. Amounts of deferred tax assets or liabilities as a result of temporary differences:

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive loss	December 31
Deferred tax liabilities:				
— Temporary differences:				
Share of profit (loss) of associates and subsidiaries accounted for using the equity method, net differences	\$ 1,339	\$ 512	\$ -	\$ 1,851
Currency translation differences	41	-	-	41
	<u>\$ 1,380</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 1,892</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2024				
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year	
Research and development	\$ 1,029,449	\$ 1,029,449	Note	
Machinery and equipment	12,490	12,490	Note	
December 31, 2023				
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year	
Research and development	\$ 960,900	\$ 960,900	Note	
Machinery and equipment	8,844	8,844	Note	

Note: The Company was entitled to the incentives conferred under the Biotech and New Pharmaceutical Development Act following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10920401340 issued by the MOEA on February 3, 2020. Subsequently, the MOEA approved the Company's additional items pursuant to the Letter No. Jing-Shou-Gong-Zi-11120426560 on August 29, 2022. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used to offset expenditure on research and development and staff training when there is taxable business income. Any unused tax credit is available for the following four years. Additionally, the investment tax credit can be first used to offset expenditure on machinery, equipment, or systems when there is taxable business income. Any unused tax credit is available for the following two years. As of December 31, 2024, the Company has no profit-seeking enterprise income tax.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	Amount assessed	\$ 133,257	\$ 133,257	2025
2016	Amount assessed	109,737	109,737	2026
2017	Amount assessed	163,949	163,949	2027
2018	Amount assessed	371,827	371,827	2028
2019	Amount assessed	858,819	858,819	2029
2020	Amount assessed	1,009,168	1,009,168	2030
2021	Amount assessed	56,144	56,144	2031
2022	Amount assessed	135,927	135,927	2032
2023	Amount filed	710,928	710,928	2033
2024	Amount expected	687,321	687,321	2034
		<u>\$ 4,237,077</u>	<u>\$ 4,237,077</u>	

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	Amount assessed	\$ 131,762	\$ 131,762	2024
2015	Amount assessed	133,257	133,257	2025
2016	Amount assessed	109,737	109,737	2026
2017	Amount assessed	163,949	163,949	2027
2018	Amount assessed	371,827	371,827	2028
2019	Amount assessed	858,819	858,819	2029
2020	Amount assessed	1,009,168	1,009,168	2030
2021	Amount assessed	56,144	56,144	2031
2022	Amount filed	135,927	135,927	2032
2023	Amount expected	862,256	862,256	2033
		<u>\$ 3,832,846</u>	<u>\$ 3,832,846</u>	

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences	<u>\$ 77,792</u>	<u>\$ 64,721</u>

G. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(27) Loss per share

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the year	(\$ 698,344)	306,132	(\$ 2.28)

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the year	(\$ 915,208)	304,888	(\$ 3.00)

Diluted loss per share would not be calculated as the Company had loss for the years ended December 31, 2024 and 2023.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

Year ended December 31			
	2024	2023	
Purchase of property, plant and equipment	\$ 756,281	\$ 702,971	
Add: Opening balance of other payables	285,960	158,228	
Less: Ending balance of other payables	(304,446)	(285,960)	
Capitalisation of depreciation charges on right-of-use assets	(2,783)	-	
Capitalisation of interest expense	(9,581)	-	
Cash paid during the year	<u>\$ 725,431</u>	<u>\$ 575,239</u>	

	Year ended December 31	
	2024	2023
Purchase of intangible assets	\$ 1,395	\$ 11,498
Add: Ending balance of prepayment for intangible assets (Note)	9,787	5,209
Less: Opening balance of prepayment for intangible assets (Note)	(5,209)	(1,565)
Cash paid during the period	<u>\$ 5,973</u>	<u>\$ 15,142</u>

Note: Shown as “other non-current assets”.

B. Investing activities with no cash flow effects:

	Year ended December 31	
	2024	2023
Prepayments for investments (Note) transferred to financial assets at fair value through profit or loss	<u>\$ 15,000</u>	<u>\$ -</u>

Note: Shown as “other non-current assets”.

(29) Changes in liabilities from financing activities

	2024			
	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received (shown as ‘other current and non- current liabilities- others’)	Liabilities from financing activities-gross
At January 1	\$ 120,460	\$ 344,707	\$ 6	\$ 465,173
Changes in cash flow from financing activities	444,937	(31,343)	414	414,008
Changes in right-of- use assets	-	22,497	-	22,497
Changes in other non-cash items	-	42	-	42
At December 31	<u>\$ 565,397</u>	<u>\$ 335,903</u>	<u>\$ 420</u>	<u>\$ 901,720</u>

	2023			
	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received (shown as 'other current and non-current liabilities-others')	Liabilities from financing activities-gross
At January 1	\$ 120,460	\$ 338,584	\$ 294	\$ 459,338
Changes in cash flow from financing activities	-	(29,307)	(288)	(29,595)
Changes in right-of-use assets	-	35,017	-	35,017
Changes in other non-cash items	-	413	-	413
At December 31	<u>\$ 120,460</u>	<u>\$ 344,707</u>	<u>\$ 6</u>	<u>\$ 465,173</u>

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
EirGenix Europe GmbH	Subsidiary
EirGenix USA Inc.	Subsidiary
FORMOSA LABORATORIES, INC.	Other related party
FORMOSA PHARMACEUTICALS, INC.	"
TFBS Bioscience Inc.	"
Forward BioT Venture Capital	"

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2024	2023
Sales of goods:		
Other related parties	\$ 2,111	\$ 972
Sales of services:		
Other related parties	4,588	9,477
	<u>\$ 6,699</u>	<u>\$ 10,449</u>

- (a) No similar transaction can be compared with for the sales of service. Prices and terms are determined based on mutual agreements.
- (b) On December 31, 2024 and 2023, the Company has recognised the revenue-related contract assets amounting to \$457 and \$1,994, and contract liabilities amounting to \$586 and \$372, respectively.

B. Purchases

	Year ended December 31	
	2024	2023
Purchases of goods:		
Other related parties	\$ 82	\$ -

Goods purchased from other related parties are based on normal commercial terms and conditions.

C. Service expense (shown as ‘sales and marketing expense’ and ‘research and development expense’)

	Year ended December 31	
	2024	2023
Subsidiary-EirGenix Europe GmbH	\$ 73,890	\$ 72,270
Subsidiary-EirGenix USA Inc.	13,158	-
Other related parties-FORMOSA LABORATORIES, INC.	16,849	12,377
	<u>\$ 103,897</u>	<u>\$ 84,647</u>

It refers to service expense that the Company commissioned its subsidiaries and other related parties to perform biopharmaceutical research and development as well as business development. Prices and terms are determined based on mutual agreements.

D. Testing expense (shown as ‘operating costs’)

	Year ended December 31	
	2024	2023
Other related parties-TFBS Bioscience Inc.	\$ 12,548	\$ 7,517
Other related parties	1,108	2,627
	<u>\$ 13,656</u>	<u>\$ 10,144</u>

E. Receivables from related parties:

	December 31, 2024	December 31, 2023
Accounts receivable:		
Other related parties	<u>\$ 3,100</u>	<u>\$ 2,636</u>

F. Payables to related parties

	December 31, 2024	December 31, 2023
Other payables:		
Subsidiary-EirGenix Europe GmbH	\$ 14,525	\$ 12,758
Other related parties	7,619	7,993
	<u>\$ 22,144</u>	<u>\$ 20,751</u>

G. Prepayments

	December 31, 2024	December 31, 2023
Subsidiary-EirGenix USA Inc.	\$ 3,962	\$ -
Advance payment for services to subsidiary.		

H. Property transactions

(a) Acquisition of property, plant and equipment:

	Year ended December 31
	2024
	2023
Other related parties	\$ -
	<u>\$ 645</u>

(b) Acquisition of financial assets:

		Year ended December 31
		2024
		2023
	Accounts	Consideration
	Consideration	Consideration
Other related party- Forward BioT Venture Capital	Non-current prepayments for investments	\$ -
		<u>\$ 15,000</u>

Refer to Note 6(2) C. for details of the transactions relating to the Company's acquisition of assets from related parties.

(4) Key management compensation

	Year ended December 31
	2024
	2023
Salaries and other short-term employee benefits	\$ 24,066
Post-employment benefits	216
Share based payment	11,208
	<u>\$ 35,490</u>
	<u>\$ 55,433</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Pledged time deposits (shown as non-current financial assets at amortised cost)	\$ 9,221	\$ 8,790	Note 1
Guarantee deposits paid (shown as other non-current assets)	\$ 38,266	\$ 38,795	Note 2
Property, plant and equipment	\$ 1,468,209	\$ 1,551,633	Note 3
Pledged government bonds (shown as non-current financial assets at amortised cost)	\$ 31,399	\$ 31,930	Note 4

Note 1: It refers to guarantee for lease of land and certificates of deposit for customs post-release duty payment.

Note 2: It refers to deposits for research commissioned contract, equipment and office, guarantee for gas meter, performance guarantee as well as certificates of deposit for customs post-release duty payment.

Note 3: It refers to the credit line for long-term borrowings.

Note 4: It refers to guarantee for investment in the science park.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2024 and 2023, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$786,332 and \$59,156, respectively.

B. As of December 31, 2024 and 2023, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$1,541,597 and \$876,590, respectively.

C. The Company entered into a long-term consignment contract with a supplier to ensure the future supply of goods and pay the guarantee amounting to \$30,000. As of December 31, 2024, the aforementioned amount was shown as other non-current assets.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The execution status of the Company's treasury stock repurchase plan after the balance sheet date is detailed in Note 6(17).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2024	December 31, 2023
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss on initial recognition	\$ 102,142	\$ 80,298
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 263,125	\$ 325,887
Financial assets at amortised cost		
Cash and cash equivalents	\$ 4,090,925	\$ 5,048,604
Financial assets at amortised cost	629,326	540,720
Notes receivable	50	19
Accounts receivable	110,596	253,390
Accounts receivable - related parties	3,100	2,636
Other receivables	34,266	20,497
Guarantee deposits paid (shown as other non-current assets)	38,266	38,795
	\$ 4,901,489	\$ 5,904,661

	December 31, 2024	December 31, 2023
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 87,287	\$ 79,556
Other payables	558,701	519,762
Other payables-related parties	22,144	20,751
Long-term borrowings (including current portion)	565,397	120,460
Guarantee deposits received (shown as other current and non-current liabilities, others)	420	6
	<u>\$ 1,233,949</u>	<u>\$ 740,535</u>
Lease liability	<u>\$ 335,903</u>	<u>\$ 344,707</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

- (i) The Company operates internationally and is exposed to exchange risk arising from various currency exposures, primarily with respect to the USD, GBP, EUR, and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require Company units to manage their foreign exchange risk against their functional currency. The units are required to hedge their entire foreign exchange risk exposure with the Company treasury.

(iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2024				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 54,832	32.79	\$ 1,797,941	
EUR:NTD	1,229	34.14	41,958	
GBP:NTD	98	41.19	4,037	
JPY:NTD	18,938	0.21	3,977	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 653	32.79	\$ 21,412	
EUR:NTD	962	34.14	32,843	
December 31, 2023				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 53,756	30.71	\$ 1,650,847	
EUR:NTD	363	33.98	12,335	
GBP:NTD	67	39.15	2,623	
JPY:NTD	10,751	0.22	2,365	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 932	30.71	\$ 28,622	
EUR:NTD	546	33.98	18,553	
GBP:NTD	17	39.15	666	
JPY:NTD	57,505	0.22	12,651	

- (iv) Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2024			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 17,979	\$ -
EUR:NTD	1%	356	64
GBP:NTD	1%	40	-
JPY:NTD	1%	40	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 214	\$ -
EUR:NTD	1%	328	-

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,508	\$ -
EUR:NTD	1%	60	63
GBP:NTD	1%	26	-
JPY:NTD	1%	24	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 286	\$ -
EUR:NTD	1%	186	-
GBP:NTD	1%	7	-
JPY:NTD	1%	127	-

- (v) The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to \$115,414 and (\$9,431), respectively.

ii. Price risk

- (i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- (ii) The Company's investments comprise equity securities. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$366 and \$189, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,631 and \$3,259, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i.) The Company's main interest rate risk arises from long-term borrowings with variable rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the years ended December 31, 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- (ii.) For the years ended December 31, 2024 and 2023, if the borrowing interest rate have changed by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$4,523 and \$964, respectively. The main factor is that decreases or increases in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable, and contract assets in accordance with customer types. The Company applies the modified approach using individual provision to estimate expected credit loss.
- vii. The Company's notes and accounts receivable were generated from the customers who have optimal credit rating, and the expected credit loss rate is 0.3% after using the forecastability of future boom. As of December 31, 2024 and 2023, the carrying amount of notes and accounts receivable (including related parties) amounted to \$113,746 and \$256,342, respectively. Although some accounts receivable were past due over 90 days, the expected credit risk is insignificant based on individual assessment, thus, loss allowance amounted to \$0 and \$297, respectively. As of December 31, 2024 and 2023, the Company's contract assets amounted to \$385,940 and \$293,694, respectively, and no loss allowance was recognised.
- viii. The Company calculated expected credit loss using individual assessment for customers who have higher credit risk. As of December 31, 2024 and December 31, 2023, the total carrying amount of the Company's notes and accounts receivable (including related parties) and loss allowance from these customers amounted to \$73,183 and \$0 and \$73,183 and \$0, respectively. As of December 31, 2024 and December 31, 2023, the Company's contract assets and loss allowance from these customers amounted to \$14,751 and \$0 and \$14,751 and \$0, respectively.

ix. Movements in loss allowance for accounts receivable are as follows:

	2024			
	Notes receivable	Accounts receivable	Contract assets	Total
At January 1	\$ -	\$ 297	\$ -	\$ 297
Provision for impairment	-	73,183	14,751	87,934
Write-offs	-	(297)	-	(297)
At December 31	<u>\$ -</u>	<u>\$ 73,183</u>	<u>\$ 14,751</u>	<u>\$ 87,934</u>

	2023			
	Notes receivable	Accounts receivable	Contract assets	Total
At January 1 and December 31	<u>\$ -</u>	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ 297</u>

x. The counterparties of the Company's investments in debt instrument measured at amortised cost have good credit quality so the loss allowance measured based on 12 months expected credit losses is minimal.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating units of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Floating rate:		
Expiring within one year	\$ 1,350,000	\$ 1,410,000
Expiring beyond one year	2,120,700	593,540
	<u>\$ 3,470,700</u>	<u>\$ 2,003,540</u>

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2024	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>				
Accounts payable	\$ 87,287	\$ -	\$ -	\$ 87,287
Other payables	558,701	-	-	558,701
Other payables- related parties	22,144	-	-	22,144
Lease liabilities	34,506	121,145	224,979	380,630
Long-term borrowings (including current portion)	215,522	322,309	50,818	588,649
Guarantee deposits received (shown as other current liabilities, others)	420	-	-	420
December 31, 2023	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>				
Accounts payable	\$ 79,556	\$ -	\$ -	\$ 79,556
Other payables	519,762	-	-	519,762
Other payables- related parties	20,751	-	-	20,751
Lease liabilities	36,273	118,543	245,982	400,798
Long-term borrowings	2,376	123,322	-	125,698
Guarantee deposits received (shown as other non- current liabilities, others)	6	-	-	6

- v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and the call options and put options embedded in convertible bonds issued by the Company are included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid (shown as other non-current assets), accounts payable, other payables (including related parties), long-term borrowings, guarantee deposits received (shown as other non-current liabilities, other) and lease liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Profit-sharing investments in new drug development	\$ -	\$ -	\$ 65,570	\$ 65,570
Limited partnership venture capital	-	-	36,572	36,572
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	263,125	263,125
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,267</u>	<u>\$ 365,267</u>

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Profit-sharing investments in new drug development	\$ -	\$ -	\$ 61,410	\$ 61,410
Limited partnership venture capital	-	-	18,888	18,888
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	325,887	325,887
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,185</u>	<u>\$ 406,185</u>

(b) The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	2024			
	Equity instruments	Profit-sharing investments in new drug development	Limited partnership venture capital	Total
At January 1	\$ 325,887	\$ 61,410	\$ 18,888	\$ 406,185
Additions	30,000	-	-	30,000
Transferred from prepayments for investments	-	-	15,000	15,000
Gains or losses recognised in profit or loss shown as other gains and losses				
Gains on valuation	-	4,160	2,684	6,844
Gains and losses recognised in other comprehensive income				
Losses on valuation	(92,762)	-	-	(92,762)
At December 31	<u>\$ 263,125</u>	<u>\$ 65,570</u>	<u>\$ 36,572</u>	<u>\$ 365,267</u>
	2023			
	Equity instruments	Profit-sharing investments in new drug development	Limited partnership venture capital	Total
At January 1	\$ 279,325	\$ 61,420	\$ -	\$ 340,745
Additions	623	-	20,000	20,623
Gains or losses recognised in profit or loss shown as other gains and losses				
Losses on valuation	-	(10)	(1,112)	(1,122)
Gains and losses recognised in other comprehensive income				
Gains on valuation	<u>45,939</u>	<u>-</u>	<u>-</u>	<u>45,939</u>
At December 31	<u>\$ 325,887</u>	<u>\$ 61,410</u>	<u>\$ 18,888</u>	<u>\$ 406,185</u>

E. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.

F. Appointed external appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 8,271	Price-Book Ratio	Price-to-book ratio	1.61~8.19 (2.61)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Emerging and unlisted stocks	227,699	Price-Book Ratio	Price-to-book ratio	1.38~1.57 (1.45)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	10.35% (10.35%)	The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	65,570	Royalty relief method of income approach	Discount rate	26.03%	The higher the discount rate, the lower the fair value
			Market share	2.0%~5.9%	The higher the market share, the higher the fair value
Limited partnership venture capital	36,572	Net asset value	N/A	N/A	N/A
Emerging and unlisted stocks	27,155	Price-Book Ratio	Price-to-book ratio	2.69~5.66 (3.87)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30.00% (30.00%)	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 8,236	Price-Book Ratio	Price-to-book ratio	2.66~3.75 (3.67)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Emerging and unlisted stocks	317,651	Price-Book Ratio	Price-to-book ratio	1.24~2.54 (1.97)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	7.25% (7.25%)	The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	61,410	Royalty relief method of income approach	Discount rate	24.69%	The higher the discount rate, the lower the fair value
			Market share	2.0%~5.9%	The higher the market share, the higher the fair value
Limited partnership venture capital	18,888	Net asset value	N/A	N/A	N/A

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Profit-sharing investments in new drug development	Discount rate	±5%	\$ 3,279	(\$ 3,279)	\$ -	\$ -
	Market share					
Limited partnership venture capital	N/A	±5%	1,829	(1,829)	-	-
Unlisted shares	Price-Book Ratio	±5%	-	-	13,156	(13,156)
	Lack of marketability	±5%	-	-	13,156	(13,156)
			<u>\$ 5,108</u>	<u>(\$ 5,108)</u>	<u>\$ 26,312</u>	<u>(\$ 26,312)</u>
			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Profit-sharing investments in new drug development	Discount rate	±5%	\$ 3,071	(\$ 3,071)	\$ -	\$ -
	Market share					
Limited partnership venture capital	N/A	±5%	944	(944)	-	-
Unlisted shares	Price-Book Ratio	±5%	-	-	16,294	(16,294)
	Lack of marketability	±5%	-	-	16,294	(16,294)
			<u>\$ 4,015</u>	<u>(\$ 4,015)</u>	<u>\$ 32,588</u>	<u>(\$ 32,588)</u>

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others : None.
- B. Provision of endorsements and guarantees to others : None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital : None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 2.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

14. Segment Information

None.

EirGenix Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Footnote
EirGenix Inc.	Oncomatrix Biopharma S.L. common stock	None	Non-current financial assets at fair value through other comprehensive	31,801	\$ 8,271	0.33%	\$ 8,271	
"	AP Biosciences Inc. common stock	"	"	500,000	27,155	0.59%	27,155	
"	TFBS Bioscience, Inc. common stock	The Company's other related party	"	4,942,455	227,699	14.15%	227,699	
"	Forward BioT Venture Capital equity	"	Non-current financial assets at fair value through profit or loss	-	36,572	5.60%	36,572	
"	93 Central Government Bonds A VI government bonds	None	Non-current financial assets at amortised cost	-	31,399	-	-	
"	Nomura International Funding Pte Ltd 7% Ann 09/12/31 (Nc09/12/25)	"	"	-	49,177	-	-	
"	Nomura International Funding Pte Ltd 6.5% Ann 10/07/31 (Nc10/07/25,10/07/26 Rst3.25%)	"	"	-	32,785	-	-	
"	SHNHAN Float 10/26/28	"	"	-	6,744	-	-	

EirGenix Inc. and its subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate	Date of the event	Transaction Amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real	Other commitmen
							Original owner who sold the real estate to the counterparty	Relationships	Date of the original Transfer Date	Amount			
EirGenix Inc.	Factory building	2021/9/30 (Note 4)	\$ 1,603,930 (Note 5)	Based on the terms in the purchase order	China Ecotek Corporation	None	NA	NA	NA	NA	Price comparison and price negotiation	Manufacturing purpose	None
					Min-Pin,Chen Architects & Associates								
					Lee Ming Construction Co., Ltd.								
					Exyte Taiwan Co., Ltd.								
					Pompidou Interior Decoration Design Co., Ltd.								

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: This is the signing date of the first transaction, which is mainly arising from the construction of the factory. The Company continuously signed contracts with relevant suppliers, of which the contract amount has reached \$300,000.

EirGenix Inc.
Significant inter-company transactions during the reporting period
Year ended December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Operating expense	\$ 73,890	Note 4	7.32%
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Other payables	14,525	"	0.13%
0	EirGenix Inc.	EirGenix USA Inc.	(1)	Operating expense	13,158	"	1.30%
0	EirGenix Inc.	EirGenix USA Inc.	(1)	Prepayments	3,962	"	0.04%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Prices and terms for services are based on the mutual agreement and payments are collected quarterly in advance.

Note 5: Transactions between the parent company and subsidiaries are eliminated.

Note 6: Individual amounts less than \$1,000 are not disclosed.

EirGenix Inc.
Information on investees
Year ended December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss)	Investment income	Footnote
				Balance as at	Balance as at	Number of	Ownership	Book value	of the investee	(loss) recognised by	
				December 31, 2024	December 31, 2023				for the year ended December 31, 2024	the Company for the year ended December 31, 2024	
EirGenix Inc.	EirGenix Europe GmbH	Germany	Biopharmaceutical research and development as well as business development	\$ 845	\$ 845	-	100.00	\$ 10,106	\$ 2,367	\$ 2,367	None
EirGenix Inc.	EirGenix USA Inc.	U.S.A	Biopharmaceutical commissioned development, manufacturing services and consulting	3	-	10,000,000	100.00	201	194	194	None

EirGenix Inc.
Major shareholders information
December 31, 2024

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxconn Technology Co., Ltd	27,500,000	8.97
Yonglin Capital Holding Co., Ltd.	26,500,000	8.65
Formosa Laboratories, Inc.	18,552,818	6.05

EIRGENIX INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and petty cash		\$ 61
Demand deposit-		
Deposit of NTD		245,061
Demand deposit-		
Deposit of foreign currency	USD 3,177 thousand Exchange rate 32.79	104,174
	GBP 98 thousand Exchange rate 41.19	4,050
	JPY 18,937 thousand Exchange rate 0.21	3,975
	ERU 747 thousand Exchange rate 34.14	25,491
	Others	3
Time deposits-	rate of 1.70%~1.73%	
Deposit of NTD	The maturity date is between January 8, 2025 and March 30, 2025.	2,200,000
Time deposits-	USD 46,000 thousand Exchange rate 32.79	
Deposit of foreign currency	rate of 4.78%~5.25%	
	The maturity date is between January 4, 2025 and March 20, 2025.	1,508,110
		<u>\$ 4,090,925</u>

EIRGENIX INC.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST -CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 2

Name	Description	Amount of certificate of deposit	Rates	Carrying Amount	Note
Time deposits at Zhubei Branch-Taiwan Business Bank	2024/09/30~2025/01/02	1	1.70%	<u>\$ 500,000</u>	

EIRGENIX INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount		Note
	Cost	Net Realizable Value	
Raw material	\$ 418,364	\$ 427,899	Replacement cost is based on the market value
Finished goods	216,794	444,436	Net realisable value is based on the market value
Merchandise inventory	1,028	1,032	"
	636,186	<u>\$ 873,367</u>	
Less : Allowance for inventory Valuation losses	(84,098)		
	<u>\$ 552,088</u>		

EIRGENIX INC.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Description	Total
Raw materials at January 1	\$	426,217
Add: Raw materials purchased during the year		198,139
Less: Raw materials at December 31	(	418,364)
Surplus of raw materials		2
Raw materials deficit	(	4,660)
Raw materials reclassified to merchandise inventory	(	501)
Reclassified to research and development expenses	(	12,180)
Labor cost used for the year	(	188,653)
Raw materials during the year		-
Direct labor		400
Manufacturing expense		8,366
Manufacturing cost		8,766
Add: Beginning work in progress		127,143
Processing cost		4,658
Less: Reclassified to research and development expenses	(	4,563)
Cost of finished goods		136,004
Add: Beginning finished goods		178,690
Less: Ending finished goods	(	216,794)
Finished goods deficit	(	295)
Reclassified to research and development expenses	(	27,038)
Cost of goods manufactured and sold		70,567
Merchandise inventory at January 1		235
Add: Purchase during the year		1,234
Raw materials reclassified to merchandise inventory		501
Less: Merchandise inventory at December 31	(	1,028)
Cost of goods sold for the merchandise inventory		942
Other operating costs		681,063
Gain on physical inventory	(	2)
Loss on disposal inventory		4,955
Loss on decline in market value of inventory		32,450
Operating costs	\$	789,975

EIRGENIX INC.
STATEMENT OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Amount	Note
Service fees	\$ 4,460	
Royalty	1,841	
Amortisation Expense	1,230	
Other expenses	835	Each of the account was less than 5% of the total account balance.
	<u>\$ 8,366</u>	

EIRGENIX INC.
STATEMENT OF OTHER OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Amount	Note
Raw materials used	\$ 188,652	
Depreciation expense	135,049	
Wages and salaries	103,520	
Utilities expense	48,635	
Repair and maintenance expense	43,614	
Consumables	41,679	
Inspection fees	40,495	
Other expenses	79,419	Each of the account was less than 5% of the total account balance.
	<u>\$ 681,063</u>	

EIRGENIX INC.
STATEMENT OF SALES AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Amount	Note
Wages and salaries	\$ 25,846	
Service fees	19,312	
Advertisement expense	9,376	
Share-based payments	8,524	
Other expenses	13,057	Each of the account was less than 5% of the total account balance.
	<u>\$ 76,115</u>	

EIRGENIX INC.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Amount	Note
Wages and salaries	\$ 92,524	
Depreciation expense	24,107	
Share-based payments	17,642	
Other expenses	89,173	Each of the account was less than 5% of the total account balance.
	<u>\$ 223,446</u>	

EIRGENIX INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Amount	Note
Service fees	\$ 253,274	
Depreciation expense	132,336	
Wages and salaries	131,909	
Consumables	108,024	
Other expenses	163,636	Each of the account was less than 5% of the total account balance.
	<u>\$ 789,179</u>	

EIRGENIX INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 10

Nature \ Function	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 103,920	\$ 246,054	\$ 349,974	\$ 121,946	\$ 224,178	\$ 346,124
Share based payment	20,776	54,242	75,018	70,628	110,272	180,900
Labour and health insurance fees	12,688	21,406	34,094	14,408	20,005	34,413
Pension costs	9,941	9,089	19,030	9,257	8,671	17,928
Directors' remuneration	-	4,225	4,225	-	4,125	4,125
Other personnel expenses	5,970	15,761	21,731	6,358	15,092	21,450
Depreciation Expense	135,130	157,662	292,792	114,746	112,462	227,208
Amortisation Expense	3,516	5,033	8,549	5,840	5,456	11,296

Note:

A. As at December 31, 2024 and 2023, the Company had 398 and 400 employees, both including 9 non-employee directors, respectively.

B. The Company's stock is listed for trading on the over-the-counter securities exchange and shall additionally disclose the following information:

- (a) Average employee benefit expense were \$1,285 and \$1,537 for the years ended December 31, 2024 and 2023, respectively.
- (b) Average employee salaries were \$1,093 and \$1,348 for the years ended December 31, 2024 and 2023, respectively.
- (c) Adjustment of average employee salaries was (18.92%).
- (d) The Company has no supervisors' remuneration as it set up the audit committees.

C. The Company' salary and compensation policy:

(a) Directors

In accordance with the Articles of Incorporation of the Company, the Board of Directors shall propose a ratio not higher than 3% of distributable profit of directors' remuneration, and the distribution shall be approved by a resolution adopted by a majority vote at a meeting and the distribution shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The Company did not distribute directors' remuneration in the previous two years. The directors only receive the transportation allowance for the professional practice execution, while the independent directors additionally receive the fixed remuneration for the professional practice execution. The rest of the director's emolument is the salary expenses of the director who concurrently acts as an employee. The above directors' transportation allowance and the independent directors' remuneration for the professional practice execution have been reviewed by the Company's remuneration committee and approved by the Board of Directors.

EIRGENIX INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 10

(b) The president and vice presidents

The remuneration for the president and vice presidents is the employees' compensation distributed from retained earnings. In accordance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. Distribution of employees' compensation shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The emolument of the president and vice presidents of the Company shall be determined according to the position, contribution to the Company and by reference to the general pay levels of the industry, and shall be reviewed by the remuneration committee and approved by the Board of Directors. The Company did not distribute employee compensation in the previous two years.

(c) Employees:

The salary and compensation package of the Company's employees consists of three parts: basic fixed salary, bonus and welfare; the payment standard: the basic fixed salary is determined based on the time devoted in and the responsibilities undertaken for the position, and by reference to the salary situation in the industry; bonus is awarded based on the achievement of employee and department goals as well as the Company's operation performance; the welfare system stipulates the benefits that employees can enjoy according to law and regulation and takes into account the needs of employees. Employee reward system is based on the individual performance, contribution to the Company and the market value of the position, which are positively associated with the operation performance. In accordance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements.